



UNIVERSITY OF  
TORONTO

# SUPPLEMENTARY FINANCIAL REPORT

April 30, 2023

## HIGHLIGHTS

(Unaudited)

Year Ended April 30, 2023

(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
<b>Statement of Operations</b>					
Revenues	\$ 3,348.4	\$ 223.1	\$ 89.8	\$ 614.0	\$ 4,275.3
Expenses	\$ 2,735.8	\$ 212.2	\$ 180.3	\$ 595.8	\$ 3,724.1
Net Income (Loss)	\$ 612.6	\$ 10.9	\$ (90.5)	\$ 18.2	\$ 551.2
<b>Balance Sheet</b>					
Assets	\$ 2,559.4	\$ 266.7	\$ 6,328.6	\$ 4,526.7	\$ 13,681.4
Liabilities	\$ 1,620.3	\$ 146.9	\$ 1,727.5	\$ 1,152.3	\$ 4,647.0
Net Assets	\$ 939.1	\$ 119.8	\$ 4,601.1	\$ 3,374.4	\$ 9,034.4
<b>Net Assets composed of:</b>					
Endowments				\$ 3,267.3	\$ 3,267.3
Investment in Capital Assets		\$ 110.1	\$ 4,228.1		\$ 4,338.2
Internally Restricted	\$ 976.1	\$ 42.3	\$ 786.6	\$ 107.1	\$ 1,912.1
Deficit	\$ (37.0)	\$ (32.6)	\$ (413.6)		\$ (483.2)
	\$ 939.1	\$ 119.8	\$ 4,601.1	\$ 3,374.4	\$ 9,034.4

## HIGHLIGHTS

(Unaudited)

Year Ended April 30, 2022

(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
<b>Statement of Operations</b>					
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
<b>Balance Sheet</b>					
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
<b>Net Assets composed of:</b>					
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

## 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, 2023**  
(with comparative figures at April 30, 2022)  
(millions of dollars)

	<u>Operating fund</u>	<u>Ancillary operations</u>	<u>Capital fund</u>	<u>Restricted funds</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>ASSETS</b>						
Current						
Cash and cash equivalents	216.3	3.5		1.1	220.9	333.2
Short-term investments	2,237.4	51.8	718.4	(2,180.0)	827.6	865.5
Accounts receivable	66.3	15.0	2.2	31.8	115.3	146.2
Inventories and prepaid expenses	39.4	6.3			45.7	47.0
Investments at fair value				6,657.3	6,657.3	6,257.4
Capital assets, net		190.1	5,608.0	16.5	5,814.6	5,493.2
	<u>2,559.4</u>	<u>266.7</u>	<u>6,328.6</u>	<u>4,526.7</u>	<u>13,681.4</u>	<u>13,142.5</u>
<b>LIABILITIES</b>						
Current						
Accounts payable and accrued liabilities	536.2	40.7	140.4	10.2	727.5	846.7
Deferred contributions				1,054.1	1,054.1	1,032.2
Accrued pension liability	136.5				136.5	125.8
Employee future benefit obligation other than pension	802.8				802.8	688.4
Internal loans	144.8	102.9	(247.7)			
Long-term debt			709.2		709.2	709.1
Deferred capital contributions		3.3	1,125.6	88.0	1,216.9	1,236.9
	<u>1,620.3</u>	<u>146.9</u>	<u>1,727.5</u>	<u>1,152.3</u>	<u>4,647.0</u>	<u>4,639.1</u>
<b>NET ASSETS</b>						
Deficit	(37.0)	(32.6)	(413.6)		(483.2)	(314.1)
Internally restricted	976.1	42.3	786.6	107.1	1,912.1	1,639.0
Investment in capital assets		110.1	4,228.1		4,338.2	4,011.7
Endowments				3,267.3	3,267.3	3,166.8
	<u>939.1</u>	<u>119.8</u>	<u>4,601.1</u>	<u>3,374.4</u>	<u>9,034.4</u>	<u>8,503.4</u>
	<u>2,559.4</u>	<u>266.7</u>	<u>6,328.6</u>	<u>4,526.7</u>	<u>13,681.4</u>	<u>13,142.5</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	2023 Total	2022 Total
<b>REVENUES</b>						
Student fees	2,189.0	14.2	0.7		2,203.9	2,121.4
Government grants for general operations	719.2				719.2	721.6
Government and other grants for restricted purposes		0.6	58.1	409.7	468.4	457.7
Sales, services and sundry income	228.1	205.2	1.7		435.0	349.5
Investment Income	212.1	3.2	12.9	83.6	311.8	78.5
Donations		(0.1)	16.4	120.7	137.0	103.5
	<u>3,348.4</u>	<u>223.1</u>	<u>89.8</u>	<u>614.0</u>	<u>4,275.3</u>	<u>3,832.2</u>
<b>EXPENSES</b>						
Salaries	1,556.7	9.5		255.1	1,821.3	1,697.2
Employee benefits	380.2	2.7		26.2	409.1	375.2
Scholarships, fellowships and bursaries	309.3			36.6	345.9	309.6
Materials, supplies and services	152.4	2.1		132.3	286.8	291.5
Amortization of capital assets	13.1	22.3	176.8	1.6	213.8	212.7
Repairs, maintenance and leases	142.0	25.7	3.5	11.6	182.8	169.6
Inter-institutional contributions	48.2			88.9	137.1	133.8
Cost of sales and services		130.1			130.1	106.0
Utilities	42.8	11.8		1.0	55.6	48.0
Travel and conferences	27.6			22.3	49.9	9.7
Interest on long-term debt	27.7	8.0		2.3	38.0	38.0
Other	35.8			17.9	53.7	24.8
	<u>2,735.8</u>	<u>212.2</u>	<u>180.3</u>	<u>595.8</u>	<u>3,724.1</u>	<u>3,416.1</u>
<b>Net income (loss)</b>	612.6	10.9	(90.5)	18.2	551.2	416.1
<b>Net transfer between funds</b>	(320.8)	13.0	292.2	15.6		
<b>Transfer of capital assets funding</b>	(74.5)		74.5			
<b>Change in internally restricted</b>	(264.3)	(7.6)	(88.1)	(9.8)	(369.8)	(275.3)
<b>Change in investment in capital assets</b>		(11.7)	(314.8)		(326.5)	(297.0)
<b>Transfers of donations to endowments</b>				(22.6)	(22.6)	(23.4)
<b>Transfer to internally restricted endowments</b>				(1.4)	(1.4)	9.1
<b>Net change in surplus (deficit) for the year</b>	(47.0)	4.6	(126.7)		(169.1)	(170.5)
<b>Surplus (deficit), beginning of year</b>	10.0	(37.2)	(286.9)		(314.1)	(143.6)
<b>Deficit, end of year</b>	<u>(37.0)</u>	<u>(32.6)</u>	<u>(413.6)</u>		<u>(483.2)</u>	<u>(314.1)</u>

