## HIGHLIGHTS
(Unaudited)
Year Ended April 30, 2021
(millions of dollars)

<table>
<thead>
<tr>
<th>Operating Fund</th>
<th>Ancillary Operations</th>
<th>Capital Fund</th>
<th>Restricted Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$ 3,147.7</td>
<td>$ 95.5</td>
<td>$ 84.2</td>
<td>$ 671.3</td>
</tr>
<tr>
<td>Expenses</td>
<td>$ 2,333.0</td>
<td>$ 143.2</td>
<td>$ 185.6</td>
<td>$ 611.3</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>$ 814.7</td>
<td>$(47.7)</td>
<td>$(101.4)</td>
<td>$ 60.0</td>
</tr>
</tbody>
</table>

| Balance Sheet | | | | |
| Assets | $ 2,164.0 | $ 252.2 | $ 5,698.4 | $ 4,267.9 | **12,382.5** |
| Liabilities | $ 1,477.8 | $ 157.3 | $ 1,656.7 | $ 1,016.8 | **4,308.6** |
| Net Assets | $ 686.2 | $ 94.9 | $ 4,041.7 | $ 3,251.1 | **8,073.9** |

Net Assets composed of:

- **Endowments**: $ 3,149.5
- **Investment in Capital Assets**: $ 3,714.6
- **Internally Restricted**: $ 1,353.4
- **Surplus (Deficit)**: $(143.6)

## HIGHLIGHTS
(Unaudited)
Year Ended April 30, 2020
(millions of dollars)

<table>
<thead>
<tr>
<th>Operating Fund</th>
<th>Ancillary Operations</th>
<th>Capital Fund</th>
<th>Restricted Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$ 2,843.8</td>
<td>$ 193.1</td>
<td>$ 84.5</td>
<td>$ 504.8</td>
</tr>
<tr>
<td>Expenses</td>
<td>$ 2,311.7</td>
<td>$ 183.7</td>
<td>$ 171.4</td>
<td>$ 518.0</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>$ 532.1</td>
<td>$(9.4)</td>
<td>$(86.9)</td>
<td>$(13.2)</td>
</tr>
</tbody>
</table>

| Balance Sheet | | | | |
| Assets | $ 1,839.0 | $ 311.7 | $ 5,260.7 | $ 3,315.4 | **10,726.8** |
| Liabilities | $ 1,794.1 | $ 175.0 | $ 1,614.3 | $ 712.4 | **4,295.8** |
| Net Assets | $ 44.9 | $ 136.7 | $ 3,646.4 | $ 2,603.0 | **6,431.0** |

Net Assets composed of:

- **Endowments**: $ 2,510.1
- **Investment in Capital Assets**: $ 3,525.3
- **Internally Restricted**: $ 519.6
- **Surplus (Deficit)**: $(124.0)

| | | | | |
| | $ 44.9 | $ 136.7 | $ 3,646.4 | $ 2,603.0 | **6,431.0** |
Purpose of this Supplementary Report

The University of Toronto’s financial statements report the University’s assets, liabilities, net assets, revenues and expenses on a single column basis. The purpose of this supplementary report is to show the University’s financial statement information by fund in a format consistent with how the University manages its finances, that is, by fund. Schedules 1 and 2 show the balance sheet and statement of operations and changes in surplus (deficit) by fund.

The operating fund includes teaching and administrative activities supported mainly by government operating grants, student fees and sales of supplies and services.

Ancillary operations include residences, food and beverage services, parking, Hart House, Residential Housing and U of T Press. All ancillary assets, liabilities, net assets, revenues and expenses are recorded in this fund.

The capital fund includes all capital assets – land, buildings, furnishings, computers, etc. - except for those of ancillary operations. Contributions to the University for capital assets other than ancillaries are recorded in this fund.

Restricted funds include donations (including endowments), research grants and contracts. Each donation, usually supported by an agreement between the University and the donor, or a collection of small donations with similar purpose, is recorded in its own fund, and managed according to agreed upon terms and conditions. Each research grant or contract is recorded in its own fund and managed in accordance with the terms and conditions required by the sponsor of the funds. There are several thousand individual restricted funds.

The key drivers of financial performance described in the financial highlights affect the various funds as follows:

- Student enrolment growth is mostly reflected in the operating fund and in ancillary operations.
- Growth in research activity is reflected in restricted funds.
- Salaries and benefits growth is mostly reflected in the operating fund.
- Growth in space is reflected in ancillary operations (residences and parking facilities) and the capital fund (all other facilities, including academic teaching and research facilities).
- Donations are mainly reflected in restricted funds.
- Endowments are reflected in restricted funds.
- Investment earnings are reflected in all funds, but predominantly in the operating fund and in restricted funds.
### UNIVERSITY OF TORONTO

**BALANCE SHEET**

April 30, 2021

(with comparative figures at April 30, 2020)

(millions of dollars)

<table>
<thead>
<tr>
<th>Operating fund</th>
<th>Ancillary operations fund</th>
<th>Capital funds</th>
<th>Restricted funds</th>
<th>2021 Total</th>
<th>2020 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>183.1</td>
<td>7.8</td>
<td>1.0</td>
<td>191.9</td>
<td>148.8</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>1,861.8</td>
<td>24.8</td>
<td>706.7</td>
<td>(1,516.0)</td>
<td>1,077.3</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>74.0</td>
<td>9.1</td>
<td>4.0</td>
<td>86.1</td>
<td>173.2</td>
</tr>
<tr>
<td>Inventories and prepaid expenses</td>
<td>45.1</td>
<td>5.1</td>
<td>50.2</td>
<td>33.2</td>
<td></td>
</tr>
<tr>
<td>Investments at fair value</td>
<td>5,680.3</td>
<td>5,680.3</td>
<td>4,194.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>205.4</td>
<td>4,987.7</td>
<td>16.5</td>
<td>5,209.6</td>
<td>5,057.3</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>473.5</td>
<td>27.2</td>
<td>87.7</td>
<td>10.8</td>
<td>599.2</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>907.0</td>
<td>907.0</td>
<td>700.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued pension liability</td>
<td>127.5</td>
<td>127.5</td>
<td>606.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee future benefit obligation other than pension</td>
<td>696.4</td>
<td>696.4</td>
<td>643.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal loans</td>
<td>180.4</td>
<td>125.9</td>
<td>(306.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>709.1</td>
<td>709.1</td>
<td>709.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred capital contributions</td>
<td>4.2</td>
<td>1,166.2</td>
<td>99.0</td>
<td>1,269.4</td>
<td>1,203.0</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus (deficit)</td>
<td>89.9</td>
<td>(51.6)</td>
<td>(181.9)</td>
<td>(143.6)</td>
<td>(124.0)</td>
</tr>
<tr>
<td>Internally restricted</td>
<td>596.3</td>
<td>43.0</td>
<td>612.5</td>
<td>101.6</td>
<td>1,353.4</td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>103.5</td>
<td>3,611.1</td>
<td>3,714.6</td>
<td>3,525.3</td>
<td></td>
</tr>
<tr>
<td>Endowments</td>
<td>3,149.5</td>
<td>3,149.5</td>
<td>2,510.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,164.0</td>
<td>252.2</td>
<td>5,698.4</td>
<td>4,267.9</td>
<td>12,382.5</td>
</tr>
</tbody>
</table>
### Schedule 2
(Unaudited)

