



UNIVERSITY OF
TORONTO

SUPPLEMENTARY FINANCIAL REPORT

April 30, 2022

HIGHLIGHTS

(Unaudited)

Year Ended April 30, 2022

(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
Statement of Operations					
Revenues	\$ 3,032.7	\$ 173.9	\$ 90.5	\$ 535.1	\$ 3,832.2
Expenses	\$ 2,502.2	\$ 175.3	\$ 199.4	\$ 539.2	\$ 3,416.1
Net Income (Loss)	\$ 530.5	\$ (1.4)	\$ (108.9)	\$ (4.1)	\$ 416.1
Balance Sheet					
Assets	\$ 2,356.3	\$ 243.2	\$ 6,008.0	\$ 4,535.0	\$ 13,142.5
Liabilities	\$ 1,537.8	\$ 147.3	\$ 1,683.1	\$ 1,270.9	\$ 4,639.1
Net Assets	\$ 818.5	\$ 95.9	\$ 4,324.9	\$ 3,264.1	\$ 8,503.4
Net Assets composed of:					
Endowments				\$ 3,166.8	\$ 3,166.8
Investment in Capital Assets		\$ 98.4	\$ 3,913.3		\$ 4,011.7
Internally Restricted	\$ 808.5	\$ 34.7	\$ 698.5	\$ 97.3	\$ 1,639.0
Surplus (Deficit)	\$ 10.0	\$ (37.2)	\$ (286.9)		\$ (314.1)
	\$ 818.5	\$ 95.9	\$ 4,324.9	\$ 3,264.1	\$ 8,503.4

HIGHLIGHTS

(Unaudited)

Year Ended April 30, 2021

(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
Statement of Operations					
Revenues	\$ 3,147.7	\$ 95.5	\$ 84.2	\$ 671.3	\$ 3,998.7
Expenses	\$ 2,333.0	\$ 143.2	\$ 185.6	\$ 611.3	\$ 3,273.1
Net Income (Loss)	\$ 814.7	\$ (47.7)	\$ (101.4)	\$ 60.0	\$ 725.6
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	\$ 3,149.5
Investment in Capital Assets		\$ 103.5	\$ 3,611.1		\$ 3,714.6
Internally Restricted	\$ 596.3	\$ 43.0	\$ 612.5	\$ 101.6	\$ 1,353.4
Surplus (Deficit)	\$ 89.9	\$ (51.6)	\$ (181.9)		\$ (143.6)
	\$ 686.2	\$ 94.9	\$ 4,041.7	\$ 3,251.1	\$ 8,073.9

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 operations that provide residences, residential housing, food and beverage services, conference services, parking/transportation services, Hart House, real estate services 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, land improvements, 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.

Schedule 1
(Unaudited)
UNIVERSITY OF TORONTO
BALANCE SHEET
April 30, 2022
(with comparative figures at April 30, 2021)
(millions of dollars)

	Operating fund	Ancillary operations	Capital fund	Restricted funds	2022 Total	2021 Total
ASSETS						
Current						
Cash and cash equivalents	324.7	7.0		1.5	333.2	191.9
Short-term investments	1,881.1	29.3	718.4	(1,763.3)	865.5	1,077.3
Accounts receivable	108.8	11.8	2.7	22.9	146.2	173.2
Inventories and prepaid expenses	41.7	5.3			47.0	50.2
Investments at fair value				6,257.4	6,257.4	5,680.3
Capital assets, net		189.8	5,286.9	16.5	5,493.2	5,209.6
	<u>2,356.3</u>	<u>243.2</u>	<u>6,008.0</u>	<u>4,535.0</u>	<u>13,142.5</u>	<u>12,382.5</u>
LIABILITIES						
Current						
Accounts payable and accrued liabilities	554.8	35.4	115.8	140.7	846.7	599.2
Deferred contributions				1,032.2	1,032.2	907.0
Accrued pension liability	125.8				125.8	127.5
Employee future benefit obligation other than pension	688.4				688.4	696.4
Internal loans	168.8	108.0	(276.8)			
Long-term debt			709.1		709.1	709.1
Deferred capital contributions		3.9	1,135.0	98.0	1,236.9	1,269.4
	<u>1,537.8</u>	<u>147.3</u>	<u>1,683.1</u>	<u>1,270.9</u>	<u>4,639.1</u>	<u>4,308.6</u>
NET ASSETS						
Surplus (deficit)	10.0	(37.2)	(286.9)		(314.1)	(143.6)
Internally restricted	808.5	34.7	698.5	97.3	1,639.0	1,353.4
Investment in capital assets		98.4	3,913.3		4,011.7	3,714.6
Endowments				3,166.8	3,166.8	3,149.5
	<u>818.5</u>	<u>95.9</u>	<u>4,324.9</u>	<u>3,264.1</u>	<u>8,503.4</u>	<u>8,073.9</u>
	<u>2,356.3</u>	<u>243.2</u>	<u>6,008.0</u>	<u>4,535.0</u>	<u>13,142.5</u>	<u>12,382.5</u>

Schedule 2
(Unaudited)
UNIVERSITY OF TORONTO
STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS (DEFICIT)
FOR THE YEAR ENDED APRIL 30
(millions of dollars)

	Operating fund	Ancillary operations	Capital fund	Restricted funds	2022 Total	2021 Total
REVENUES						
Student fees	2,108.8	13.2	(0.6)		2,121.4	1,994.6
Government grants for general operations	721.6				721.6	723.3
Government and other grants for restricted purposes		0.4	72.4	384.9	457.7	506.9
Sales, services and sundry income	187.4	159.9	2.2		349.5	268.4
Investment Income	14.9	0.3	1.1	62.2	78.5	383.9
Donations		0.1	15.4	88.0	103.5	121.6
	<u>3,032.7</u>	<u>173.9</u>	<u>90.5</u>	<u>535.1</u>	<u>3,832.2</u>	<u>3,998.7</u>
EXPENSES						
Salaries	1,452.8	6.9		237.5	1,697.2	1,601.9
Employee benefits	348.6	1.9		24.7	375.2	366.6
Scholarships, fellowships and bursaries	274.3			35.3	309.6	279.2
Materials, supplies and services	161.9	1.2		128.4	291.5	255.1
Inter-institutional contributions	45.5			88.3	133.8	226.3
Amortization of capital assets	13.2	21.0	176.8	1.7	212.7	206.8
Repairs, maintenance and leases	118.1	19.7	22.6	9.2	169.6	141.4
Cost of sales and services		106.0			106.0	84.9
Utilities	37.0	10.8		0.2	48.0	46.7
Interest on long-term debt	27.8	7.8		2.4	38.0	38.4
Travel and conferences	5.3			4.4	9.7	4.2
Other	17.7			7.1	24.8	21.6
	<u>2,502.2</u>	<u>175.3</u>	<u>199.4</u>	<u>539.2</u>	<u>3,416.1</u>	<u>3,273.1</u>
Net income (loss)	530.5	(1.4)	(108.9)	(4.1)	416.1	725.6
Net transfer between funds	(303.3)	2.4	286.8	14.1		
Transfer of capital assets funding	(105.2)		105.2			
Change in internally restricted	(201.9)	8.3	(86.0)	4.3	(275.3)	(485.4)
Change in investment in capital assets		5.1	(302.1)		(297.0)	(189.3)
Transfers of donations to endowments				(23.4)	(23.4)	(2.0)
Transfer to internally restricted endowments				9.1	9.1	(68.5)
Net change in surplus (deficit) for the year	(79.9)	14.4	(105.0)		(170.5)	(19.6)
Surplus (deficit), beginning of year	89.9	(51.6)	(181.9)		(143.6)	(124.0)
Surplus (deficit), end of year	10.0	(37.2)	(286.9)		(314.1)	(143.6)