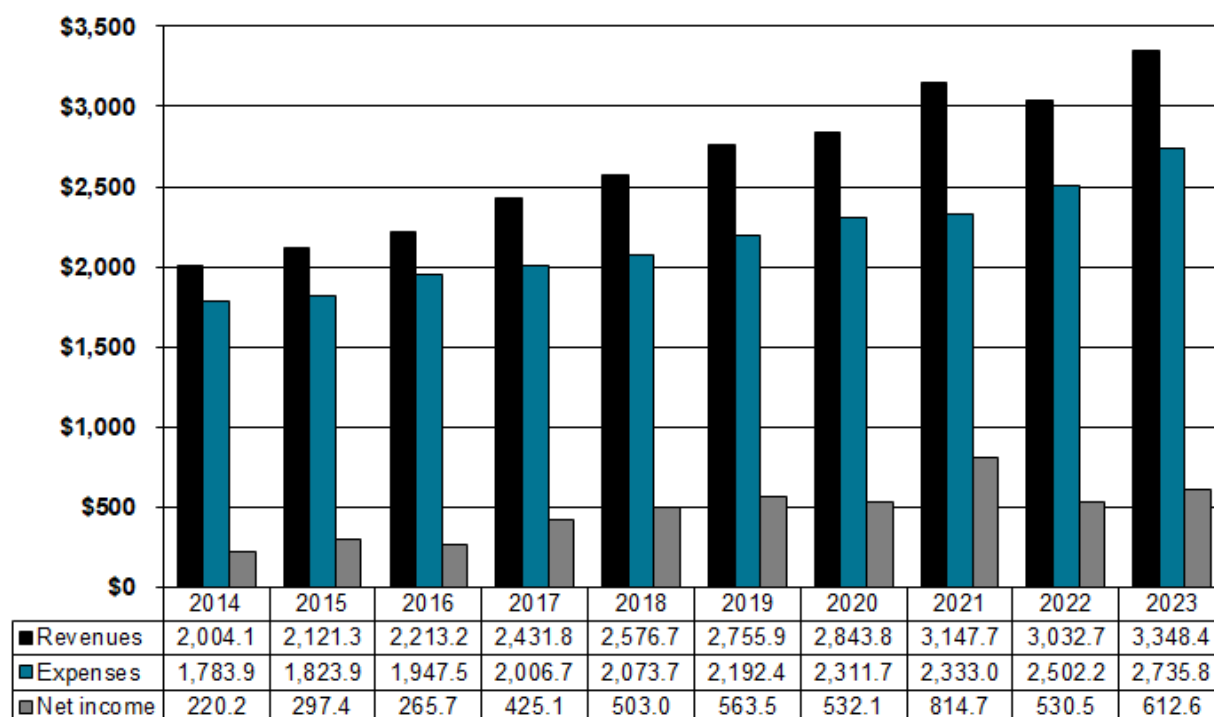
## Operating Fund

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 \$3.3 billion; expenses were \$2.7 billion resulting in a net income of \$613 million. Growth in operating fund revenues and expenses primarily reflect planned and expected increases in the number of students, modest increases to international tuition fees, and related increases in the number of faculty and staff.

### Operating Fund Revenues and Expenses

for the year ended April 30  
(millions of dollars)



The cumulative operating deficit at April 30, 2023 is (\$37) million, whereas the long-range operating budget called for a break even position.

The 2023 net income in the operating fund is a result of:

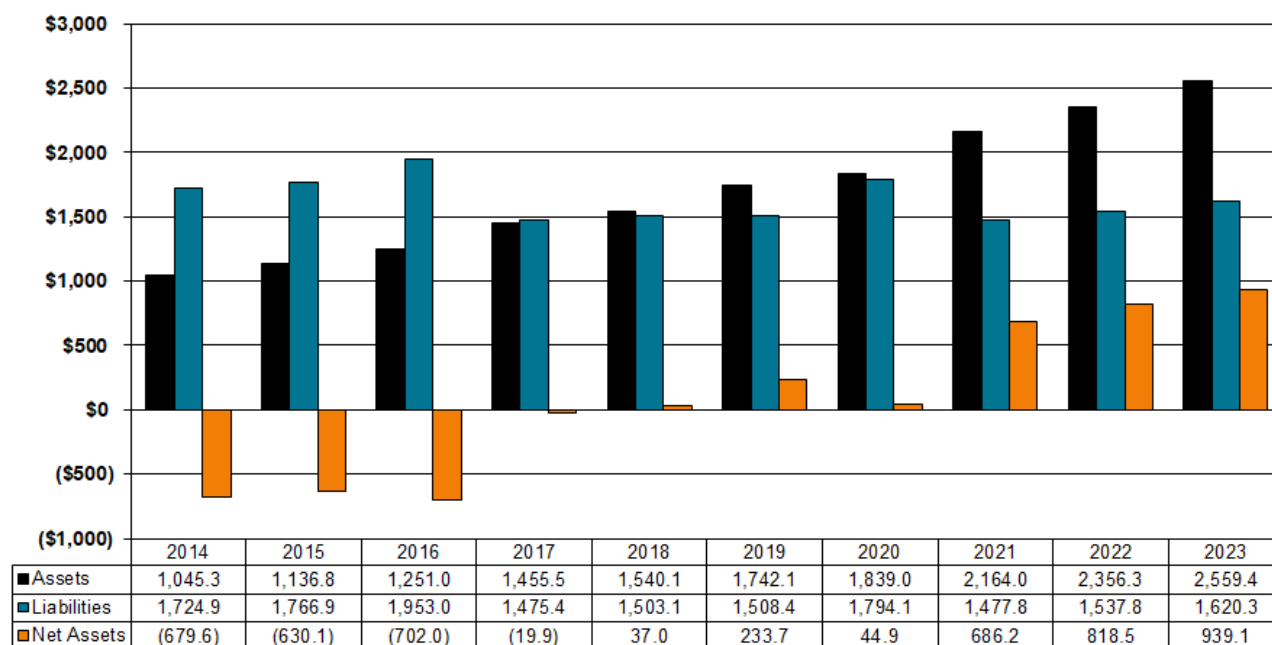
Capital asset expenditures not shown as expenses but transferred to the capital fund and added to the balance sheet as capital assets	<b>75</b>
Net change in employee future benefit obligations (excluding remeasurements)	<b>66</b>
Transfers to other funds not expensed in the operating fund	<b>321</b>
Last year's general university saving distributed to academic divisions	<b>(10)</b>
General University deficit to be recovered from academic divisions in 2023-24	<b>(37)</b>
Unspent funds added to reserves	<b>198</b>
	<b>613</b>

Operating fund assets at April 30, 2023 were \$2.6 billion, liabilities were \$1.6 billion, and net assets were \$939 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 2014 is mainly a result of increased central and divisional reserves of \$1.1 billion combined with a decrease in net unfunded pension obligations of \$538 million.

### Operating Fund Assets, Liabilities and Net Assets

as at April 30  
(millions of dollars)



The net assets increased from \$819 million in 2022 to \$939 million in 2023 mainly due to the following:

- \$613 million net income for the year.
- (\$396 million) net transfers to other funds.

The transfers to other funds were as follows:

- \$75 million to the capital fund to reflect operating funding of capital asset expenditures recorded as capital assets in the capital fund.
- \$321 million transfer mainly to the capital fund for various projects.

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

- (\$37) million deficit.
- \$976 million of internally restricted net assets.

The (\$37) million deficit is the “cumulative deficit” of the operating fund which is referenced in the University’s Operating Budget Report. The cumulative deficit has increased from \$10 million surplus at April 30, 2022 to (\$37) million deficit at April 30, 2023, mainly due to the following:

- \$613 million net income.
- (\$396 million) net transfers to other funds as noted above.
- (\$264 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 \$976 million mainly includes divisional reserves of \$856 million, funds set aside for capital projects of \$811 million, funds set aside for pension special payments of \$89 million, and funds set aside for other purposes of \$17 million. These amounts are offset by net unfunded liabilities of \$129 million associated with its supplementary pension plan and \$668 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 \$976 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, 2023**  
(with comparative figures at April 30, 2022)  
(thousands of dollars)