**UNIVERSITY OF TORONTO**

**STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS (DEFICIT)**

**FOR THE YEAR ENDED APRIL 30**

(millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Operating fund</th>
<th>Ancillary operations fund</th>
<th>Capital restricted funds</th>
<th>2021 Total</th>
<th>2020 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student fees</td>
<td>1,983.1</td>
<td>10.3</td>
<td>1.2</td>
<td>1,994.6</td>
<td>1,813.0</td>
</tr>
<tr>
<td>Government grants for general operations</td>
<td>723.3</td>
<td></td>
<td></td>
<td>723.3</td>
<td>719.2</td>
</tr>
<tr>
<td>Government and other grants for restricted purposes</td>
<td>0.5</td>
<td>70.0</td>
<td>436.4</td>
<td>506.9</td>
<td>463.3</td>
</tr>
<tr>
<td>Sales, services and sundry income</td>
<td>182.9</td>
<td>84.4</td>
<td>1.1</td>
<td>268.4</td>
<td>367.4</td>
</tr>
<tr>
<td>Investment Income</td>
<td>258.4</td>
<td>0.3</td>
<td>0.5</td>
<td>124.7</td>
<td>383.9</td>
</tr>
<tr>
<td>Donations</td>
<td>11.4</td>
<td>110.2</td>
<td>121.6</td>
<td>85.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,147.7</td>
<td>95.5</td>
<td>84.2</td>
<td>671.3</td>
<td>3,998.7</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>1,368.7</td>
<td>5.9</td>
<td>227.3</td>
<td>1,601.9</td>
<td>1,579.0</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>341.1</td>
<td>1.6</td>
<td>23.9</td>
<td>366.6</td>
<td>355.2</td>
</tr>
<tr>
<td>Scholarships, fellowships and bursaries</td>
<td>239.1</td>
<td></td>
<td>40.1</td>
<td>279.2</td>
<td>259.4</td>
</tr>
<tr>
<td>Materials, supplies and services</td>
<td>140.0</td>
<td>1.1</td>
<td></td>
<td>114.0</td>
<td>255.1</td>
</tr>
<tr>
<td>Inter-institutional contributions</td>
<td>40.8</td>
<td></td>
<td></td>
<td>185.5</td>
<td>226.3</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>12.8</td>
<td>20.1</td>
<td>172.4</td>
<td>1.5</td>
<td>206.8</td>
</tr>
<tr>
<td>Repairs, maintenance and leases</td>
<td>109.6</td>
<td>12.6</td>
<td>13.2</td>
<td>6.0</td>
<td>141.4</td>
</tr>
<tr>
<td>Cost of sales and services</td>
<td></td>
<td>84.9</td>
<td></td>
<td>84.9</td>
<td>112.6</td>
</tr>
<tr>
<td>Utilities</td>
<td>38.4</td>
<td>8.2</td>
<td>0.1</td>
<td>46.7</td>
<td>49.6</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>27.8</td>
<td>8.8</td>
<td></td>
<td>1.8</td>
<td>38.4</td>
</tr>
<tr>
<td>Travel and conferences</td>
<td>1.4</td>
<td></td>
<td></td>
<td>2.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Other</td>
<td>13.3</td>
<td></td>
<td></td>
<td>8.3</td>
<td>21.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,333.0</td>
<td>143.2</td>
<td>185.6</td>
<td>611.3</td>
<td>3,273.1</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>814.7</td>
<td>(47.7)</td>
<td>(101.4)</td>
<td>60.0</td>
<td>725.6</td>
</tr>
<tr>
<td><strong>Net transfer between funds</strong></td>
<td>(430.0)</td>
<td>5.9</td>
<td>404.9</td>
<td>19.2</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer of capital assets funding</strong></td>
<td>(91.8)</td>
<td></td>
<td></td>
<td>91.8</td>
<td></td>
</tr>
<tr>
<td><strong>Change in internally restricted</strong></td>
<td>(232.3)</td>
<td>14.0</td>
<td>(258.4)</td>
<td>(8.7)</td>
<td>(485.4)</td>
</tr>
<tr>
<td><strong>Change in investment in capital assets</strong></td>
<td>(2.8)</td>
<td>(186.5)</td>
<td></td>
<td>(189.3)</td>
<td>(97.4)</td>
</tr>
<tr>
<td><strong>Transfers of donations to endowments</strong></td>
<td>(2.0)</td>
<td></td>
<td></td>
<td>(2.0)</td>
<td>(18.1)</td>
</tr>
<tr>
<td><strong>Transfer to internally restricted endowments</strong></td>
<td></td>
<td></td>
<td></td>
<td>(68.5)</td>
<td>(68.5)</td>
</tr>
<tr>
<td><strong>Net change in surplus (deficit) for the year</strong></td>
<td>60.6</td>
<td>(30.6)</td>
<td>(49.6)</td>
<td>(19.6)</td>
<td>37.9</td>
</tr>
<tr>
<td>Surplus (deficit), beginning of year</td>
<td>29.3</td>
<td>(21.0)</td>
<td>(132.3)</td>
<td>(124.0)</td>
<td>(161.9)</td>
</tr>
<tr>
<td>Surplus (deficit), end of year</td>
<td>89.9</td>
<td>(51.6)</td>
<td>(181.9)</td>
<td>(143.6)</td>
<td>(124.0)</td>
</tr>
</tbody>
</table>

University of Toronto Supplementary Financial Report 2020–21

5
Operating Fund

The **operating fund** includes teaching and administrative activities supported mainly by government operating grants, student fees and sales of supplies and services.

Operating fund revenues for the year were $3.1 billion; expenses were $2.3 billion resulting in a net income of $815 million. Growth in operating fund revenues and expenses primarily reflected planned and expected increases in the number of students.

Effective in fiscal 2012, the University accounts for its employee future benefits (pensions and other employee future benefits) using the immediate recognition approach which has the impact of fully recording the deficit from its pension plan and employee future benefits other than pensions on the balance sheet and statement of operations. The net loss in 2012 resulted from recording the actual return on plan assets and actuarial gains and losses in the statement of operations. Beginning in fiscal 2013, the difference between actual and expected return on plan assets and actuarial gains (losses) (remeasurements) are recognized directly in net assets and do not flow through the statement of operations.

The cumulative operating surplus at April 30, 2021 is $90 million, whereas the long-range operating budget called for a break even position.
The 2021 net income in the operating fund is a result of:

Capital asset expenditures not shown as expenses but transferred to the capital fund and added to the balance sheet as capital assets

Net change in employee future benefit obligations (excluding remeasurements)

Transfers to other funds not expensed in the operating fund

Last year’s general university saving distributed to academic divisions

General University saving for University priorities

Unspent funds added to reserves

Operating fund assets at April 30, 2021 were $2.2 billion, liabilities were $1.5 billion, and net assets were $686 million.