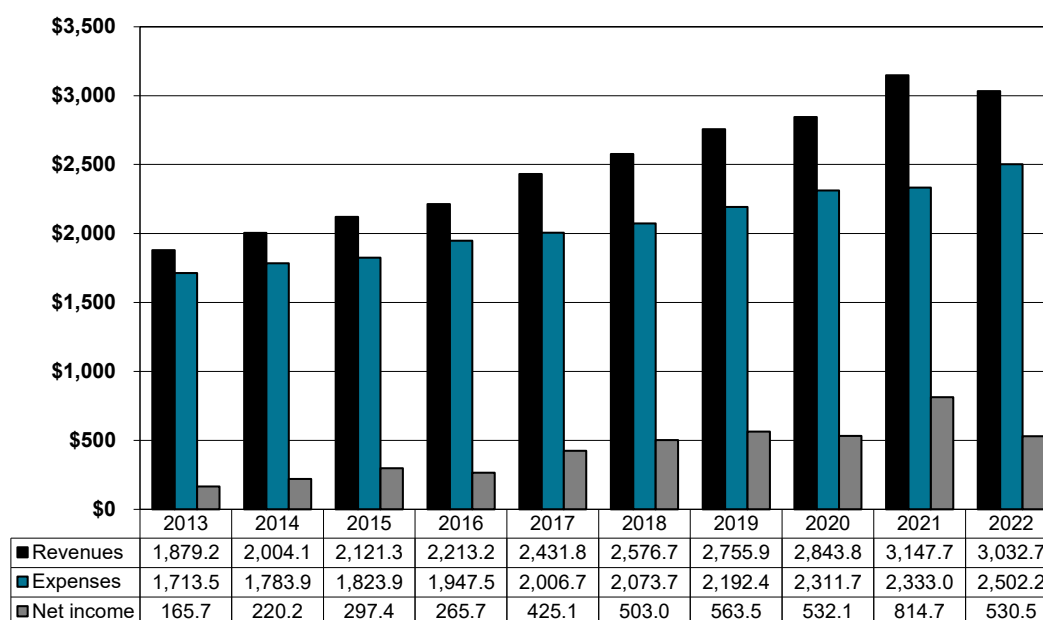
Operating Fund

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 \$3.0 billion; expenses were \$2.5 billion resulting in a net income of \$531 million. Growth in operating fund revenues and expenses primarily reflected planned and expected increases in the number of students.

Operating Fund Revenues and Expenses

for the year ended April 30
(millions of dollars)



The cumulative operating surplus at April 30, 2022 is \$10 million, whereas the long-range operating budget called for a break even position.

The 2022 net income in the operating fund is a result of:

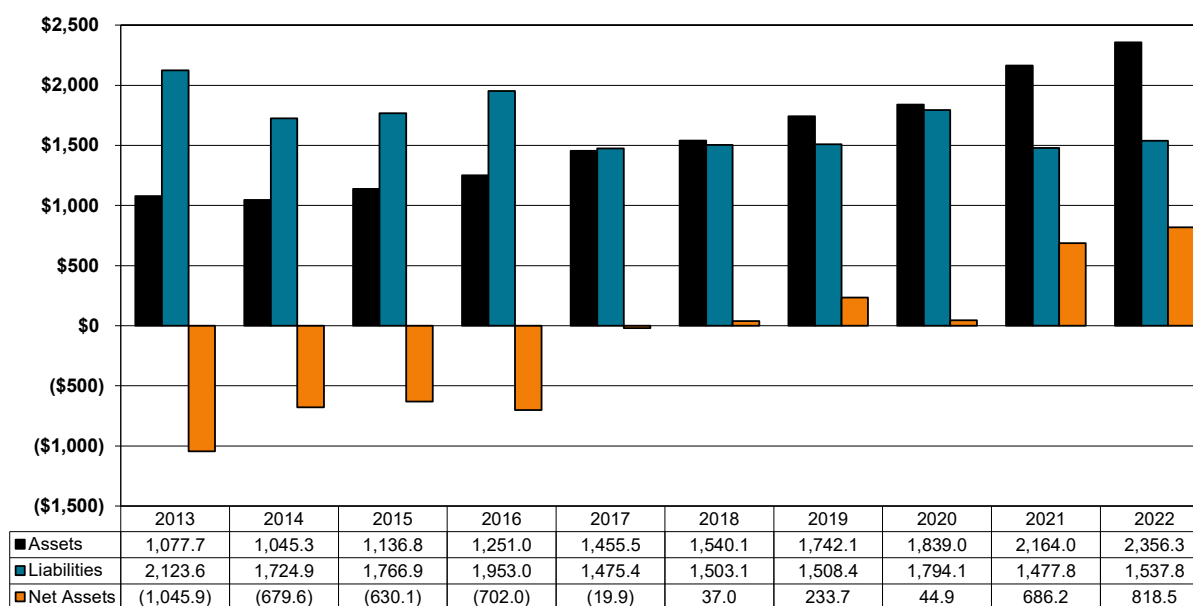
Capital asset expenditures not shown as expenses but transferred to the capital fund and added to the balance sheet as capital assets	105
Net change in employee future benefit obligations (excluding remeasurements)	91
Transfers to other funds not expensed in the operating fund	303
Last year's general university saving distributed to academic divisions	(90)
General University saving for University priorities	10
Unspent funds added to reserves	112
	531

Operating fund assets at April 30, 2022 were \$2.4 billion, liabilities were \$1.5 billion, and net assets were \$819 million.

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 its employee future benefit obligations on the balance sheet as a liability offset by a decrease in internally restricted net assets. The increase in net assets since 2013 is mainly a result of increased central and divisional reserves of \$956 million combined with a decrease in net unfunded pension obligations of \$974 million.

Operating Fund Assets, Liabilities and Net Assets

as at April 30
(millions of dollars)



The net assets increased from \$686 million in 2021 to \$819 million in 2022 mainly due to the following:

- \$531 million net income for the year.
- (\$408 million) net transfers to other funds.

The transfers to other funds were as follows:

- \$105 million to the capital fund to reflect operating funding of capital asset expenditures recorded as capital assets in the capital fund.
- \$303 million transfer mainly to the capital fund for various projects.

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

- \$10 million surplus.
- \$809 million of internally restricted net assets.

The \$10 million surplus is the “cumulative surplus” of the operating fund which is referenced in the University’s Operating Budget Report. The cumulative surplus has decreased from \$90 million at April 30, 2021 to \$10 million at April 30, 2022, mainly due to the following:

- \$531 million net income.

- (\$408 million) net transfers to other funds as noted above.
- (\$203 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 \$809 million mainly includes divisional reserves of \$731 million, funds set aside for capital projects of \$737 million and funds set aside for other purposes of \$17 million offset by \$676 million of net unfunded liabilities consisting of \$128 million associated with its pension plan and \$548 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 \$809 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.

**Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2022**
(with comparative figures at April 30, 2021)
(thousands of dollars)

	2022	2021
	Total	Total
<u>Divisional reserves</u>		
Academic	565,034	559,293
Academic services	10,003	14,260
Student services	36,982	24,298
Student assistance	22,208	19,434
Facilities & services	24,039	39,385
Administration	14,294	18,763
General university	58,394	149,188
Total divisional reserves	730,954	824,621
<u>Central reserves</u>		
<u>Capital</u>		
Future major capital project reserves	666,750	446,853
Other infrastructure reserves	70,282	90,677
	737,032	537,530
<u>Other</u>		
Research overhead	3,769	3,769
Priorities fund	13,250	7,646
	17,019	11,415
Total central reserves	754,051	548,945
<u>Employee benefit reserves</u>		
Pension	(128,408)	(221,245)
Pension plan reserve		
Medical benefits	(605,840)	(616,891)
Other plans	57,726	60,858
Total employee benefit reserves	(676,522)	(777,278)
Total internally restricted net assets	808,483	596,288
Net change in internally restricted for the year	212,195	
<u>Consisting of:</u>		
Change in internally restricted reported in statement of operations	201,888	
Reported as remeasurements in statement of changes in net assets	10,307	
	212,195	

**Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2022**
(with comparative figures at April 30, 2021)
(thousands of dollars)

	2022					2021	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ACADEMIC:							
Arts and Science, TYP, SCS:							
Faculty of Arts and Science	9,737	70,824	22,349	371	44,686	147,967	160,122
Transitional Year Programme			475		314	789	1,065
UTSC academic	3,516	24,398	569		15,258	43,741	42,532
UTM academic	715	27,939			8,191	36,845	31,410
School of Continuing Studies			471		3,211	3,682	14,959
	<u>13,968</u>	<u>123,161</u>	<u>23,864</u>	<u>371</u>	<u>71,660</u>	<u>233,024</u>	<u>250,088</u>
Health sciences:							
Faculty of Dentistry	1,000	3,154	241		3,301	7,696	14,300
Temerty Faculty of Medicine	1,461	31,438	6,674	512	14,766	54,851	61,140
Dalla Lana School of Public Health		4,759	285		3,543	8,587	14,843
Lawrence S. Bloomberg Faculty of Nursing		1,674	112		1,737	3,523	5,521
Leslie Dan Faculty of Pharmacy		6,583	1,892		1,585	10,060	15,419
Faculty of Kinesiology & Physical Education	220	1,923	623		205	2,971	6,974
	<u>2,681</u>	<u>49,531</u>	<u>9,827</u>	<u>512</u>	<u>25,137</u>	<u>87,688</u>	<u>118,197</u>
Other professional faculties:							
Faculty of Applied Science and Engineering		87,288			13,652	100,940	97,543
John H. Daniels Faculty of Architecture, Landscape and Design		1,854	33		3,109	4,996	7,136
Rotman School of Management	1,009	7,880	2,811		6,841	18,541	18,829
OISE/UT		4,800	700		5,413	10,913	30,285
Faculty of Law	2	1,765	687		2,155	4,609	12,292
Faculty of Information		1,156	1,017		1,150	3,323	5,880
Faculty of Music	200	874	100		268	1,442	1,875
Factor-Inwentash Faculty of Social Work		1,524	228		(29)	1,723	2,965
	<u>1,211</u>	<u>107,141</u>	<u>5,576</u>	<u>512</u>	<u>32,559</u>	<u>146,487</u>	<u>176,805</u>
Other academic costs:							
University-wide reserves	44,479	298	477	1,250	103,547	150,051	67,570
Vacation Pay accrual - Academic					(52,216)	(52,216)	(49,011)
Voluntary Academic Retirement Program							(4,356)
TOTAL ACADEMIC	<u>62,339</u>	<u>280,131</u>	<u>39,744</u>	<u>2,133</u>	<u>180,687</u>	<u>565,034</u>	<u>559,293</u>

**Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2022**

(with comparative figures at April 30, 2021)
(thousands of dollars)

	2022					2021	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ACADEMIC SERVICES:							
St. George Libraries		616			1,300	1,916	5,050
UTSC library	1,098	179			2,382	3,659	4,918
UTM library		129			2,040	2,169	1,702
Library - Electronic Acquisitions					2,259	2,259	2,590
TOTAL ACADEMIC SERVICES	1,098	924			7,981	10,003	14,260
STUDENT SERVICES:							
St. George campus	1,087		170		3,980	5,237	4,552
UTSC campus	1,500				13,376	14,876	11,561
UTM campus					10,143	10,143	6,956
Athletics and Recreation	3,846	53	819		2,008	6,726	1,229
TOTAL STUDENT SERVICES	6,433	53	989		29,507	36,982	24,298
STUDENT ASSISTANCE:							
St. George campus			22,090			22,090	18,927
UTSC campus			501		(396)	105	501
UTM campus			13			13	6
TOTAL STUDENT ASSISTANCE			22,604		(396)	22,208	19,434
FACILITIES & SERVICES							
St. George campus					20,063	20,063	28,829
UTSC campus	1,191				2,041	3,232	10,363
UTM campus	129				615	744	193
TOTAL FACILITIES & SERVICES	1,320				22,719	24,039	39,385

**Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2022**
(with comparative figures at April 30, 2021)
(thousands of dollars)

	2022					2021	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ADMINISTRATION:							
Office of the Governing Council					613	613	1,398
Office of the President					192	192	22
Convocation and Institutional Events					346	346	378
Chief Financial Officer	225				471	696	1,664
Vice-President and Provost	562	217			4,298	5,077	7,495
Vice-President - Research and Innovation					1,411	1,411	1,524
Vice-President - Communications	38				2,582	2,620	2,424
Vice-President - Advancement	750				5,083	5,833	5,534
Vice-President - International					702	702	714
Chief Government Relations					107	107	168
Vice-President - Operations and Real Estate Partnerships					5,522	5,522	2,825
Vice-President - People Strategy, Equity and Culture		46			864	910	1,081
Office of University Counsel					35	35	
UTSC campus	222				4,229	4,451	7,652
UTM campus					1,382	1,382	408
Vacation Pay accrual - Administration					(15,603)	(15,603)	(14,524)
TOTAL ADMINISTRATION	1,797	263			12,234	14,294	18,763
GENERAL UNIVERSITY:							
Vice-President - People Strategy, Equity and Culture					4,844	4,844	1,967
CFO - LTBP expendable funds					103,338	103,338	117,272
CFO - Investment income reserve					(97,215)	(97,215)	8,033
Vice-President - Operations and Real Estate Partnerships	12,217	551		13,835	20,824	47,427	21,916
TOTAL GENERAL UNIVERSITY	12,217	551		13,835	31,791	58,394	149,188
TOTAL DIVISIONAL RESERVES	85,204	281,922	63,337	15,968	284,523	730,954	824,621

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 \$101 million adjustment to financial statement revenues and a (\$82) 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:

	Financial Statements	Adjustments	Adjusted Financial Statements	Operating budget	Favourable (unfavourable) variance	% Variance
Operating fund revenues	3,032.7	100.9	3,133.6	3,077.9	55.7	1.8%
Operating fund expenses	2,502.2	82.5	2,584.7	3,077.9	493.2	
Capital asset transfer	105.2		105.2		(105.2)	
	2,607.4	82.2	2,689.9	3,077.9	388.0	12.6%
Net income	425.3	18.4	443.7		443.7	

Total operating fund revenues, after adjustments, were \$3,134 million, compared to budgeted revenues of \$3,078 million, resulting in a favourable variance of \$56 million, or 1.8%. This favourable variance was primarily due to:

- A favourable variance of \$63 million in unbudgeted divisional sales and services.
- An unfavourable variance of \$15 million from investment losses.
- A favourable variance of \$8 million in various sundry income.