	<u>2023</u>	<u>2022</u>
	<u>Total</u>	<u>Total</u>
<b><u>Divisional reserves</u></b>		
Academic	642,094	565,034
Academic services	7,947	10,003
Student services	38,230	36,982
Student assistance	33,710	22,208
Facilities & services	34,322	24,039
Administration	15,512	14,294
General university	84,204	58,394
<b>Total divisional reserves</b>	<u>856,019</u>	<u>730,954</u>
<b><u>Central reserves</u></b>		
<u>Capital</u>		
Future major capital project reserves	757,279	666,750
Other infrastructure reserves	53,535	70,282
	<u>810,814</u>	<u>737,032</u>
<u>Other</u>		
Research overhead	3,769	3,769
Priorities fund	12,819	13,250
	<u>16,588</u>	<u>17,019</u>
<b>Total central reserves</b>	<u>827,402</u>	<u>754,051</u>
<b><u>Employee benefit reserves</u></b>		
Pension	(128,674)	(128,408)
Pension special payment reserve	89,164	
Medical benefits	(710,429)	(605,840)
Other plans	42,573	57,726
<b>Total employee benefit reserves</b>	<u>(707,366)</u>	<u>(676,522)</u>
<b>Total internally restricted net assets</b>	<u>976,055</u>	<u>808,483</u>
Net change in internally restricted for the year	<u>167,572</u>	
<b><u>Consisting of:</u></b>		
Change in internally restricted reported in statement of operations	264,266	
Reported as remeasurements in statement of changes in net assets	(96,694)	
	<u>167,572</u>	

**Schedule 3  
(Unaudited)  
UNIVERSITY OF TORONTO  
SUMMARY OF OPERATING FUND RESERVES  
AT APRIL 30, 2023**

(with comparative figures at April 30, 2022)  
(thousands of dollars)

	2023					2022	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
<b>ACADEMIC:</b>							
<b>Arts and Science, TYP, SCS:</b>							
Faculty of Arts and Science	24,879	85,158	11,522	50	39,450	161,059	147,967
Transitional Year Programme	44		15		147	206	789
UTSC academic	3,283	30,235	241		18,787	52,546	43,741
UTM academic	331	30,148			10,283	40,762	36,845
School of Continuing Studies			402		3,089	3,491	3,682
	<u>28,537</u>	<u>145,541</u>	<u>12,180</u>	<u>50</u>	<u>71,756</u>	<u>258,064</u>	<u>233,024</u>
<b>Health sciences:</b>							
Faculty of Dentistry	1,000	3,162	222		4,861	9,245	7,696
Temerty Faculty of Medicine	7,037	34,543	8,264	416	(4,172)	46,088	54,851
Dalla Lana School of Public Health		4,516	348		1,871	6,735	8,587
Lawrence S. Bloomberg Faculty of Nursing		1,756	82		2,388	4,226	3,523
Leslie Dan Faculty of Pharmacy		6,901			2,768	9,669	10,060
Faculty of Kinesiology & Physical Education	35	1,666	593		493	2,787	2,971
	<u>8,072</u>	<u>52,544</u>	<u>9,509</u>	<u>416</u>	<u>8,209</u>	<u>78,750</u>	<u>87,688</u>
<b>Other professional faculties:</b>							
Faculty of Applied Science and Engineering		100,194			14,933	115,127	100,940
John H. Daniels Faculty of Architecture, Landscape and Design		2,181			2,929	5,110	4,996
Rotman School of Management	983	7,831	2,976		8,084	19,874	18,541
OISE/UT		4,500	700		6,463	11,663	10,913
Faculty of Law	135	2,013	505	202	1,849	4,704	4,609
Faculty of Information		1,183	679		1,755	3,617	3,323
Faculty of Music	263	1,147	250			1,660	1,442
Factor-Inwentash Faculty of Social Work		1,601	170		529	2,300	1,723
	<u>1,381</u>	<u>120,650</u>	<u>5,280</u>	<u>202</u>	<u>36,542</u>	<u>164,055</u>	<u>146,487</u>
<b>Other academic costs:</b>							
University-wide reserves	34,530	370	97	4,336	152,584	191,917	150,051
Vacation Pay accrual - Academic					(50,692)	(50,692)	(52,216)
<b>TOTAL ACADEMIC</b>	<u>72,520</u>	<u>319,105</u>	<u>27,066</u>	<u>5,004</u>	<u>218,399</u>	<u>642,094</u>	<u>565,034</u>

**Schedule 3  
(Unaudited)  
UNIVERSITY OF TORONTO  
SUMMARY OF OPERATING FUND RESERVES  
AT APRIL 30, 2023**

(with comparative figures at April 30, 2022)  
(thousands of dollars)

	2023					2022	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
<b>ACADEMIC SERVICES:</b>							
St. George Libraries		656			28	684	1,916
UTSC library	955	162	17		881	2,015	3,659
UTM library		118			2,471	2,589	2,169
Library - Electronic Acquisitions					2,659	2,659	2,259
<b>TOTAL ACADEMIC SERVICES</b>	<b>955</b>	<b>936</b>			<b>6,039</b>	<b>7,947</b>	<b>10,003</b>
<b>STUDENT SERVICES:</b>							
St. George campus	825		233		3,740	4,798	5,237
UTSC campus	5,131		548		10,526	16,205	14,876
UTM campus					9,516	9,516	10,143
Athletics and Recreation	5,335	54	1,035		1,287	7,711	6,726
<b>TOTAL STUDENT SERVICES</b>	<b>11,291</b>	<b>54</b>	<b>1,816</b>		<b>25,069</b>	<b>38,230</b>	<b>36,982</b>
<b>STUDENT ASSISTANCE:</b>							
St. George campus			33,621			33,621	22,090
UTSC campus			59		14	73	105
UTM campus			16			16	13
<b>TOTAL STUDENT ASSISTANCE</b>			<b>33,696</b>		<b>14</b>	<b>33,710</b>	<b>22,208</b>
<b>FACILITIES &amp; SERVICES</b>							
St. George campus	21,625				6,668	28,293	20,063
UTSC campus	1,767				2,508	4,275	3,232
UTM campus	69				1,685	1,754	744
<b>TOTAL FACILITIES &amp; SERVICES</b>	<b>23,461</b>				<b>10,861</b>	<b>34,322</b>	<b>24,039</b>

**Schedule 3  
(Unaudited)  
UNIVERSITY OF TORONTO  
SUMMARY OF OPERATING FUND RESERVES  
AT APRIL 30, 2023**

(with comparative figures at April 30, 2022)  
(thousands of dollars)

	2023					2022	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
<b>ADMINISTRATION:</b>							
Office of the Governing Council					906	906	613
Office of the President					49	49	192
Convocation and Institutional Events					28	28	346
Chief Financial Officer					923	923	696
Vice-President and Provost	1,838	303			4,173	6,314	5,077
Vice-President - Research and Innovation					2,545	2,545	1,411
Vice-President - Communications	30				2,811	2,841	2,620
Vice-President - Advancement	550				2,171	2,721	5,833
Vice-President - International					409	409	702
Chief Government Relations					523	523	107
Vice-President - Operations and Real Estate Partnerships					6,455	6,455	5,522
Vice-President - People Strategy, Equity and Culture			22		1,430	1,452	910
Office of University Counsel					(1,681)	(1,681)	35
UTSC campus	48				5,344	5,392	4,451
UTM campus					1,717	1,717	1,382
Vacation Pay accrual - Administration					(15,082)	(15,082)	(15,603)
<b>TOTAL ADMINISTRATION</b>	<u>2,466</u>	<u>325</u>			<u>12,721</u>	<u>15,512</u>	<u>14,294</u>
<b>GENERAL UNIVERSITY:</b>							
Vice-President - People Strategy, Equity and Culture					1,632	1,632	4,844
CFO - LTBP expendable funds					104,035	104,035	103,338
CFO - Investment income reserve					(53,270)	(53,270)	(97,215)
Vice-President - Operations and Real Estate Partnerships		3,172		23,186	5,449	31,807	47,427
<b>TOTAL GENERAL UNIVERSITY</b>		<u>3,172</u>		<u>23,186</u>	<u>57,846</u>	<u>84,204</u>	<u>58,394</u>
<b>TOTAL DIVISIONAL RESERVES</b>	<u>110,693</u>	<u>323,592</u>	<u>62,578</u>	<u>28,190</u>	<u>330,949</u>	<u>856,019</u>	<u>730,954</u>

## 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 (\$79) million adjustment to financial statement revenues and a (\$65) 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	3,348.4	(79.2)	3,269.2	3,186.2	83.0	2.6%
Operating fund expenses	2,735.8	(65.4)	2,670.4	3,186.2	515.8	
Capital asset transfer	74.5		74.5		(74.5)	
	2,810.3	(65.4)	2,744.9	3,186.2	441.3	13.8%
Net income	538.1	(13.8)	524.3		524.3	

Total operating fund revenues, after adjustments, were \$3,269 million, compared to budgeted revenues of \$3,186 million, resulting in a favourable variance of \$83 million, or 2.6%. This favourable variance was primarily due to:

- A favourable variance of \$113 million in unbudgeted divisional sales and services.
- An unfavourable variance of \$30 million from student fees.