The net assets increased from $45 million in 2020 to $686 million in 2021 mainly due to the following:

- $815 million net income for the year.
- $348 million decrease in employee future benefit obligations from remeasurement calculations reported as a direct increase in net assets.
- ($522 million) net transfers to other funds.
The transfers to other funds were as follows:

- $92 million to the capital fund to reflect operating funding of capital asset expenditures recorded as capital assets in the capital fund.
- $430 million transfer mainly to the capital fund for various projects.

There are two categories of net assets for the operating fund as follows:

- $90 million surplus.
- $596 million of internally restricted net assets.

The $90 million surplus is the “cumulative surplus” of the operating fund which is referenced in the University’s Operating Budget Report. The cumulative surplus has increased from $29 million at April 30, 2020 to $90 million at April 30, 2021, mainly due to the following:

- $815 million net income.
- ($522 million) net transfers to other funds as noted above.
- ($232 million) change in internally restricted net assets, mainly due to an increase in divisional reserves, capital project reserves and employee future benefit obligations reserves (excluding remeasurements).

Internally restricted net assets of $596 million mainly includes divisional reserves of $825 million, funds set aside for capital projects of $538 million and funds set aside for other purposes of $11 million offset by $777 million of net unfunded liabilities consisting of $221 million associated with its pension plan and $556 million associated with its employee future benefits other than pensions that will have to be paid from future years’ operating fund revenues.

Schedule 3 is a summary of operating fund reserves that comprise the $596 million in internally restricted net assets. Included in this schedule are plans by divisions detailing how reserves carried forward will be spent on a one-time only basis, or in the event of a deficit, a plan for its elimination, using the following categories:

**Infrastructure Reserve** - This category is intended to capture funds that have been reserved by the division in anticipation of new building construction, renovations to facilities, infrastructure upgrades such as computer networking, equipment replacement, etc.

**Research** - Funds reserved for research are to be included in this category. This includes funds allocated to Principal Investigators as a result of the expense reimbursement program for Faculty and Librarians, overheads, research allowance or start-up funds. Also included are funds reserved for Canada Research Chairs and any related research allowance.

**Student Assistance** - This category captures funds reserved for scholarships, bursaries and other student assistance.

**Endowment Matching** - This category captures funds reserved to match future external donor contributions. The division must have a written plan that defines what type of contributions it will match (i.e. chairs and professorships, student aid, academic programs and research), with a set limit for the matching.

**Operating Contingency** - This category is intended to capture divisional operating contingency reserves. Funds in this category include reserves for anticipated budget reductions, voluntary early retirement payouts, increases in university-wide costs, and fluctuations in revenues due to enrolment shortfalls and lower investment returns. The total operating reserve contingency would normally fall in range of 5% to 10% of the division's total operating expense budget. Divisions with greater distributed risk (i.e. large international enrolment, significant growth, high levels of external revenue, etc.) may establish larger operating contingency reserves.
### University of Toronto Supplementary Financial Report 2020–21

#### Schedule 3

(Unaudited)

UNIVERSITY OF TORONTO

SUMMARY OF OPERATING FUND RESERVES

AT APRIL 30, 2021

(with comparative figures at April 30, 2020)

(thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Divisional reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic</td>
<td>559,293</td>
<td>542,454</td>
</tr>
<tr>
<td>Academic services</td>
<td>14,260</td>
<td>11,095</td>
</tr>
<tr>
<td>Student services</td>
<td>24,298</td>
<td>23,902</td>
</tr>
<tr>
<td>Student assistance</td>
<td>19,434</td>
<td>15,842</td>
</tr>
<tr>
<td>Facilities &amp; services</td>
<td>39,385</td>
<td>35,814</td>
</tr>
<tr>
<td>Administration</td>
<td>18,763</td>
<td>26,415</td>
</tr>
<tr>
<td>General university</td>
<td>149,188</td>
<td>68,456</td>
</tr>
<tr>
<td><strong>Total divisional reserves</strong></td>
<td>824,621</td>
<td>723,978</td>
</tr>
<tr>
<td><strong>Central reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future major capital project reserves</td>
<td>446,853</td>
<td>428,642</td>
</tr>
<tr>
<td>Other infrastructure reserves</td>
<td>90,677</td>
<td>67,162</td>
</tr>
<tr>
<td><strong>Total capital reserves</strong></td>
<td>537,530</td>
<td>495,804</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research overhead</td>
<td>3,769</td>
<td>3,769</td>
</tr>
<tr>
<td>Priorities fund</td>
<td>7,646</td>
<td>8,425</td>
</tr>
<tr>
<td><strong>Total other reserves</strong></td>
<td>11,415</td>
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<tr>
<td><strong>Total central reserves</strong></td>
<td>548,945</td>
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<td><strong>Employee benefit reserves</strong></td>
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<tr>
<td>Pension</td>
<td>(221,245)</td>
<td>(706,450)</td>
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<td>Pension plan reserve</td>
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<td>26,744</td>
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<tr>
<td>Medical benefits</td>
<td>(616,891)</td>
<td>(574,262)</td>
</tr>
<tr>
<td>Other plans</td>
<td>60,858</td>
<td>37,591</td>
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<tr>
<td><strong>Total employee benefit reserves</strong></td>
<td>(777,278)</td>
<td>(1,216,377)</td>
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<td>Net change in internally restricted for the year</td>
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<td><strong>Consisting of</strong></td>
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<td></td>
</tr>
<tr>
<td>Change in internally restricted reported in statement of operations</td>
<td>232,272</td>
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<tr>
<td>Reported as remeasurements in statement of changes in net assets</td>
<td>348,417</td>
<td></td>
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<tr>
<td></td>
<td><strong>580,689</strong></td>
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</tr>
</tbody>
</table>
### Schedule 3  
(Unaudited)  
UNIVERSITY OF TORONTO  
SUMMARY OF OPERATING FUND RESERVES  
AT APRIL 30, 2021  
(with comparative figures at April 30, 2020)  
(thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
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<tr>
<td><strong>Infrastructure</strong></td>
<td>Reserve</td>
<td>Research</td>
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<tr>
<td>Transitional Year Programme</td>
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<td>771</td>
<td>22,548</td>
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<tr>
<td>School of Continuing Studies</td>
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<td>602</td>
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<tr>
<td><strong>Health sciences:</strong></td>
<td></td>
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<tr>
<td>Faculty of Dentistry</td>
<td>5,254</td>
<td>3,259</td>
</tr>
<tr>
<td>Temerty Faculty of Medicine</td>
<td>4,124</td>
<td>28,208</td>
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<tr>
<td>Dalla Lana School of Public Health</td>
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<td>645</td>
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<tr>
<td>Lawrence S. Bloomberg Faculty of Nursing</td>
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<tr>
<td>Leslie Dan Faculty of Pharmacy</td>
<td>2,400</td>
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<tr>
<td>Faculty of Kinesiology &amp; Physical Education</td>
<td>1,809</td>
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<td><strong>Other professional faculties:</strong></td>
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<tr>
<td>Faculty of Applied Science and Engineering</td>
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<td>67,807</td>
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<td>Rotman School of Management</td>
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<td>6,988</td>
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<td>OISE/UT</td>
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<td>900</td>
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<td>Faculty of Law</td>
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<td>2,153</td>
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<td>Faculty of Information</td>
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<tr>
<td>Faculty of Music</td>
<td>353</td>
<td>802</td>
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<tr>
<td>Factor-Inwentash Faculty of Social Work</td>
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<td><strong>Other academic costs:</strong></td>
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<tr>
<td>University-wide reserves</td>
<td>13,888</td>
<td>311</td>
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<tr>
<td>Vacation Pay accrual - Academic</td>
<td>(49,011)</td>
<td>(49,011)</td>
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<tr>
<td>Voluntary Academic Retirement Program</td>
<td>(4,356)</td>
<td>(4,356)</td>
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<tr>
<td><strong>TOTAL ACADEMIC</strong></td>
<td>89,751</td>
<td>250,330</td>
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</table>
### Schedule 3
(With comparative figures at April 30, 2020)