Total operating fund expenses, after adjustments, were \$2,690 million, as compared to budgeted expenses of \$3,078 million resulting in a favourable variance of \$388 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, 2022
(millions of dollars)

	ACTUAL		Adjusted Financial Statements	BUDGET	VARIANCE
	Financial Statements	Adjustments		Original budget	Favourable (Unfavourable)
REVENUES					
General university income:					
Provincial grants	638.4	1.2	639.6	639.2	0.4
Indirect cost recovery of grants and contracts	58.0	0.2	58.2	58.8	(0.6)
Student fees	1,877.7		1,877.7	1,855.3	22.4
Investment income:					
Endowment (chairs and student aid)	77.8		77.8	70.7	7.1
Other	(62.9)	101.0	38.1	60.3	(22.2)
Sundry income	27.0	(1.5)	25.5	18.0	7.5
Municipal taxes	4.9		4.9	4.9	
	<u>2,620.9</u>	<u>100.9</u>	<u>2,721.8</u>	<u>2,707.2</u>	<u>14.6</u>
Divisional income:					
Provincial grants	37.2		37.2	35.0	2.2
Student fees	210.5		210.5	234.7	(24.2)
Sales and services	164.1		164.1	101.0	63.1
	<u>411.8</u>	<u>0.0</u>	<u>411.8</u>	<u>370.7</u>	<u>41.1</u>
	<u>3,032.7</u>	<u>100.9</u>	<u>3,133.6</u>	<u>3,077.9</u>	<u>55.7</u>
EXPENSES					
Academic	1,516.0	13.0	1,529.0	1,845.3	316.3
Academic services	110.8	2.7	113.5	103.5	(10.0)
Student services	96.8	3.1	99.9	117.9	18.0
Student assistance	279.0	0.2	279.2	300.7	21.5
Physical plant maintenance and services	123.0	3.3	126.3	149.9	23.6
Physical plant utilities	37.0	22.3	59.3	69.0	9.7
Alterations and renovations	21.4	(21.4)			
Administration	258.2	10.8	269.0	285.1	16.1
Amortization	13.2	(13.2)			
Interest expense	27.8	(27.8)			
General university expense	117.7	89.5	207.2	200.0	(7.2)
Municipal taxes	6.5		6.5	6.5	
	<u>2,607.4</u>	<u>82.5</u>	<u>2,689.9</u>	<u>3,077.9</u>	<u>388.0</u>
Operating results before the following:	425.3	18.4	443.7		443.7
Change in internally restricted funds	(201.9)	(18.4)	(220.3)		(220.3)
Transfers	(303.3)		(303.3)		(303.3)
NET CHANGE IN SURPLUS FOR THE YEAR	<u>(79.9)</u>		<u>(79.9)</u>		<u>(79.9)</u>

Ancillary Operations

Ancillary operations include service ancillaries and business ancillaries. Services ancillaries include residences (UTM, UTSC, University College, New College, Woodsworth College, and Innis College), conference services (UTSC), food and beverage/hospitality services (UTM, UTSC, and University College), parking/transportation services (UTM and UTSC), and Hart House). Beginning in fiscal year 2021-22, the new division University Development and Campus Services (UDCS) was established as a business ancillary, and includes operations that were previously considered service ancillaries: St. George Food and Beverage Services, University Family Housing (a merger of Student Family Housing and Residential Housing), Chestnut Residence and Conference Centre, Graduate House Residence, and Transportation Services. As a result, business ancillaries now include UDCS (the above service ancillaries and Real Estate) as well as U of T Press. All ancillary assets, liabilities, net assets, revenues and expenses are recorded in this fund. In the graphs below, we have reported on all current business ancillaries as if they have been business ancillaries throughout the entire period from 2013-2022.

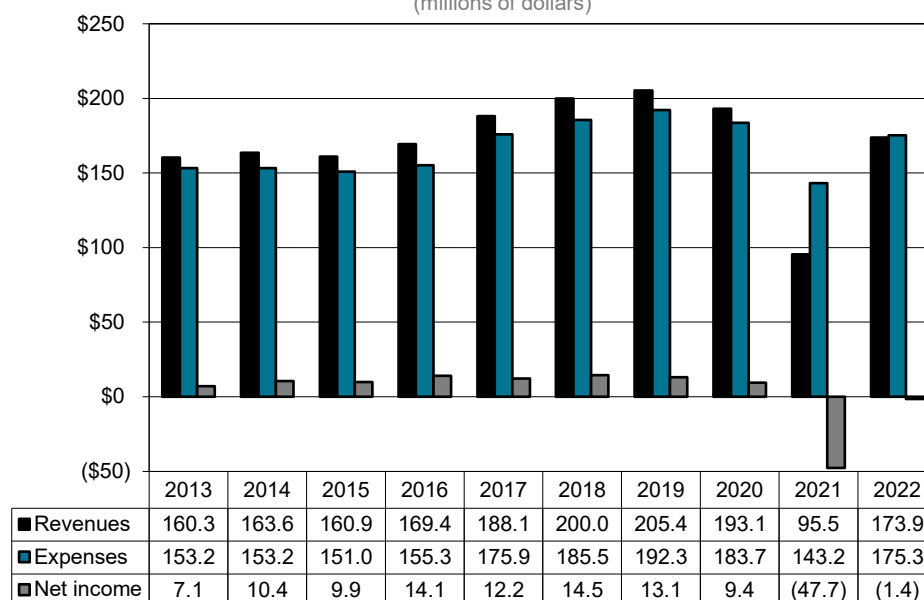
Over the periods 2013 to 2020, ancillary revenues grew from \$160 million to \$193 million, expenses grew from \$153 million to \$184 million, and net income increased from \$7 million to \$9 million. Residence fees over the past years have been increased to keep pace with increased expenses, which included large fixed rate principal and interest payments on borrowing. 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 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.

In 2021-22, residence operations experienced higher than anticipated occupancy levels in fall 2021, generating much improved operating results compared to 2020-21. However, food and beverage and parking services continued to struggle with continued reduction of on-campus activity. Ancillary revenues grew from \$95 million in 2021 to \$174 million in 2022, expense increased from \$143 million in 2021 to \$175 million in 2022, and the annual net loss decreased from \$48 million in 2021 to \$1 million in 2022.