Total operating fund expenses, after adjustments, were \$2,745 million, as compared to budgeted expenses of \$3,186 million resulting in a favourable variance of \$441 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, 2023**  
(millions of dollars)

	<u>ACTUAL</u>		<u>BUDGET</u>	<u>VARIANCE</u>	
	Financial	Adjusted	Original	Favourable	
	<u>Statements</u>	Financial	budget	<u>(Unfavourable)</u>	
		<u>Statements</u>			
	<u>Adjustments</u>				
<b>REVENUES</b>					
<b>General university income:</b>					
Provincial grants	639.9	639.9	638.7	1.2	
Indirect cost recovery of grants and contracts	40.2	19.0	57.0	2.2	
Student fees	1,957.8	(19.0)	1,979.5	(40.7)	
Investment income:					
Endowment (chairs and student aid)	84.1	84.1	77.3	6.8	
Other	128.0	(81.0)	58.2	(11.2)	
Sundry income	23.1	1.8	20.3	4.6	
Municipal taxes	4.9	4.9	4.9		
	<u>2,878.0</u>	<u>(79.2)</u>	<u>2,798.8</u>	<u>2,835.9</u>	<u>(37.1)</u>
<b>Divisional income:</b>					
Provincial grants	34.2	34.2	33.8	0.4	
Student fees	231.2	231.2	220.8	10.4	
Sales and services	205.0	205.0	95.7	109.3	
	<u>470.4</u>	<u>0.0</u>	<u>470.4</u>	<u>350.3</u>	<u>120.1</u>
	<u>3,348.4</u>	<u>(79.2)</u>	<u>3,269.2</u>	<u>3,186.2</u>	<u>83.0</u>
<b>EXPENSES</b>					
Academic	1,630.5	(85.8)	1,544.7	1,895.2	350.5
Academic services	116.2	(2.2)	114.0	105.7	(8.3)
Student services	113.9	(2.7)	111.2	120.6	9.4
Student assistance	315.8	(0.2)	315.6	333.9	18.3
Physical plant maintenance and services	123.7	(2.5)	121.2	152.2	31.0
Physical plant utilities	42.8	21.1	63.9	70.2	6.3
Alterations and renovations	15.7	(15.7)			
Administration	283.7	(8.5)	275.2	305.8	30.6
Amortization	13.0	(13.0)			
Interest expense	27.8	(27.8)			
General university expense	120.6	71.9	192.5	196.0	3.5
Municipal taxes	6.6	6.6	6.6	6.6	
	<u>2,810.3</u>	<u>(65.4)</u>	<u>2,744.9</u>	<u>3,186.2</u>	<u>441.3</u>
Operating results before the following:	538.1	(13.8)	524.3		524.3
Change in internally restricted funds	(264.3)	13.8	(250.5)		(250.5)
Transfers	(320.8)		(320.8)		(320.8)
<b>NET CHANGE IN SURPLUS FOR THE YEAR</b>	<u>(47.0)</u>	<u></u>	<u>(47.0)</u>	<u></u>	<u>(47.0)</u>

## Ancillary Operations

**Ancillary operations** include service ancillaries and business ancillaries. Service 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. Beginning in 2023, the newly amalgamated portfolio will be called Spaces & Experiences (S&E). As a result, business ancillaries now include S&E (the above business 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 2014-2023.

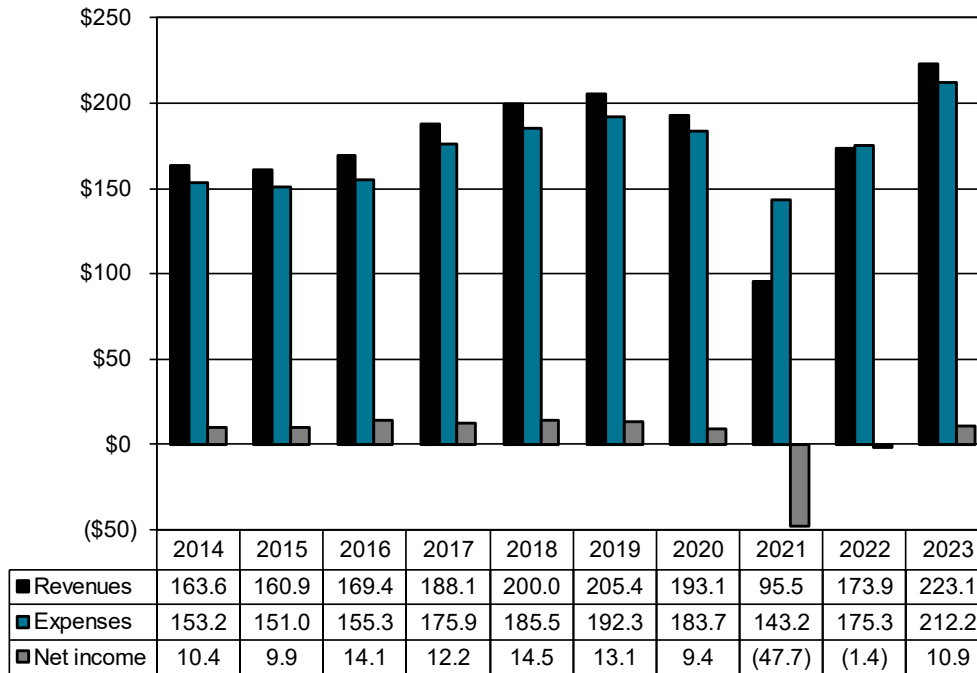
Over the periods 2014 to 2020, ancillary revenues grew from \$164 million to \$193 million, expenses grew from \$153 million to \$184 million, and net income decreased from \$10 million to \$9 million. Residence fees over the past years have been increased to keep pace with increased expenses, which included large fixed rate principal and interest payments on borrowing.

Levels of on-campus activity were significantly reduced in 2020-21 as a result of the COVID-19 pandemic. Ancillary operations incurred losses of \$48 million in 2021 as campus services such as residences, food, and parking were particularly hard hit. 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 allowed ancillary operations to incur deficits totalling up to \$50 million in the aggregate over the next five years. Deficits were allowed only in those ancillary units where it was 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, generating much improved operating results compared to 2020-21. In the fall of 2022, residence operations returned to full occupancy, as restrictions on capacity relaxed. Food and beverage and parking services, however, continued to struggle with the continued reduction of on-campus activity – particularly related to continuing flexible work arrangements which have reduced the population of staff and faculty on campus from pre-pandemic levels. Ancillary revenues grew from \$96 million in 2021 to \$223 million in 2023, and expenses increased from \$143 million to \$212 million. Annual net income increased to \$11 million in 2023 from an annual net loss of \$48 million in 2021.