#### UNIVERSITY OF TORONTO

**SUMMARY OF OPERATING FUND RESERVES**

**AT APRIL 30, 2021**

(thousands of dollars)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>ACADEMIC SERVICES:</strong></td>
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<td></td>
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<td>St. George Libraries</td>
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<td>5,050</td>
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<tr>
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<td>4,918</td>
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<td>UTM library</td>
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<td>1,702</td>
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<td>Library - Electronic Acquisitions</td>
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<td>2,590</td>
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<tr>
<td><strong>TOTAL ACADEMIC SERVICES</strong></td>
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<td>1,082</td>
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<td>14,260</td>
<td>11,095</td>
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<tr>
<td><strong>STUDENT SERVICES:</strong></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>St. George campus</td>
<td>773</td>
<td>183</td>
<td>354</td>
<td></td>
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<td>3,242</td>
<td>4,552</td>
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<td>10,324</td>
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<td>(277)</td>
<td>(2,229)</td>
<td>5,372</td>
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<td></td>
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<td></td>
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<td>3</td>
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<tr>
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<td>15,842</td>
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<td><strong>FACILITIES &amp; SERVICES</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>St. George campus</td>
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<td>28,829</td>
<td>25,945</td>
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<td>10,363</td>
<td>8,974</td>
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<tr>
<td>UTM campus</td>
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<td>186</td>
<td>193</td>
<td>895</td>
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<tr>
<td><strong>TOTAL FACILITIES &amp; SERVICES</strong></td>
<td>35,540</td>
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<td>3,845</td>
<td>39,385</td>
<td>35,814</td>
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</table>
### UNIVERSITY OF TORONTO
### SUMMARY OF OPERATING FUND RESERVES
### AT APRIL 30, 2021
### (with comparative figures at April 30, 2020)

(Thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure Reserve</strong></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Student Assistance</strong></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Endowment Matching</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Contingency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
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</tr>
</tbody>
</table>

#### ADMINISTRATION:

<table>
<thead>
<tr>
<th>Department/Role</th>
<th>2021</th>
<th>2020</th>
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</thead>
<tbody>
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<td>1,398</td>
</tr>
<tr>
<td>Office of the President</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Convocation and Institutional events</td>
<td>378</td>
<td>261</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>143</td>
<td>1,605</td>
</tr>
<tr>
<td>Vice-President and Provost</td>
<td>5,431</td>
<td>1,664</td>
</tr>
<tr>
<td>Vice-President - Research and Innovation</td>
<td>1,524</td>
<td>1,267</td>
</tr>
<tr>
<td>Vice-President - Communications</td>
<td>85</td>
<td>1,245</td>
</tr>
<tr>
<td>Vice-President - Advancement</td>
<td>1,000</td>
<td>1,334</td>
</tr>
<tr>
<td>Vice-President - International</td>
<td>714</td>
<td>451</td>
</tr>
<tr>
<td>Chief Government Relations</td>
<td>168</td>
<td>18</td>
</tr>
<tr>
<td>Vice-President - University Operations</td>
<td>2,825</td>
<td>8,226</td>
</tr>
<tr>
<td>Vice-President - Human Resources and Equity</td>
<td>1,967</td>
<td>1,309</td>
</tr>
<tr>
<td>CFO - LTBP expendable funds</td>
<td>117,272</td>
<td>37,092</td>
</tr>
<tr>
<td>CFO - Investment income reserve</td>
<td>8,033</td>
<td>11,589</td>
</tr>
<tr>
<td>Vice-President - University Operations</td>
<td>2,743</td>
<td>18,466</td>
</tr>
</tbody>
</table>

**TOTAL ADMINISTRATION:**

<table>
<thead>
<tr>
<th></th>
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<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,479</td>
<td>18,763</td>
</tr>
<tr>
<td></td>
<td>250</td>
<td>2,615</td>
</tr>
<tr>
<td></td>
<td>11,034</td>
<td>26,415</td>
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</table>

#### GENERAL UNIVERSITY:

<table>
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<tr>
<th>Department/Role</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice-President - Human Resources and Equity</td>
<td>1,967</td>
<td>1,309</td>
</tr>
<tr>
<td>CFO - LTBP expendable funds</td>
<td>117,272</td>
<td>37,092</td>
</tr>
<tr>
<td>CFO - Investment income reserve</td>
<td>8,033</td>
<td>11,589</td>
</tr>
<tr>
<td>Vice-President - University Operations</td>
<td>2,743</td>
<td>18,466</td>
</tr>
</tbody>
</table>

**TOTAL GENERAL UNIVERSITY**

<table>
<thead>
<tr>
<th></th>
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<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,743</td>
<td>149,188</td>
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<td>146,445</td>
<td>68,456</td>
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</table>

**TOTAL DIVISIONAL RESERVES**

<table>
<thead>
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<th>2020</th>
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<td>139,199</td>
<td>824,621</td>
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<td>254,456</td>
<td>723,978</td>
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<td>60,197</td>
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<td></td>
<td>9,565</td>
<td></td>
</tr>
<tr>
<td></td>
<td>360,850</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Comparison of the Operating Fund Financial Results to the Operating Budget

It is important to compare the year-end results to budget to assess how well the budget has estimated the actual outcome. However, there are differences between the operating budget and the operating fund financial results that must be adjusted before the comparison can occur. These differences are summarized as follows:

- The financial statements are prepared on an accrual basis following Canadian generally accepted accounting principles for not-for-profit organizations in Canada ("GAAP"), while the operating budget projects cash receipts and expenditures.
- The financial statements include amortization of capital assets while the operating budget includes estimated cash outlays for these assets.
- The financial statements include the costs of pensions and other benefits in accordance with GAAP, while the operating budget includes the projected cash premiums and funding to be paid in the year.