Ancillary operations Revenues and Expenses

for the year ended April 30
(millions of dollars)

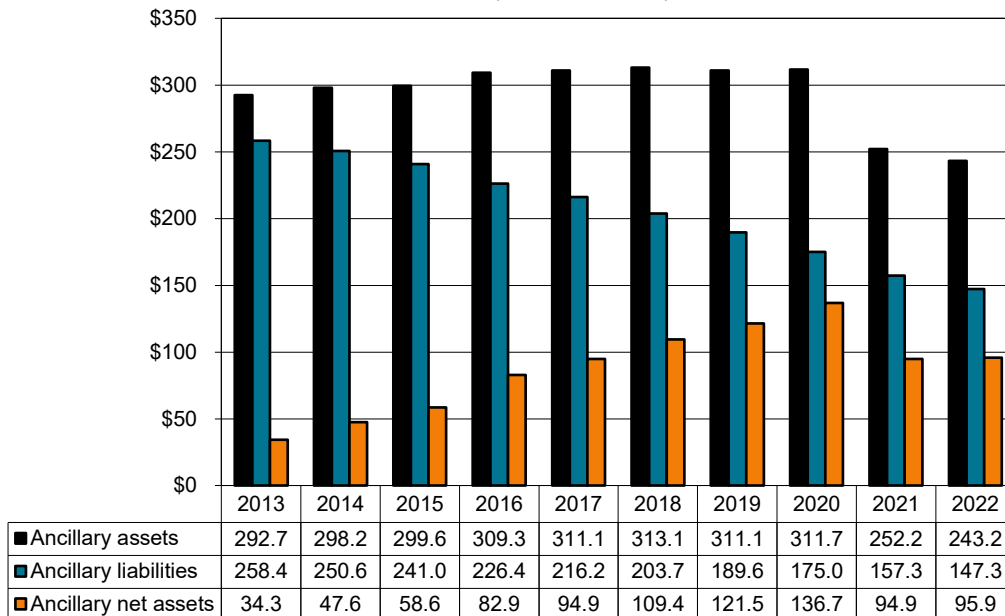


The St. George Food and Beverage services changed its business model as of August 1, 2016 to support the new operation that combines residential, retail and catering operations from the former St. George operation, the Chestnut Residence, and New College. Under this model, the food service operation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

Ancillary assets increased from \$293 million in 2013 to \$312 million in 2020, fell to \$252 million in 2021 and to \$243 million in 2022 due to the impact of the pandemic. Liabilities decreased from \$258 million in 2013 to \$147 million in 2022 as ancillaries paid down their capital financing. Net assets grew from \$34 million in 2013 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, and increased slightly to \$96 million in 2022.

Ancillary operations Balance Sheet

as at April 30
(millions of dollars)



At April 30, 2022, net assets were \$96 million, an increase of \$1 million from April 30, 2021, mainly due to the following:

- \$1.4 million net income for the year due to the continued impact of the pandemic.
- Offset by \$0.4 million transferred to other funds.

There are three categories of net assets for ancillary operations which together total \$96 million. They are:

- (\$37 million) in deficit.
- \$35 million in internally restricted net assets.
- \$98 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.

Schedule 5
UNIVERSITY OF TORONTO
ANCILLARY OPERATIONS
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2022
(with comparative figures for the year ended Apr 30, 2021)
(thousands of dollars)

	Revenues	Expenses	Commitments and Transfers	Surplus/(Deficit)		Investment in Capital Assets	Internally Restricted	2022 Total Net Assets	2021 Total Net Assets
				Opening	Closing				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Service Ancillaries									
Residences									
Scarborough	8,036	6,161	(695)	1,734	2,914	1,987	4,038	8,939	6,845
Mississauga	14,910	12,918	(1,023)	(597)	372	7,621	3,000	10,993	13,860
University College	6,460	6,462	409	746	1,153	2,707		3,860	3,861
Innis College	3,102	2,728	393	336	1,103	2,151	1,508	4,762	4,388
New College	8,029	7,997	373	(2,078)	(1,673)	1,191	785	303	(532)
Woodsworth College	3,905	4,386	1,734	(8,743)	(7,490)	11,868	1,000	5,378	5,859
	<u>44,442</u>	<u>40,652</u>	<u>1,191</u>	<u>(8,602)</u>	<u>(3,621)</u>	<u>27,525</u>	<u>10,331</u>	<u>34,234</u>	<u>34,281</u>
Food/Beverage Service									
Scarborough	114	736	171	(8)	(459)	395		(64)	480
Mississauga	1,953	2,898	1,246	385	686	2,184	1,256	4,126	5,072
University College	3,130	3,936	11	(1,549)	(2,344)	202		(2,142)	(1,335)
	<u>5,197</u>	<u>7,570</u>	<u>1,428</u>	<u>(1,172)</u>	<u>(2,117)</u>	<u>2,781</u>	<u>1,256</u>	<u>1,920</u>	<u>4,217</u>
Parking									
Scarborough	5,748	1,939	4,957	(5,871)	2,895	3,633	355	6,883	12,998
Mississauga	1,774	2,827	(764)	(8,705)	(10,522)	13,335		2,813	5,643
	<u>7,522</u>	<u>4,766</u>	<u>4,193</u>	<u>(14,576)</u>	<u>(7,627)</u>	<u>16,968</u>	<u>355</u>	<u>9,696</u>	<u>18,641</u>
Hart House	14,097	12,192		1,211	3,140	11,734	7,706	22,580	20,650
Total Service Ancillaries	71,258	65,180	6,812	(23,139)	(10,225)	59,008	19,648	68,430	77,789
Business Ancillaries									
University of Toronto Press	33,818	34,309	(8)	7,738	7,239	1,228		8,467	8,958
University Development and Campus Services									
Graduate House	4,998	4,595	(1,360)	(2,140)	(3,097)	8,541	2,250	7,694	8,292
Univ Family Housing	12,649	11,299	1,992	2,743	6,085	7,765	9,250	23,100	17,750
89 Chestnut	21,392	25,626	5,493	(14,919)	(13,660)	8,762		(4,897)	(6,886)
St. George Food & Bev Services	16,832	24,590	6,426	(19,764)	(21,096)	4,624		(16,472)	(15,650)
St. George Parking	4,344	6,052	588	(2,179)	(3,299)	6,692		3,393	4,606
Real Estate	8,586	3,652	(4,101)		833	1,770	3,567	6,170	
Total Business Ancillaries	102,619	110,123	9,030	(28,521)	(26,995)	39,382	15,067	27,455	17,070
Total Ancillary Operations	173,877	175,303	15,842	(51,660)	(37,220)	98,390	34,715	95,885	94,859