## Ancillary operations Revenues and Expenses

for the year ended April 30  
(millions of dollars)



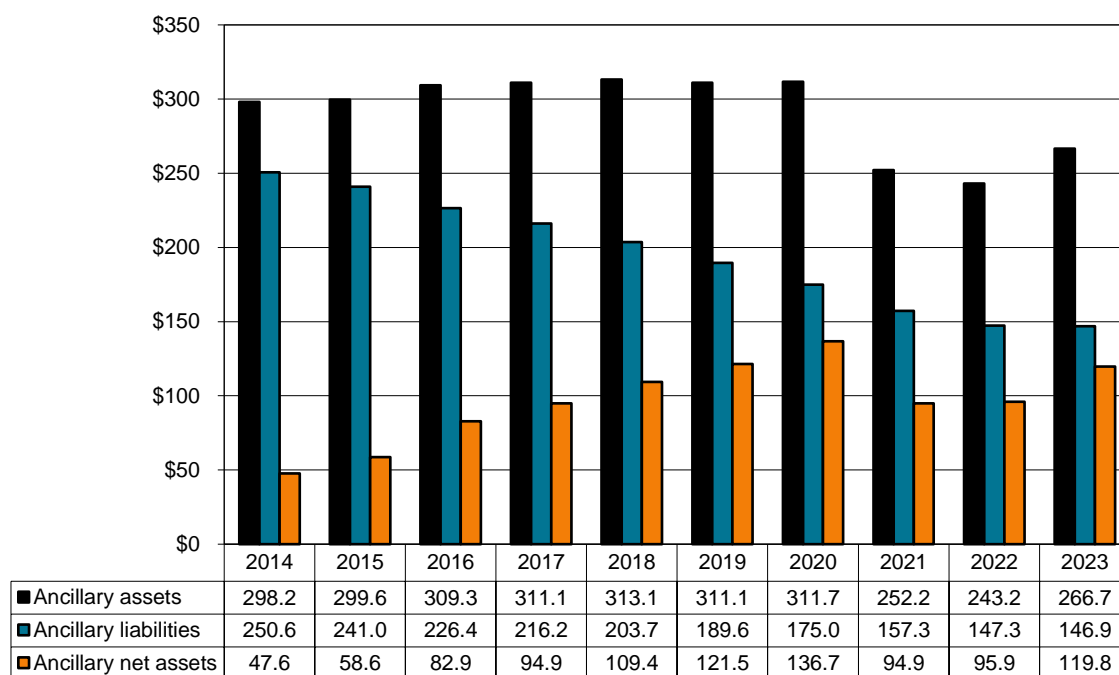
The St. George Food and Beverage services changed its business model as of August 1, 2016 to support the new operation that combines residential, retail and catering operations from the former St. George operation, the Chestnut Residence, and New College. Under this model, the food service operation 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, which increased from \$298 million in 2014 to \$312 million in 2020, fell to \$252 million in 2021 and to \$243 million in 2022 due to the impact of the pandemic. As ancillary operations began to recover in 2022 and 2023, assets have increased to \$267 million in the last year. Liabilities decreased from \$251 million in 2014 to \$147 million in 2023 as ancillaries paid down their capital financing. Net assets grew from \$48 million in 2014 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. Net assets have increased to \$120 million in 2023 as ancillary operations continue to recover from the effects of the pandemic.



## Ancillary operations Balance Sheet

as at April 30  
(millions of dollars)



At April 30, 2023, net assets were \$120 million, an increase of \$24 million from April 30, 2022, mainly due to the following:

- \$11 million net income for the year.
- \$13 million transferred from other funds.

There are three categories of net assets for ancillary operations which together total \$120 million. They are:

- (\$32 million) in deficit.
- \$42 million in internally restricted net assets.
- \$110 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, 2023**  
(with comparative figures for the year ended Apr 30, 2022)  
(thousands of dollars)

	Revenues	Expenses	Commitments and Transfers	Surplus/(Deficit)		Investment in Capital Assets	Internally Restricted	2023 Total Net Assets	2022 Total Net Assets
				Opening	Closing				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Service Ancillaries</b>									
<b>Residences</b>									
Scarborough	10,783	7,015	(3,314)	2,914	3,368	1,962	7,378	12,708	8,939
Mississauga	17,436	16,339	1,383	372	2,852	7,149	2,470	12,471	10,993
University College	8,012	7,398	(721)	1,153	1,046	2,578	700	4,324	3,860
Innis College	4,477	3,192	(1,825)	1,103	563	2,263	3,221	6,047	4,762
New College	11,083	8,456	596	(1,673)	1,550	1,692	600	3,842	303
Woodsworth College	5,134	4,443	138	(7,490)	(6,661)	11,729	1,000	6,068	5,378
	<u>56,925</u>	<u>46,843</u>	<u>(3,743)</u>	<u>(3,621)</u>	<u>2,718</u>	<u>27,373</u>	<u>15,369</u>	<u>45,460</u>	<u>34,234</u>
<b>Food/Beverage Service</b>									
Scarborough	729	888	(261)	(459)	(879)	656	-	(223)	(64)
Mississauga	3,509	3,574	(76)	686	545	1,716	1,800	4,061	4,126
University College	4,252	4,576	13	(2,344)	(2,655)	190	-	(2,465)	(2,142)
	<u>8,490</u>	<u>9,038</u>	<u>(324)</u>	<u>(2,117)</u>	<u>(2,989)</u>	<u>2,562</u>	<u>1,800</u>	<u>1,373</u>	<u>1,920</u>
<b>Parking</b>									
Scarborough	3,219	2,071	619	2,895	4,662	3,212	164	8,038	6,883
Mississauga	4,111	3,187	1,169	(10,522)	(8,429)	12,165	-	3,736	2,813
	<u>7,330</u>	<u>5,258</u>	<u>1,788</u>	<u>(7,627)</u>	<u>(3,767)</u>	<u>15,377</u>	<u>164</u>	<u>11,774</u>	<u>9,696</u>
<b>Hart House</b>	20,348	17,570	399	3,140	6,317	13,348	6,092	25,757	22,580
<b>Total Service Ancillaries</b>	<u>93,093</u>	<u>78,709</u>	<u>(1,880)</u>	<u>(10,225)</u>	<u>2,279</u>	<u>58,660</u>	<u>23,425</u>	<u>84,364</u>	<u>68,430</u>
<b>Business Ancillaries</b>									
University of Toronto Press Spaces and Experiences	35,815	37,985	(326)	7,239	4,743	1,554	-	6,297	8,467
Graduate House	5,938	5,038	(7,829)	(3,097)	(10,026)	18,126	500	8,600	7,694
Univ Family Housing	14,386	12,079	(4,381)	6,085	4,011	9,600	14,821	28,432	23,100
Chestnut Residence and Conference Centre	29,804	32,890	6,441	(13,660)	(10,305)	8,495	-	(1,811)	(4,897)
St. George Food & Bev Services	28,606	34,928	5,727	(21,096)	(21,691)	4,347	-	(17,345)	(16,472)
St. George Parking	5,219	6,803	1,480	(3,299)	(3,403)	6,054	-	2,651	3,393
Real Estate	10,227	3,696	(5,547)	833	1,817	3,279	3,567	8,663	6,170
<b>Total Business Ancillaries</b>	<u>129,995</u>	<u>133,419</u>	<u>(4,435)</u>	<u>(26,995)</u>	<u>(34,854)</u>	<u>51,455</u>	<u>18,888</u>	<u>35,488</u>	<u>27,455</u>
<b>Total Ancillary Operations</b>	<u>223,088</u>	<u>212,128</u>	<u>(6,315)</u>	<u>(37,220)</u>	<u>(32,575)</u>	<u>110,115</u>	<u>42,313</u>	<u>119,852</u>	<u>95,885</u>