These differences require a ($126) million adjustment to financial statement revenues and a $33 million adjustment to expenses to make the numbers comparable to budget. Once these adjustments have been made, it is possible to compare the operating budget with the year-end results and to assess how closely actual results conformed to plan. In summary, the adjustments between the financial statements and the operating budget are as follows:

<table>
<thead>
<tr>
<th>Financial Statements</th>
<th>Adjustments</th>
<th>Operating (unfavourable) variance</th>
<th>% Variance</th>
</tr>
</thead>
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<tr>
<td>Operating fund revenues</td>
<td>3,147.7</td>
<td>(124.7)</td>
<td>3,023.0</td>
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<td>Operating fund expenses</td>
<td>2,333.0</td>
<td>42.7</td>
<td>2,375.7</td>
</tr>
<tr>
<td>Capital asset transfer</td>
<td>91.8</td>
<td>91.8</td>
<td>(91.8)</td>
</tr>
<tr>
<td>Net income</td>
<td>722.9</td>
<td>(167.4)</td>
<td>555.5</td>
</tr>
</tbody>
</table>

Total operating fund revenues, after adjustments, were $3,023 million, compared to budgeted revenues of $2,946 million, resulting in a favourable variance of $77 million, or 2.6%. This favourable variance was primarily due to:

- a favourable student fees variance of $25 million consisting of favourable tuition fee variance of $70 million primarily as a result of higher international enrolments exceeding targets offset by unfavourable divisional student fees variance of $45 million from academic programs for which no provincial government funding is provided,
- a favourable variance of $51 million in divisional sales and services.

Total operating fund expenses, after adjustments, were $2,468 million, as compared to budgeted expenses of $2,946 million resulting in a favourable variance of $478 million primarily due to savings in academic divisions that was used to fund capital infrastructure by transferring the funds to the capital fund. A detailed analysis is shown below.
### Schedule 4
(Unaudited)

UNIVERSITY OF TORONTO
COMPARISON OF ACTUAL OPERATING FUND RESULTS WITH
ORIGINAL BUDGET FOR THE YEAR ENDED APRIL 30, 2021
(millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL Financial Statements</th>
<th>Adjusted Financial Statements</th>
<th>BUDGET Financial Statements</th>
<th>VARIANCE</th>
<th>ORIGINAL BUDGET</th>
<th>Favourable (Unfavourable)</th>
</tr>
</thead>
<tbody>
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<td><strong>REVENUES</strong></td>
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<td></td>
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</tr>
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<td>General university income:</td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Provincial grants</td>
<td>640.3</td>
<td>1.6</td>
<td>641.9</td>
<td>646.0</td>
<td>(4.1)</td>
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<tr>
<td>Indirect cost recovery of grants and contracts</td>
<td>57.1</td>
<td>0.4</td>
<td>57.5</td>
<td>57.7</td>
<td>(0.2)</td>
<td></td>
</tr>
<tr>
<td>Student fees</td>
<td>1,786.6</td>
<td>(0.6)</td>
<td>1,786.0</td>
<td>1,716.1</td>
<td>69.9</td>
<td></td>
</tr>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment (chairs and student aid)</td>
<td>69.1</td>
<td></td>
<td>69.1</td>
<td>69.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>189.2</td>
<td>(120.5)</td>
<td>68.7</td>
<td>66.7</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Sundry income</td>
<td>25.4</td>
<td>(6.2)</td>
<td>19.2</td>
<td>16.9</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Municipal taxes</td>
<td>4.9</td>
<td></td>
<td>4.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,772.6</td>
<td>(125.3)</td>
<td>2,647.3</td>
<td>2,577.4</td>
<td>69.9</td>
<td></td>
</tr>
<tr>
<td>Divisional income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial grants</td>
<td>36.5</td>
<td></td>
<td>36.5</td>
<td>35.7</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Student fees</td>
<td>181.6</td>
<td>0.6</td>
<td>182.2</td>
<td>227.0</td>
<td>(44.8)</td>
<td></td>
</tr>
<tr>
<td>Sales and services</td>
<td>157.0</td>
<td></td>
<td>157.0</td>
<td>105.8</td>
<td>51.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>375.1</td>
<td>0.6</td>
<td>375.7</td>
<td>368.5</td>
<td>7.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,147.7</td>
<td>(124.7)</td>
<td>3,023.0</td>
<td>2,945.9</td>
<td>77.1</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic</td>
<td>1,391.5</td>
<td>27.4</td>
<td>1,418.9</td>
<td>1,769.5</td>
<td>350.6</td>
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</tr>
<tr>
<td>Academic services</td>
<td>98.6</td>
<td>1.4</td>
<td>100.0</td>
<td>101.5</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>Student services</td>
<td>80.3</td>
<td>1.5</td>
<td>81.8</td>
<td>113.2</td>
<td>31.4</td>
<td></td>
</tr>
<tr>
<td>Student assistance</td>
<td>254.7</td>
<td>0.4</td>
<td>255.1</td>
<td>270.2</td>
<td>15.1</td>
<td></td>
</tr>
<tr>
<td>Physical plant maintenance and services</td>
<td>121.6</td>
<td>1.7</td>
<td>123.3</td>
<td>141.6</td>
<td>18.3</td>
<td></td>
</tr>
<tr>
<td>Physical plant utilities</td>
<td>38.4</td>
<td>24.2</td>
<td>62.6</td>
<td>64.1</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>Alterations and renovations</td>
<td>18.5</td>
<td>(18.5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>239.0</td>
<td>5.3</td>
<td>244.3</td>
<td>285.8</td>
<td>41.5</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>12.8</td>
<td>(12.8)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>27.9</td>
<td>(27.9)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General university expense</td>
<td>135.1</td>
<td>40.0</td>
<td>175.1</td>
<td>193.6</td>
<td>18.5</td>
<td></td>
</tr>
<tr>
<td>Municipal taxes</td>
<td>6.4</td>
<td></td>
<td>6.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,424.8</td>
<td>42.7</td>
<td>2,467.5</td>
<td>2,945.9</td>
<td>478.4</td>
<td></td>
</tr>
<tr>
<td>Operating results before the following:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>722.9</td>
<td>(167.4)</td>
<td>555.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in internally restricted funds</td>
<td>(232.3)</td>
<td>167.4</td>
<td>(64.9)</td>
<td>(64.9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>(430.0)</td>
<td></td>
<td>(430.0)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET CHANGE IN SURPLUS FOR THE YEAR</strong></td>
<td>60.6</td>
<td></td>
<td>60.6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ancillary Operations

Ancillary operations include service ancillaries (residences, food and beverage services, parking, and Hart House) and business ancillaries (Residential Housing and U of T Press). All ancillary assets, liabilities, net assets, revenues and expenses are recorded in this fund.

Over the periods 2012 to 2020, ancillary revenues grew from $154 million to $193 million, expenses grew from $148 million to $184 million, and net income increased from $6 million to $9 million. Residence fees over the past years have been increased to keep pace with increased expenses, which included large fixed rate principal and interest payments on borrowing.