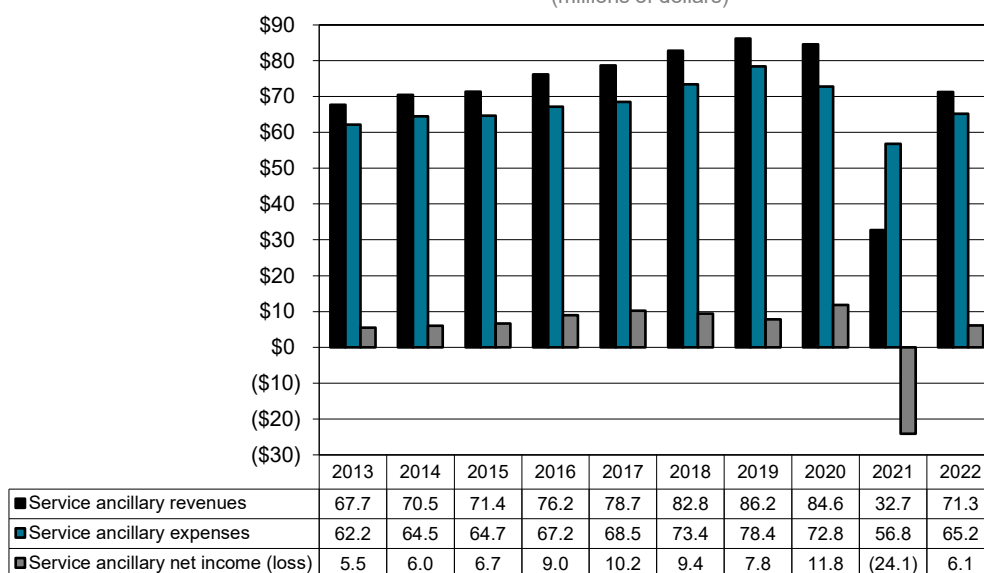
Service Ancillaries

In 2022, service ancillaries had revenues of \$71 million and expenses of \$65 million, with a net income of \$6 million for the year. As a result of the pandemic, revenues for residence, parking and food service operations in 2021 had decreased significantly due to the reduced activities on campus; however residences and parking improved somewhat in 2022. As stated in the previous section, certain operations on the St. George campus that were previously considered service ancillaries are now managed as business ancillaries (known as UDCS) and have been excluded from this section, and included in the business ancillaries section.

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 take the necessary precautions to help prevent the spread of the virus. In 2021, each operation had to reduce their bed inventory for physical distancing and reduce their operating capacity. This 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 2022, residence operations experienced closer to normal occupancy (except for the summer term), and had net income of \$4 million.

Ancillary operations - Service Ancillaries Revenues and Expenses

for the year ended April 30
(millions of dollars)



The pandemic also affected Food Services (UTSC and UTM), Transportation Services (UTSC and UTM) 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. Together, these operations

incurred significant net losses in 2021, and but rebounded somewhat in 2022, generating net income of \$2 million.

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

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.

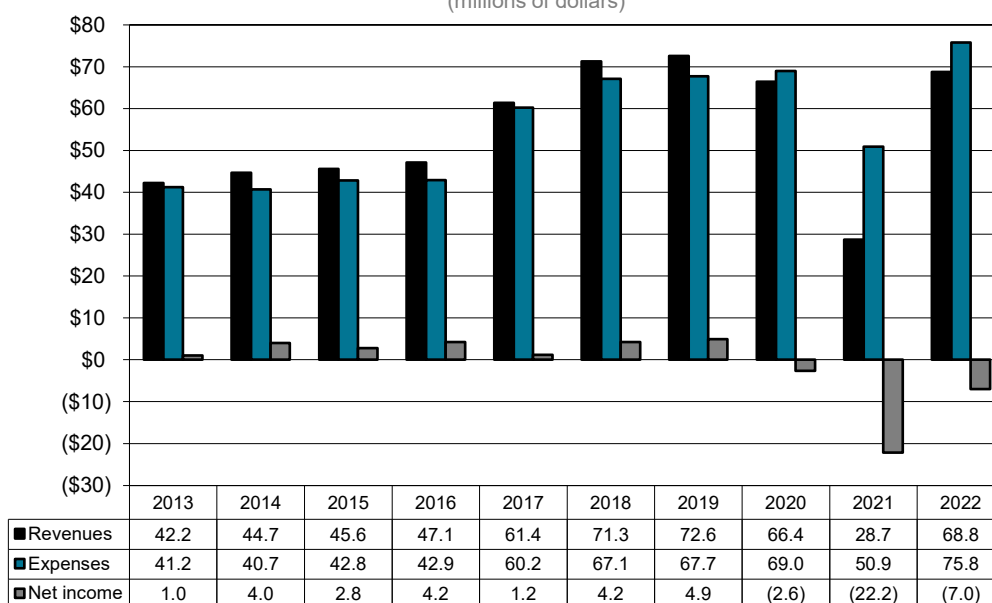
Business Ancillaries

Business ancillaries consists of the the new division University Development and Campus Services (UDCS) which includes Real Estate, and operations that were previously considered service ancillaries: St. George Food and Beverage Services, University Family Housing (a merger of Student Family Housing and Residential Housing), Chestnut Residence and Conference Centre, Graduate House Residence, and St. George Transportation Services. In addition, business ancillaries includes the University of Toronto Press. All operations were negatively impacted by the pandemic in 2021, but recovered somewhat in 2022 with more campus activity. These operations had combined revenues of \$103 million and expenses of \$110 million, for a net loss of \$7 million in 2022.

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.

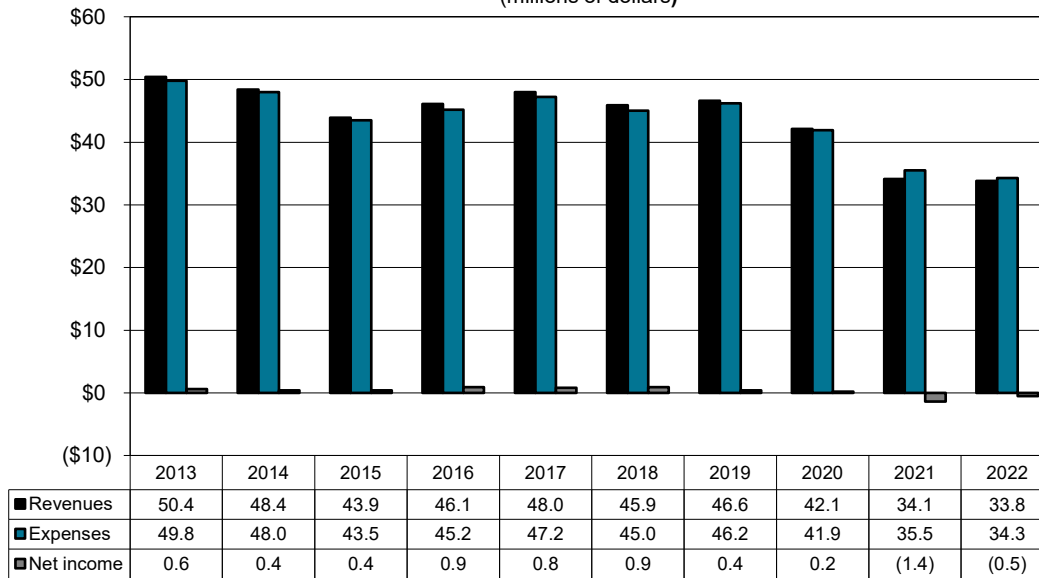
Ancillary operations - Business Ancillaries University Development and Campus Services (UDCS) Revenues and Expenses

for the year ended April 30
(millions of dollars)



Ancillary operations - Business Ancillaries
University of Toronto Press
Revenues and Expenses

for the year ended April 30
(millions of dollars)