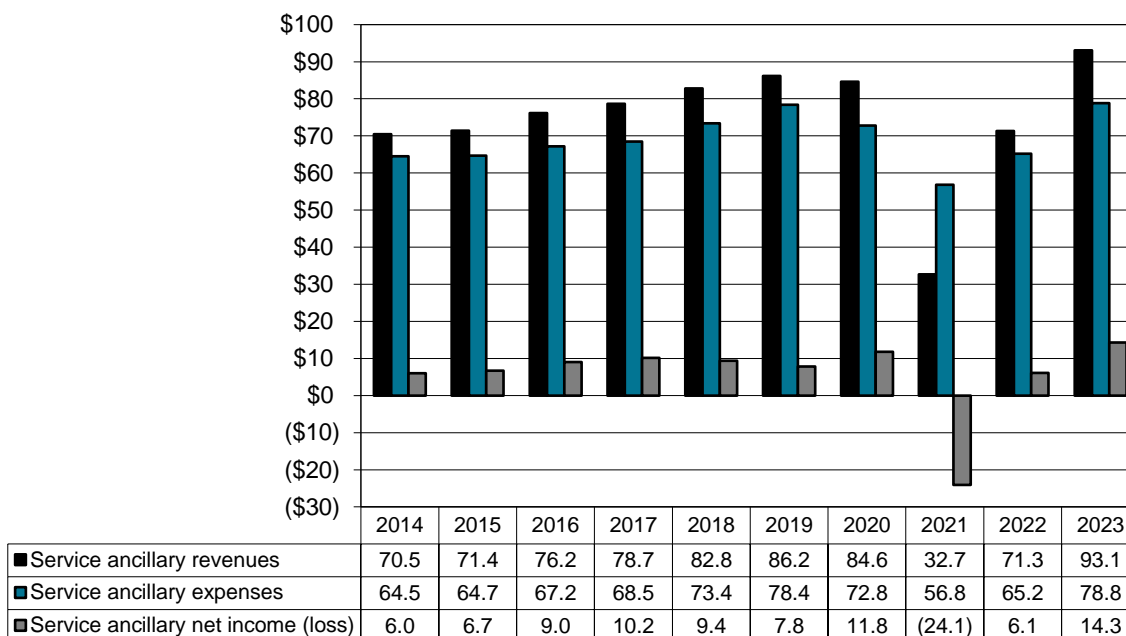
## Service Ancillaries

In 2023, **service ancillaries** had revenues of \$93 million and expenses of \$79 million, with a net income of \$14 million for the year. Residences began to recover from the COVID-19 pandemic in 2022 and returned to full occupancy in 2023. However, higher inflation and the residual effects of the pandemic - in particular, continuing flexible work arrangements which have reduced the population of staff and faculty on campus from pre-pandemic levels - continue to negatively impact parking and food services. 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 Spaces & Experiences) and have been excluded from this section, and included in the business ancillaries section.

In 2023, residence operations returned to normal occupancy and, as a result, net income increased to \$10 million from \$4 million in 2022. Parking and food services have partially recovered from the effects of the pandemic, with net income increasing to \$4 million in 2023 from \$2 million in 2022.

### Ancillary operations - Service Ancillaries Revenues and Expenses

for the year ended April 30  
(millions of dollars)



Since 2014, 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.

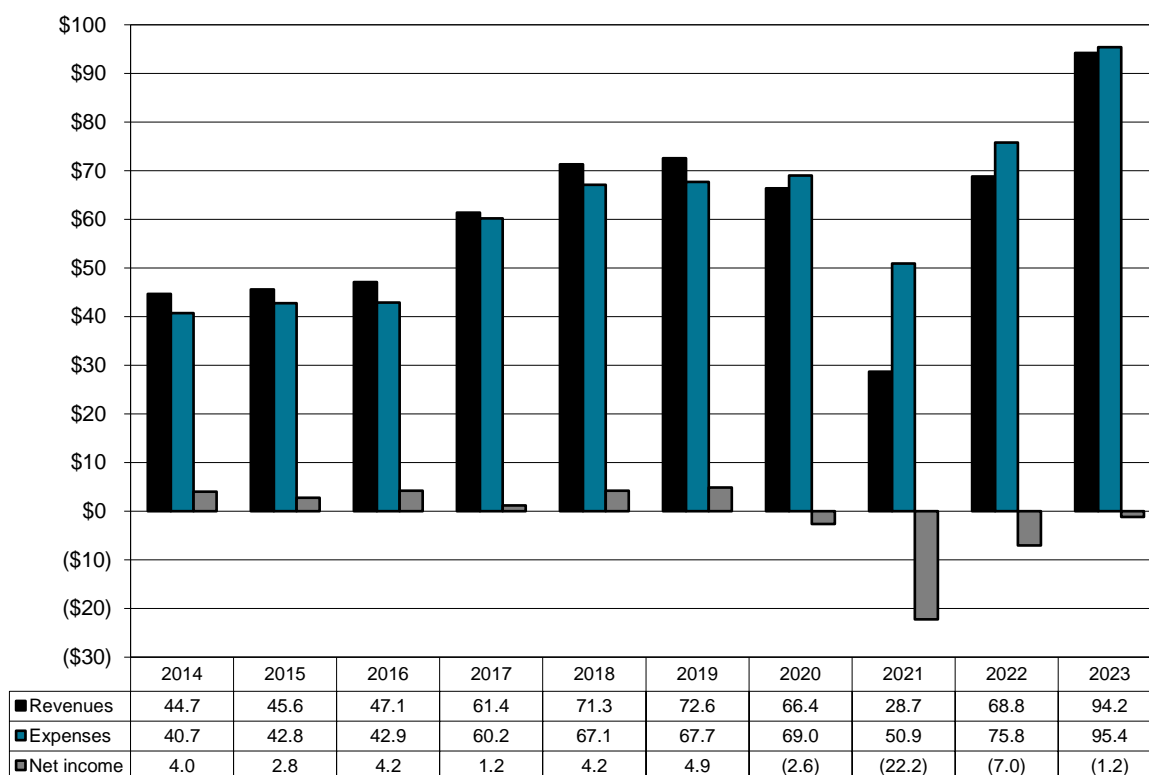
## Business Ancillaries

**Business ancillaries** consists of the new division Spaces and Experiences (formerly, University Development and Campus Services) 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. Revenues from residence operations, which were negatively impacted by the pandemic in 2021, have recovered, while food services and parking continue to struggle with the residual effects of the pandemic. U of T Press revenues continue to lag pre-pandemic levels. These operations had combined revenues of \$130 million and expenses of \$133 million, for a net loss of \$3 million in 2023.

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.