The St. George Food and Beverage services changed its business model as of August 1, 2016 to support the new operation that combines residential, retail and catering operations from the former St. George operation, the Chestnut Residence, and New College. Under this model, the food service operation is done in-house instead of being outsourced to a third party resulting in the sales from St. George Food and Beverage Services to be recorded as revenue on a gross basis instead of reporting only the commission earned on food sales from a third party. This change in the business model has resulted in an increase in both total revenues and total expenses since 2017.

Levels of on-campus activity were significantly reduced in 2020-21, and campus services such as residences, food, and parking were particularly hard hit as a result of the COVID-19 pandemic.

Ancillary operations incurred losses of $48 million in 2021. The operations implemented significant cost-saving strategies, but in many cases, the magnitude of revenue reductions made it impossible to avoid financial losses. The University is allowing ancillary operations to incur deficits totalling up to $50 million in the aggregate over the next five years. Deficits will be allowed only in those ancillary units where it is necessary to do so, after considering cost

![Graph showing Ancillary operations Revenues and Expenses for the year ended April 30](chart.png)

Levels of on-campus activity were significantly reduced in 2020-21, and campus services such as residences, food, and parking were particularly hard hit as a result of the COVID-19 pandemic.
containment strategies, levels of operating reserves, and necessary funding for critical infrastructure projects. Units with sufficient reserves will continue without need to carry a deficit. This approach is intended to ensure that the level of the ancillary deficits will be only as high as absolutely necessary.

Ancillary assets increased from $294 million in 2012 to $312 million in 2020, then fell to $252 million in 2021 due to the impact of the pandemic. Liabilities decreased from $268 million in 2012 to $157 million in 2021 as ancillaries paid down their capital financing. Net assets grew from $27 million to $137 million in 2020, essentially reflecting the continued success of service operations with filling residence and parking spaces, while reducing their debt burden, then fell to $95 million in 2021 due to the pandemic.

At April 30, 2021, net assets were $95 million, a decrease of $42 million from April 30, 2020, mainly due to the following:

- $48 million net loss for the year due to the pandemic.
- Offset by $6 million transferred from other funds.

There are three categories of net assets for ancillary operations which together total $95 million. They are:

- ($52 million) in deficit.
- $43 million in internally restricted net assets.
- $104 million in investment in capital assets.

The investment in capital assets category reflects capital construction of facilities which have been funded by internal borrowing of the University’s own funds, resulting in a corresponding increase in deficit. Over time, investment in capital assets will be reduced as the capital assets are amortized, and the deficit will be decreased by the amount of that amortization.

Schedule 5 shows details by ancillary operation.
# UNIVERSITY OF TORONTO
## ANCILLARY OPERATIONS
### STATEMENT OF NET ASSETS
#### FOR THE YEAR ENDED APRIL 30, 2021
(with comparative figures for the year ended Apr 30, 2020)

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Commitments and Surplus/(Deficit)</th>
<th>Internal Net Assets</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>Expenses</td>
<td>Transfers</td>
<td>Opening</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
<td>-----------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Residences</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate House</td>
<td>3,459</td>
<td>4,235</td>
<td>3,984</td>
</tr>
<tr>
<td>Scarborough</td>
<td>2,598</td>
<td>5,762</td>
<td>2,481</td>
</tr>
<tr>
<td>Mississauga</td>
<td>7,138</td>
<td>9,740</td>
<td>3,719</td>
</tr>
<tr>
<td>University College</td>
<td>2,841</td>
<td>6,077</td>
<td>943</td>
</tr>
<tr>
<td>Innis College</td>
<td>1,648</td>
<td>2,504</td>
<td>(121)</td>
</tr>
<tr>
<td>New College</td>
<td>2,713</td>
<td>7,035</td>
<td>2,144</td>
</tr>
<tr>
<td>Family Housing</td>
<td>9,339</td>
<td>8,253</td>
<td>(1,908)</td>
</tr>
<tr>
<td>Woodsworth College</td>
<td>1,447</td>
<td>4,392</td>
<td>3,650</td>
</tr>
<tr>
<td>89 Chestnut</td>
<td>5,617</td>
<td>13,662</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total Residences</strong></td>
<td>36,800</td>
<td>61,660</td>
<td>14,915</td>
</tr>
<tr>
<td><strong>Food/Beverage Service</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. George</td>
<td>4,176</td>
<td>16,542</td>
<td>2,484</td>
</tr>
<tr>
<td>Scarborough</td>
<td>164</td>
<td>688</td>
<td>284</td>
</tr>
<tr>
<td>Mississauga</td>
<td>869</td>
<td>2,705</td>
<td>1,014</td>
</tr>
<tr>
<td>University College</td>
<td>1,160</td>
<td>3,101</td>
<td>760</td>
</tr>
<tr>
<td><strong>Total Food/Beverage Service</strong></td>
<td>6,369</td>
<td>23,036</td>
<td>4,542</td>
</tr>
<tr>
<td><strong>Parking</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. George</td>
<td>3,360</td>
<td>6,002</td>
<td>145</td>
</tr>
<tr>
<td>Scarborough</td>
<td>625</td>
<td>1,923</td>
<td>(29)</td>
</tr>
<tr>
<td>Mississauga</td>
<td>780</td>
<td>2,773</td>
<td>(708)</td>
</tr>
<tr>
<td><strong>Total Parking</strong></td>
<td>4,765</td>
<td>10,698</td>
<td>(692)</td>
</tr>
<tr>
<td><strong>Hart House</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,744</td>
<td>10,072</td>
<td>(670)</td>
<td>1,209</td>
</tr>
<tr>
<td><strong>University of Toronto Press</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34,136</td>
<td>35,547</td>
<td>169</td>
<td>8,980</td>
</tr>
<tr>
<td><strong>Residential Housing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,677</td>
<td>2,187</td>
<td>(1,323)</td>
<td>1,631</td>
</tr>
<tr>
<td><strong>Total Residential Housing</strong></td>
<td>36,813</td>
<td>37,734</td>
<td>(1,154)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>95,491</td>
<td>143,200</td>
<td>17,041</td>
</tr>
</tbody>
</table>
Service Ancillaries

Service ancillaries had revenues of $59 million and expenses of $106 million, with a net loss of $47 million for the year. As a result of the pandemic, revenues for residence, parking and food service operations in 2021 have decreased significantly due to the reduced activities on campus.

The University continued to provide a welcoming home for international students, students whose family members were in self-isolation and out-of-province students who needed more time to make travel arrangements. However, each residence operation had to address the health and safety of residents and staff and to follow provincial regulations and protocols, and have taken the necessary precautions to help prevent the spread of the virus. Each has had to reduce their bed inventory for physical distancing and reduce their operating capacity. This has resulted in greatly reduced revenues. During this time, higher operating costs associated with additional cleaning, sanitation, communication, and staff absentee coverage were experienced. In order to partially mitigate these revenue shortfalls and cost increases, all residences reduced or delayed most of the planned capital and major maintenance projects, avoided discretionary costs, applied temporary staff layoffs, and froze hiring. In 2021, residence operations incurred net losses of $25 million.