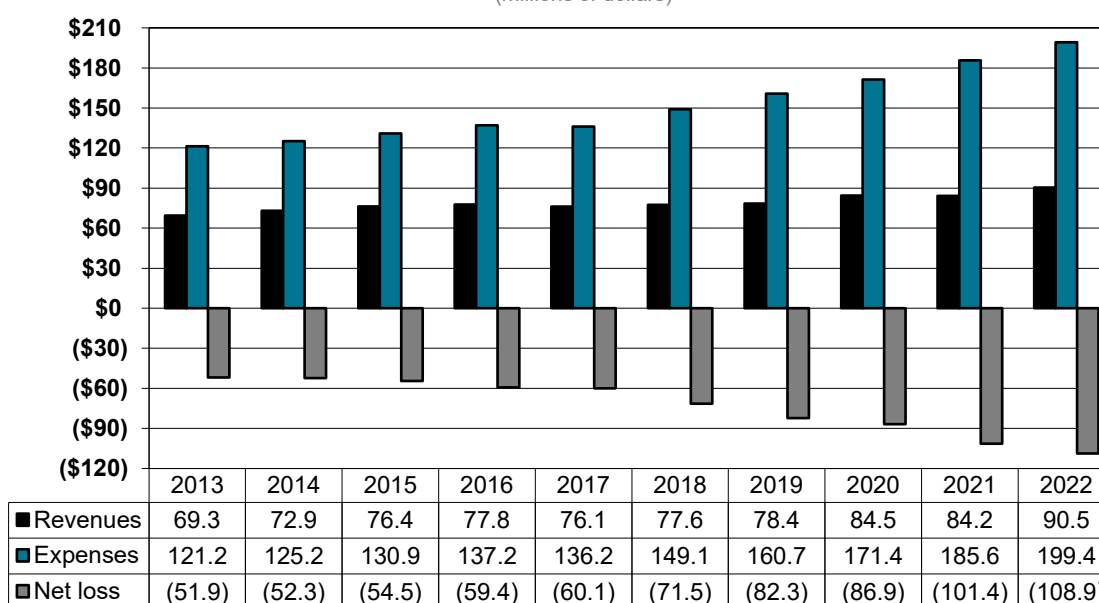
Capital Fund

The capital fund includes all capital assets – land, land improvements, 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 \$90 million and expenses were \$199 million, for a net loss of \$109 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.

Capital Fund Revenues and Expenses

for the year ended April 30
(millions of dollars)



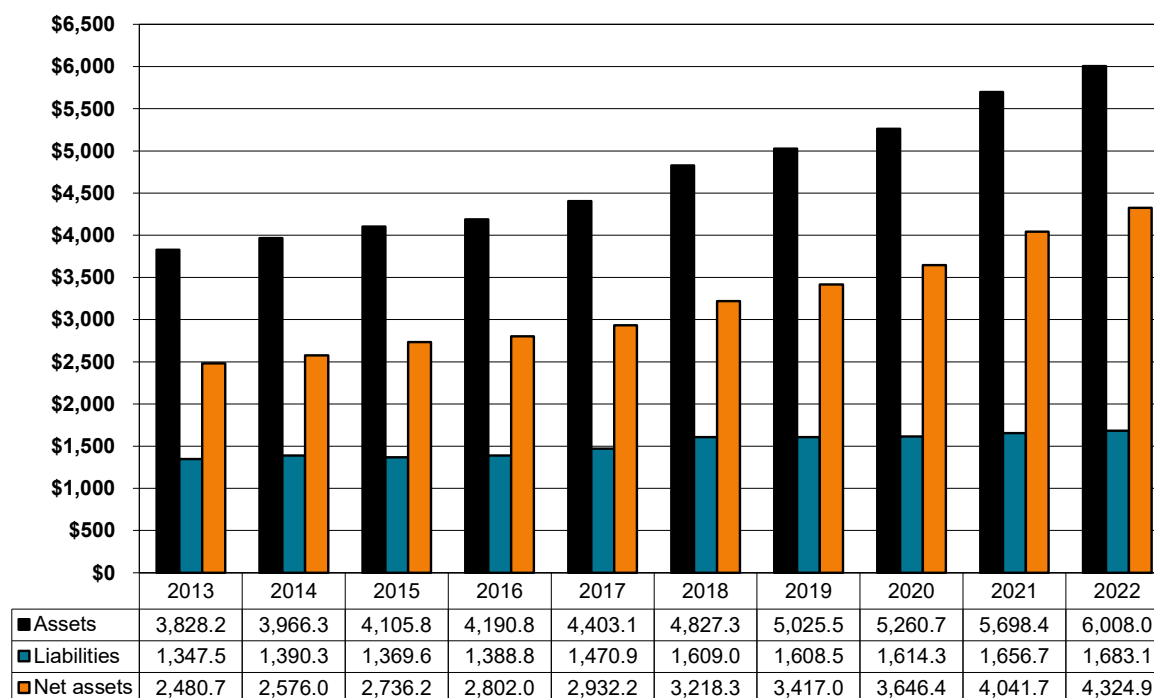
The reason for annual net losses in the capital fund is that a significant share of the revenue funding the amortization of capital assets and funding capital projects is recorded as revenue in the operating fund and transferred to the capital fund as an interfund transfer, and therefore is not reported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

In 2022, a total of \$392 million was transferred to the capital fund. This was made up of \$105 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 \$287 million, mainly from the operating fund, in support of various capital projects.

In 2022, capital fund assets were \$6.0 billion, liabilities were \$1.7 billion and net assets were \$4.3 billion. Net assets comprised \$3.9 billion investment in capital assets, \$699 million internally restricted funds offset by \$287 million in deficit.

The assets of the capital fund have grown from \$3.8 billion in 2013 to \$6.0 billion in 2022 primarily as a result of the University's large capital construction program over this period. Liabilities have grown from \$1.3 billion in 2013 to \$1.7 billion in 2022. This growth in liabilities reflects the growth in deferred capital contributions to \$1.1 billion and the increase in accounts payable to \$116 million partly offset by loans to other funds of \$277 million. All 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.

**Capital Fund
Balance Sheet**
as at April 30
(millions of dollars)



Restricted Funds

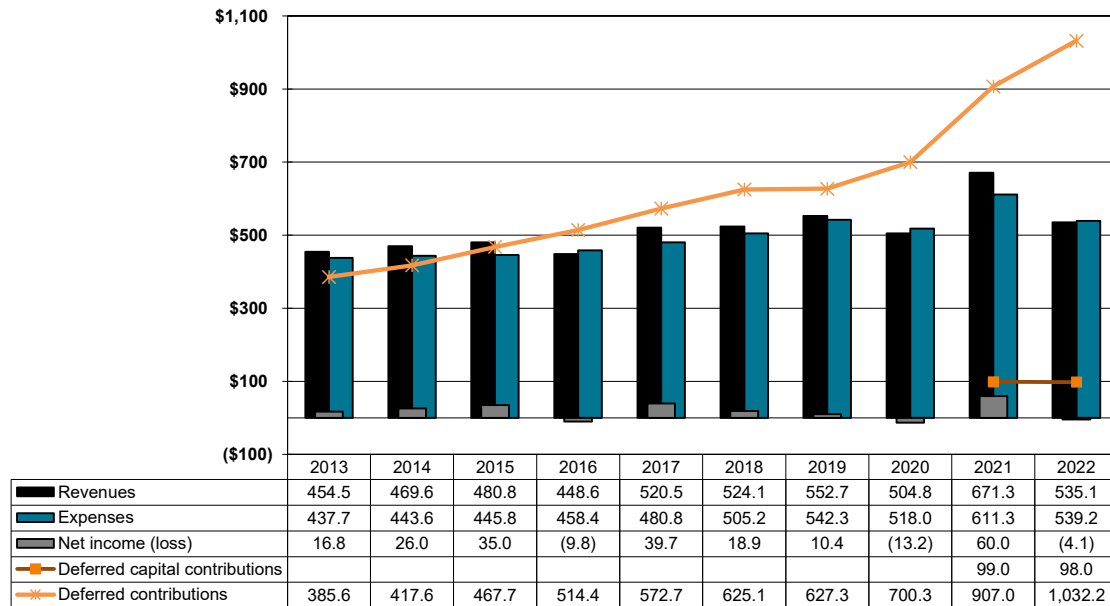
Restricted funds include donations (including endowments), research grants and contracts. Each donation, usually supported by an agreement between the University and the donor, or a collection of small donations with similar purpose, is recorded in its own fund, and managed according to agreed upon terms 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 19,700 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 re-invested 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.