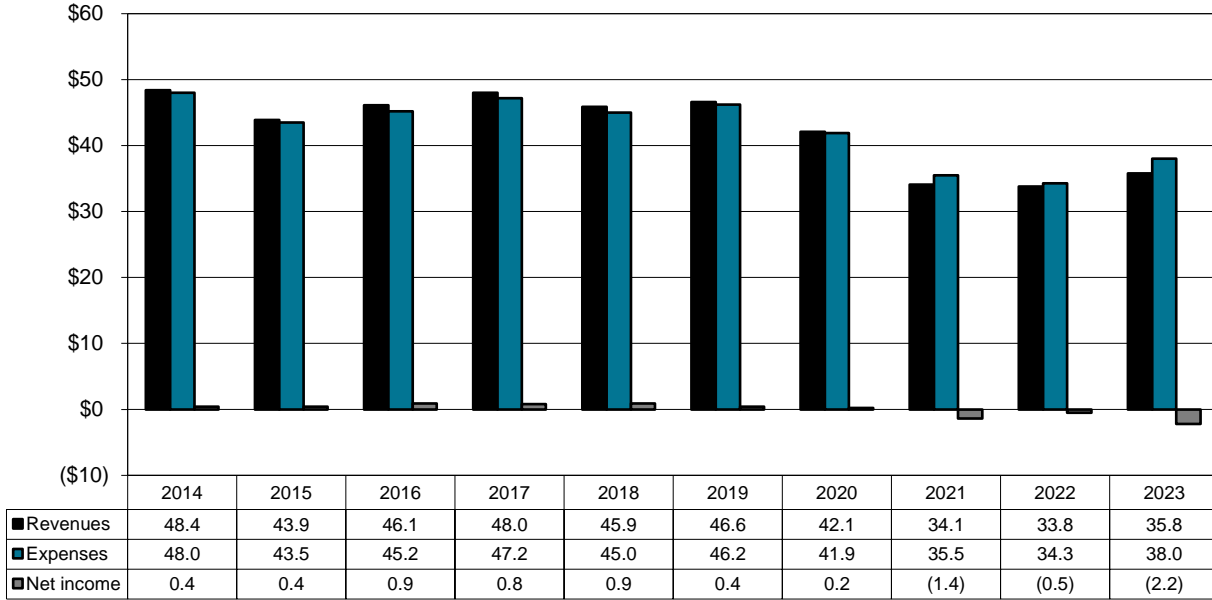
### Ancillary operations - Business Ancillaries Spaces and Experiences Revenues and Expenses

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)

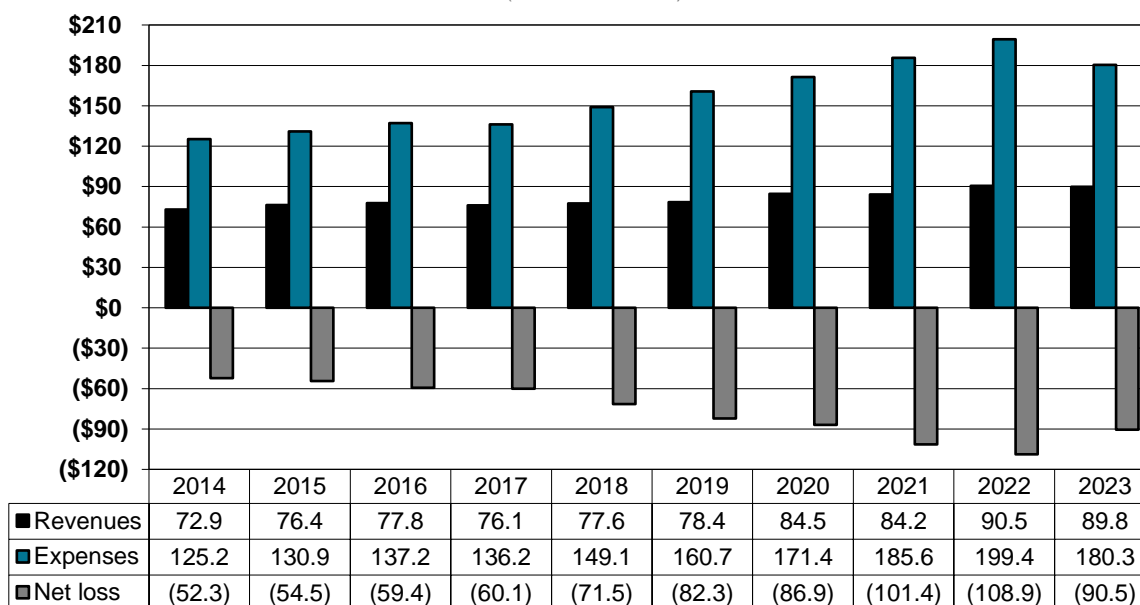


## Capital Fund

**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 \$180 million, for a net loss of \$90 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.

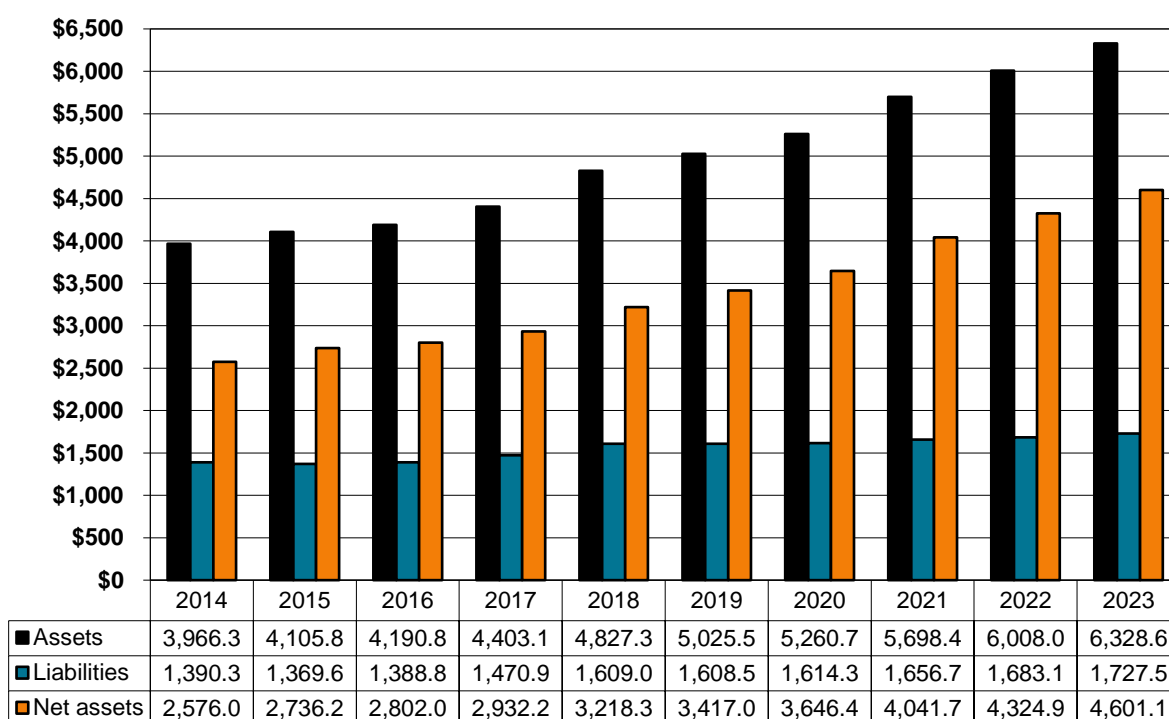
In 2023, a total of \$367 million was transferred to the capital fund. This was made up of \$75 million in capital asset funding from the operating fund that must be transferred to the capital fund (where the assets are capitalized), combined with net transfers of \$292 million, mainly from the operating fund, in support of various capital projects.

In 2023, capital fund assets were \$6.3 billion, liabilities were \$1.7 billion and net assets were \$4.6 billion. Net assets comprised \$4.2 billion investment in capital assets, \$787 million internally restricted funds offset by \$414 million in deficit.