The pandemic also affected Food Services, Transportation Services and Hart House negatively, as revenues depend on faculty, staff, students and visitors attending, working, and visiting the University. When the University closed down in March 2020 for all non-essential operations and made most classes available only online, revenue streams for these operations diminished dramatically. In 2021, these operation incurred net losses of $22 million.

Prior to 2021, service ancillary revenues have increased due to the expansion of residences, food and beverage and parking services to deal with the growth in student enrolment.
Residence fees over the past nine years have been increased to keep pace with increased expenses, including large fixed rate principal and interest payments on borrowing.

As stated previously, the St. George Food and Beverage services changed its business model as of August 1, 2016 to support the new operation that combines residential, retail and catering operations from the former St. George operation, the Chestnut Residence, and New College.

The long-term financial health of these operations is dependent upon filling the residence and parking spaces. Growth has largely been financed through long-term debt and through subsidies from their existing ancillary operations resulting in reduced operating margins.
Business Ancillaries

Business ancillaries consists of the University of Toronto Press and the Residential Housing operations that manage over 80 residential addresses with more than 160 rental units in the Huron-Sussex neighbourhood. These operations had combined revenues of $37 million and expenses of $38 million, for a net loss of $1 million in 2021.

### Ancillary operations - Business Ancillaries

#### University of Toronto Press

**Revenues and Expenses**

for the year ended April 30

(millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenses</th>
<th>Net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>50.0</td>
<td>49.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2013</td>
<td>50.4</td>
<td>49.8</td>
<td>0.6</td>
</tr>
<tr>
<td>2014</td>
<td>48.4</td>
<td>48.0</td>
<td>0.4</td>
</tr>
<tr>
<td>2015</td>
<td>43.9</td>
<td>43.5</td>
<td>0.4</td>
</tr>
<tr>
<td>2016</td>
<td>46.1</td>
<td>45.2</td>
<td>0.9</td>
</tr>
<tr>
<td>2017</td>
<td>48.0</td>
<td>47.2</td>
<td>0.8</td>
</tr>
<tr>
<td>2018</td>
<td>45.9</td>
<td>45.0</td>
<td>0.9</td>
</tr>
<tr>
<td>2019</td>
<td>46.6</td>
<td>46.2</td>
<td>0.4</td>
</tr>
<tr>
<td>2020</td>
<td>42.1</td>
<td>41.9</td>
<td>0.2</td>
</tr>
<tr>
<td>2021</td>
<td>34.1</td>
<td>35.5</td>
<td>(1.4)</td>
</tr>
</tbody>
</table>

### Ancillary operations - Business Ancillaries

#### Residential Housing

**Revenues and Expenses**

for the year ended April 30

(millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenses</th>
<th>Net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.0</td>
<td>2.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>2013</td>
<td>2.2</td>
<td>2.2</td>
<td>0.0</td>
</tr>
<tr>
<td>2014</td>
<td>2.3</td>
<td>2.5</td>
<td>0.6</td>
</tr>
<tr>
<td>2015</td>
<td>2.4</td>
<td>2.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>2016</td>
<td>2.4</td>
<td>2.5</td>
<td>0.3</td>
</tr>
<tr>
<td>2017</td>
<td>2.4</td>
<td>2.2</td>
<td>0.1</td>
</tr>
<tr>
<td>2018</td>
<td>2.8</td>
<td>2.3</td>
<td>0.5</td>
</tr>
<tr>
<td>2019</td>
<td>2.8</td>
<td>2.3</td>
<td>0.6</td>
</tr>
<tr>
<td>2020</td>
<td>2.9</td>
<td>2.7</td>
<td>0.5</td>
</tr>
<tr>
<td>2021</td>
<td>2.7</td>
<td>2.2</td>
<td>0.5</td>
</tr>
</tbody>
</table>
Capital Fund

The capital fund includes all capital assets – land, buildings, furnishings, computers, etc. - except for those of the ancillary operations. Contributions to the University for capital assets other than ancillaries are recorded in this fund. This fund also holds the vast majority of the University’s debt and in turn lends it out for capital construction and other projects to departments or operations that have the responsibility to repay the loan.

Capital fund revenues for the year were $84 million and expenses were $186 million, for a net loss of $101 million. Revenues include an amount equal to the amortization of capital assets that were financed by grants and donations, while expenses include the amortization of capital assets.

The reason for annual net losses in the capital fund is that a significant share of the revenue funding the amortization of capital assets and funding capital projects is recorded as revenue in the operating fund and transferred to the capital fund as an interfund transfer, and therefore is not reported in revenues of the capital fund.

In 2021, a total of $497 million was transferred to the capital fund. This was made up of $92 million in capital asset funding from the operating fund that must be transferred to the capital fund (where the assets are capitalized), combined with net transfers of $405 million, mainly from the operating fund, in support of various capital projects.
In 2021, capital fund assets were $5.7 billion, liabilities were $1.7 billion and net assets were $4.0 billion. Net assets comprised $3.6 billion investment in capital assets, $613 million internally restricted funds offset by $182 million in deficit.

The assets of the capital fund have grown from $3.7 billion in 2012 to $5.7 billion in 2021 primarily as a result of the University’s large capital construction program over this period and recording some of its land at fair value as noted above. Liabilities have grown from $1.3 billion in 2012 to $1.7 billion in 2021. This growth in liabilities reflects the increase in long-term debt to $709 million, and growth in deferred capital contributions to $1.2 billion. This growth is partly offset by loans to other funds of $306 million since the external borrowing of long-term debt is recorded in the capital fund and loans are provided to departments or operations that have the responsibility to repay the loans. These loans are recorded as a liability in the operating fund or ancillary operations, as appropriate, and are recorded as a receivable in the capital fund.
Restricted Funds

Restricted funds include donations (including endowments), research grants and contracts. Each donation, usually supported by an agreement between the University and the donor, or a collection of small donations with similar purpose, is recorded in its own fund, and managed according to agreed upon terms and conditions. Each research grant or contract is also recorded in its own fund and managed in accordance with the terms and conditions required by the sponsor of the fund. There are over 19,200 individual restricted funds.

Restricted funds exclude research grants for capital assets and donations designated for capital assets, both of which are recorded in the capital fund. When restricted funds are provided for, or spent on, capital assets, they are recorded in the capital fund.