Restricted Funds
Revenues, Expenses and Deferred Contributions
for the Year Ended April 30
(millions of dollars)



In 2022, restricted funds revenues for the year were \$535 million and expenses were \$539 million, resulting in net loss of \$4 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 \$4.5 billion, liabilities were \$1.3 billion, and net assets were \$3.3 billion. Net assets comprised \$3.2 billion in endowments and \$97 million in internally restricted funds.

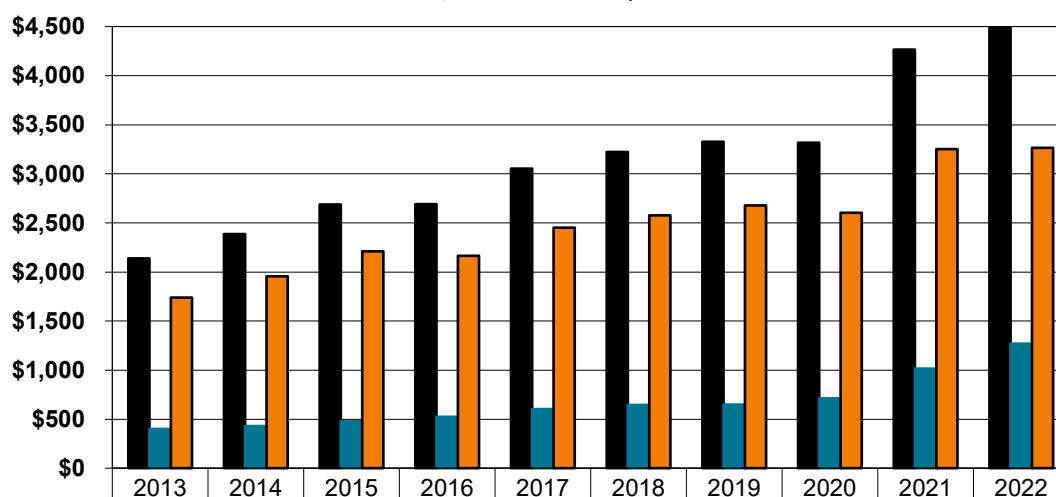
Restricted funds' net assets increased by \$13 million between April 30, 2021 and April 30, 2022 as a result of net loss of \$4 million and a further \$17 million as follows:

- a) transfers of \$14 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:
 - o \$57 million in endowed donations.
 - o \$54 million decrease of externally restricted endowments, consisting of an investment income of \$41 million less \$95 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 \$402 million in 2013 to \$1.3 billion in 2022 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 Balance Sheet

as at April 30
(millions of dollars)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
■ Assets	2,139.5	2,384.8	2,689.1	2,691.8	3,051.4	3,222.1	3,325.9	3,315.4	4,267.9	4,535.0
■ Liabilities	401.7	428.6	477.9	525.8	601.5	643.9	647.7	712.4	1,016.8	1,270.9
■ Net assets	1,737.8	1,956.2	2,211.2	2,166.0	2,449.9	2,578.2	2,678.2	2,603.0	3,251.1	3,264.1

Net assets in restricted funds have grown from \$1.7 billion in 2013 to \$3.3 billion in 2022.

Schedule 6 reflects the change in endowment funds from April 30, 2021 to April 30, 2022 with the related expendable funds.

Schedule 6
(Unaudited)
UNIVERSITY OF TORONTO
RESTRICTED FUNDS
ENDOWMENT AND EXPENDABLE FUNDS AT FAIR VALUES AT APRIL 30, 2022
(thousands of dollars)

	Endowment funds				Expendable funds						
	April 30, 2021	Donations, and other additions	Preservation of capital (note 1)	Transfers	April 30, 2022	April 30, 2021	Donations, grants and other additions	Distributed investment income/(loss) (note 1)	Transfers	Disbursements	April 30, 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Student aid (note 2)	746,004	30,901	(14,129)	4,210	766,986	74,991	11,115	(10,416)	6,070		81,760
Ontario Student Opportunity Trust Fund - Phase I (note 2)	446,235	1	(8,539)	107	437,804	31,350	14	2,085	(89)		33,360
Ontario Student Opportunity Trust Fund - Phase 2 (note 2)	53,383		(1,020)		52,363	3,531		208			3,739
Ontario Trust for Student Support (note 2)	101,462	1,362	(2,028)	12	100,808	5,487	2	523	46		6,058
Research funds	187,367	1,493	(3,562)		185,298	448,439	467,993	6,455	(4,501)	438,616	479,770
Departmental funds	514,518	7,780	(11,733)	1,122	511,687	481,524	124,466	57,085	(9,368)	98,194	555,513
Faculty endowment funds (note 2)	925,398	14,610	(18,503)	7,145	928,650	27,093	661	9,792	525	5,963	32,108
Connaught fund	134,506		(3,244)	9,500	140,762	5,717		4,850	(3,567)	37	6,963
l'Anson fund	3,923		(75)		3,848	206		137		(5)	348
Miscellaneous funds	36,700	1,253	(580)	1,253	38,626	29,245	22,350	562	1,600	25,910	27,847
	<u>3,149,496</u>	<u>57,400</u>	<u>(63,413)</u>	<u>23,349</u>	<u>3,166,832</u>	<u>1,107,583</u>	<u>626,601</u>	<u>71,281</u>	<u>(9,284)</u>	<u>568,715</u>	<u>1,227,466</u>
Comprising:											
Externally designated	2,701,433	57,386	(54,320)	13,686	2,718,185						
Internally designated	448,063	14	(9,093)	9,663	448,647						
	<u>3,149,496</u>	<u>57,400</u>	<u>(63,413)</u>	<u>23,349</u>	<u>3,166,832</u>						
Restricted						1,005,993	617,040	64,676	2,765	560,313	1,130,161
Unrestricted						101,590	9,561	6,605	(12,049)	8,402	97,305
						<u>1,107,583</u>	<u>626,601</u>	<u>71,281</u>	<u>(9,284)</u>	<u>568,715</u>	<u>1,227,466</u>

Notes:

(1) Consisting of investment income (loss) on:

Endowment funds	8,085
Expendable funds	<u>(217)</u>
	<u>7,868</u>

(2) Disbursements and corresponding distributed investment income for Student aid (\$36,927), Ontario Student Opportunity Trust Funds (\$15,096), Ontario Trust for Student Support (\$3,024) and Faculty Endowments (\$22,729) are reported in the Operating Fund.



UNIVERSITY OF
TORONTO