The assets of the capital fund have grown from \$4.0 billion in 2014 to \$6.3 billion in 2023 primarily as a result of the University's large capital construction program over this period. Liabilities have grown from \$1.4 billion in 2014 to \$1.7 billion in 2023. This growth in liabilities reflects the growth in deferred capital contributions to \$1.1 billion and the increase in accounts payable to \$140 million partly offset by loans to other funds of \$248 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

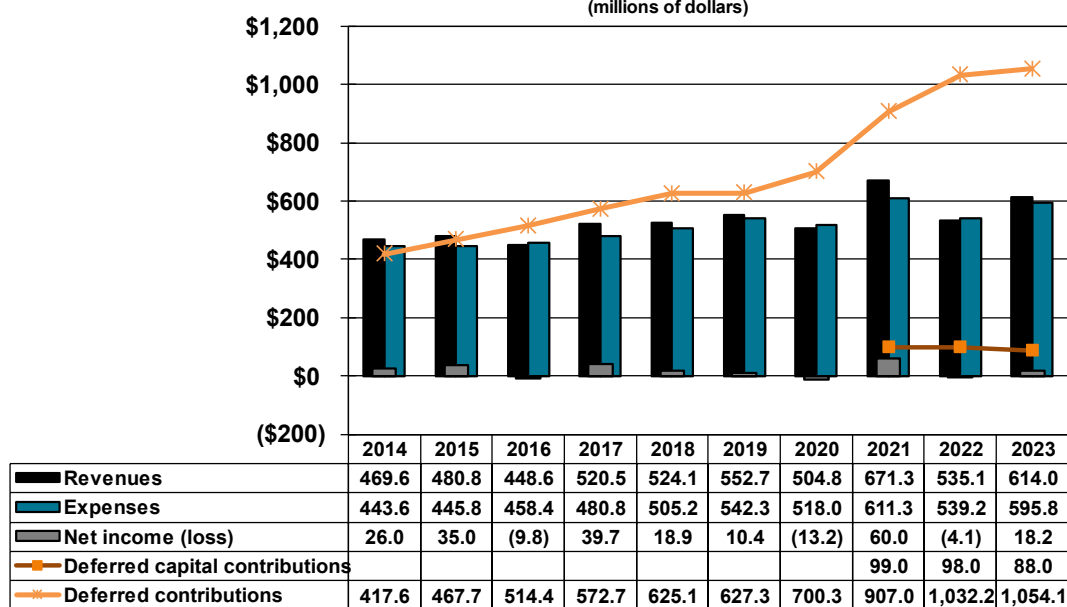
**Restricted funds** include donations (including endowments), research grants and contracts. Each donation, usually supported by an agreement between the University and the donor, or a collection of small donations with similar purpose, is recorded in its own fund, and managed according to agreed upon 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 21,200 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 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 2023, restricted funds revenues for the year were \$614 million and expenses were \$596 million, resulting in net income of \$18 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.

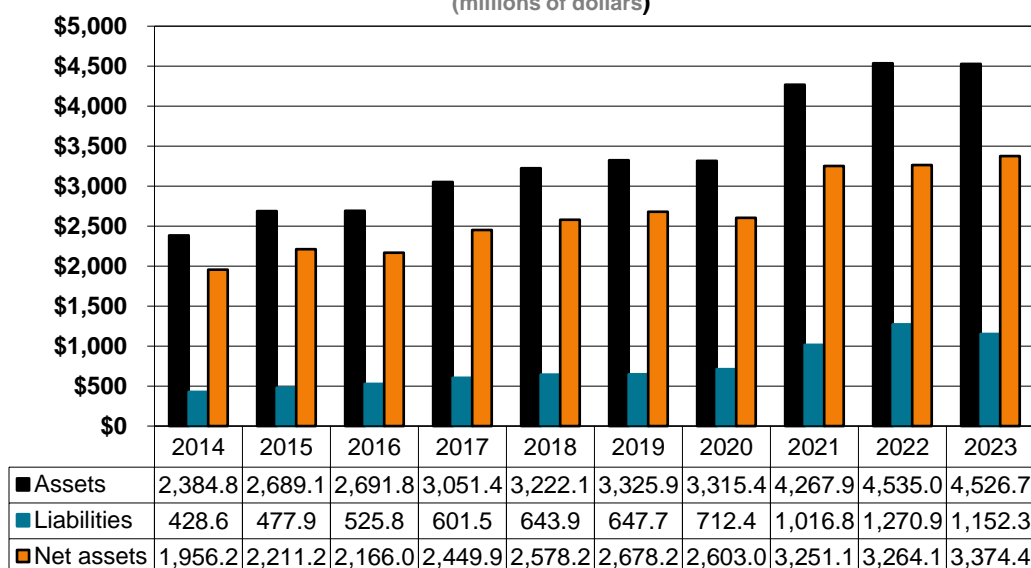
Restricted funds' assets were \$4.5 billion, liabilities were \$1.1 billion, and net assets were \$3.4 billion. Net assets comprised \$3.3 billion in endowments and \$107 million in internally restricted funds.

Restricted funds' net assets increased by \$110 million between April 30, 2022 and April 30, 2023 as a result of net income of \$18 million and a further \$92 million as follows:

- a) transfers of \$15 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 \$55 million in endowed donations and grants.
  - o \$22 million increase of externally restricted endowments, consisting of an investment income of \$121 million less \$99 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 \$429 million in 2014 to \$1.1 billion in 2023 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)



Net assets in restricted funds have grown from \$2.0 billion in 2014 to \$3.4 billion in 2022.

Schedule 6 reflects the change in endowment funds from April 30, 2022 to April 30, 2023 with the related expendable funds.

**Schedule 6**  
**(Unaudited)**  
**UNIVERSITY OF TORONTO**  
**RESTRICTED FUNDS**  
**ENDOWMENT AND EXPENDABLE FUNDS AT FAIR VALUES AT APRIL 30, 2023**  
(thousands of dollars)

	Endowment funds				April 30, 2023	Expendable funds					April 30, 2023
	April 30, 2022	Donations, and other additions	Preservation of capital (note 1)	Transfers		April 30, 2022	Donations, grants and other additions	Distributed investment income/(loss) (note 1)	Transfers	Disbursements	
Student aid (note 2)	766,986	30,413	6,096	2,663	806,158	81,760	12,463	(12,131)	5,713		87,805
Ontario Student Opportunity Trust Fund - Phase 1 (note 2)	437,804	1	2,993	657	441,455	33,360		1,785	(627)		34,518
Ontario Student Opportunity Trust Fund - Phase 2 (note 2)	52,363		356		52,719	3,739		281			4,020
Ontario Trust for Student Support (note 2)	100,808	157	690	21	101,676	6,058	(36)	572	20		6,614
Research funds	185,298	1,591	1,254		188,143	479,770	463,138	7,838	(3,652)	474,823	472,271
Departmental funds	511,687	14,847	3,722	3,437	533,693	555,513	72,579	66,875	(11,537)	123,119	560,311
Faculty endowment funds (note 2)	928,650	11,647	6,793	4,894	951,984	32,108	671	10,263	(576)	6,179	36,287
Connaught fund	140,762		1,044	7,000	148,806	6,963		5,324	(3,679)	500	8,108
l'Anson fund	3,848		26		3,874	348		150			498
Miscellaneous funds	38,626		152		38,778	27,847	22,167	1,233	11,304	23,775	38,776
	<u>3,166,832</u>	<u>58,656</u>	<u>23,126</u>	<u>18,672</u>	<u>3,267,286</u>	<u>1,227,466</u>	<u>570,982</u>	<u>82,190</u>	<u>(3,034)</u>	<u>628,396</u>	<u>1,249,208</u>
Comprising:											
Externally designated	2,718,185	54,716	21,757	10,375	2,805,033						
Internally designated	448,647	3,940	1,369	8,297	462,253						
	<u>3,166,832</u>	<u>58,656</u>	<u>23,126</u>	<u>18,672</u>	<u>3,267,286</u>						
Restricted						1,130,161	551,893	74,385	5,640	619,990	1,142,089
Unrestricted						97,305	19,089	7,805	-8,674	8,406	107,119
						<u>1,227,466</u>	<u>570,982</u>	<u>82,190</u>	<u>-3,034</u>	<u>628,396</u>	<u>1,249,208</u>

**Notes:**

(1) Consisting of investment income on:

Endowment funds	90,814
Expendable funds	<u>14,502</u>
	<u>105,316</u>

(2) Disbursements and corresponding distributed investment income for Student aid (\$41,103), Ontario Student Opportunity Trust Funds (\$15,917), Ontario Trust for Student Support (\$3,107) and Faculty Endowments (\$24,066) are reported in the Operating Fund.



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