Financial reporting for restricted funds follows specific rules with respect to revenue recognition that differ from the rules for unrestricted receipts. They are:

- Restricted grants and expendable donations are recorded as revenue when spent, while unrestricted grants and expendable donations are recorded as revenue when received.
- Unspent restricted grants and donations are recorded as liabilities known as deferred contributions.
- Endowed donations are not recorded as revenue. They are added directly to the balance sheet as net assets.
- Investment earnings on externally restricted endowments that are made available for spending are recorded as revenue and the amount for preservation of capital is added directly to the balance sheet as net assets. In years where earnings are below the amount made available for spending, a drawdown is made from previously reinvested earnings. The amount made available for spending is recorded as revenue, and net assets on the balance sheet are reduced directly by the drawdown. Investment earnings or loss on internally restricted endowments are recorded in the income statement and the amount for preservation of capital or drawdown is recorded as a transfer to or from the endowment balance.
In 2021, restricted funds revenues for the year were $671 million and expenses were $611 million, resulting in net income of $60 million.

Net income in any particular year mainly reflects the recording of unrestricted donations and investment income as revenue that has not yet been offset by expenses. A net loss in any particular year mainly reflects the recording of investment losses on internally restricted endowments funded by a transfer from endowed capital and/or expenses funded by internally restricted net assets.

Restricted funds’ assets were $4.3 billion, liabilities were $1.0 billion, and net assets were $3.3 billion. Net assets comprised $3.1 billion in endowments and $102 million in internally restricted funds.

Restricted funds’ net assets increased by $648 million between April 30, 2020 and April 30, 2021 as a result of net income of $60 million and a further $588 million as follows:

a) transfers of $19 million mainly from the operating fund,

b) endowed contributions and investment gains on externally restricted endowments, which are not recorded as revenue, but are added directly to net assets:

- $124 million in endowed donations.
- $445 million increase of externally restricted endowments, consisting of an investment income of $528 million less $83 million withdrawn for payout.

As noted above, the majority of unspent expendable restricted funds are NOT recorded as net assets, but rather are recorded as deferred contributions in the liabilities section of the balance sheet. Total liabilities have grown from $397 million in 2012 to $1.0 billion in 2021 mainly as a result of the growth in research activity and restricted expendable donations that are reflected in deferred contributions until they are spent.

---

### Restricted Funds

Revenues, Expenses and Deferred Contributions for the Year Ended April 30

(millions of dollars)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>439.4</td>
<td>454.5</td>
<td>469.6</td>
<td>480.8</td>
<td>448.6</td>
<td>520.5</td>
<td>524.1</td>
<td>552.7</td>
<td>504.8</td>
<td>671.3</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>445.8</td>
<td>437.7</td>
<td>443.6</td>
<td>445.8</td>
<td>458.4</td>
<td>480.8</td>
<td>505.2</td>
<td>542.3</td>
<td>518.0</td>
<td>611.3</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>(6.4)</td>
<td>16.8</td>
<td>26.0</td>
<td>35.0</td>
<td>(9.8)</td>
<td>39.7</td>
<td>18.9</td>
<td>10.4</td>
<td>(13.2)</td>
<td>60.0</td>
</tr>
<tr>
<td><strong>Deferred capital contributions</strong></td>
<td>99.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred contributions</strong></td>
<td>386.7</td>
<td>385.6</td>
<td>417.6</td>
<td>467.7</td>
<td>514.4</td>
<td>572.7</td>
<td>625.1</td>
<td>627.3</td>
<td>700.3</td>
<td>907.0</td>
</tr>
</tbody>
</table>
Net assets in restricted funds have grown from $1.6 billion in 2012 to $3.3 billion in 2021.

Schedule 6 reflects the change in endowment funds from April 30, 2020 to April 30, 2021 with the related expendable funds.

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,986.2</td>
<td>396.6</td>
<td>1,589.6</td>
</tr>
<tr>
<td>2013</td>
<td>2,139.5</td>
<td>401.7</td>
<td>1,737.8</td>
</tr>
<tr>
<td>2014</td>
<td>2,384.8</td>
<td>428.6</td>
<td>1,956.2</td>
</tr>
<tr>
<td>2015</td>
<td>2,689.1</td>
<td>477.9</td>
<td>2,211.2</td>
</tr>
<tr>
<td>2016</td>
<td>2,691.8</td>
<td>525.8</td>
<td>2,166.0</td>
</tr>
<tr>
<td>2017</td>
<td>3,051.4</td>
<td>601.5</td>
<td>2,449.9</td>
</tr>
<tr>
<td>2018</td>
<td>3,222.1</td>
<td>643.9</td>
<td>2,578.2</td>
</tr>
<tr>
<td>2019</td>
<td>3,325.9</td>
<td>647.7</td>
<td>2,678.2</td>
</tr>
<tr>
<td>2020</td>
<td>3,315.4</td>
<td>712.4</td>
<td>2,603.0</td>
</tr>
<tr>
<td>2021</td>
<td>4,267.9</td>
<td>1,016.8</td>
<td>3,251.1</td>
</tr>
<tr>
<td>Endowment funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>April 30,</td>
<td>Donations,</td>
<td>Preservation</td>
<td>April 30,</td>
</tr>
<tr>
<td>2020</td>
<td>and other</td>
<td>of capital</td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>additions</td>
<td>(note 1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student aid (note 2)</td>
<td>587,511</td>
<td>36,420</td>
<td>120,978</td>
</tr>
<tr>
<td>Ontario Student Opportunity</td>
<td>370,742</td>
<td>152</td>
<td>75,334</td>
</tr>
<tr>
<td>Ontario Trust for Student Support (note 2)</td>
<td>83,939</td>
<td>423</td>
<td>17,086</td>
</tr>
<tr>
<td>Research funds</td>
<td>150,726</td>
<td>5,903</td>
<td>30,738</td>
</tr>
<tr>
<td>Departmental funds</td>
<td>370,425</td>
<td>64,763</td>
<td>78,702</td>
</tr>
<tr>
<td>Faculty endowment funds (note 2)</td>
<td>754,097</td>
<td>19,406</td>
<td>154,240</td>
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<tr>
<td>Connaught fund</td>
<td>111,795</td>
<td>22,711</td>
<td>134,506</td>
</tr>
<tr>
<td>I'Anson fund</td>
<td>3,260</td>
<td>663</td>
<td>3,923</td>
</tr>
<tr>
<td>Miscellaneous funds</td>
<td>33,196</td>
<td>67</td>
<td>3,437</td>
</tr>
<tr>
<td><strong>Comprising:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Externally designated</td>
<td>2,133,149</td>
<td>124,508</td>
<td>444,381</td>
</tr>
<tr>
<td>Internally designated</td>
<td>376,911</td>
<td>2,626</td>
<td>66,222</td>
</tr>
<tr>
<td><strong>Restricted</strong></td>
<td>2,510,060</td>
<td>127,134</td>
<td>512,903</td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td>92,876</td>
<td>11,283</td>
<td>7,647</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,510,060</td>
<td>127,134</td>
<td>512,903</td>
</tr>
</tbody>
</table>

**Notes:**
(1) Consisting of investment income (loss) on:
- Endowment funds 570,531
- Expendable funds (1,481) 569,050
(2) Disbursements and corresponding distributed investment income for Student aid ($31,168), Ontario Student Opportunity Trust Funds ($14,398), Ontario Trust for Student Support ($2,856) and Faculty Endowments ($20,735) are reported in the Operating Fund.