



UNIVERSITY OF
TORONTO

SUPPLEMENTARY FINANCIAL REPORT

April 30, 2024

HIGHLIGHTS

(Unaudited)

Year Ended April 30, 2024

(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
<u>Statement of Operations</u>					
Revenues	\$ 3,556.3	\$ 249.8	\$ 117.3	\$ 716.8	\$ 4,640.2
Expenses	\$ 3,037.9	\$ 232.7	\$ 189.6	\$ 672.6	\$ 4,132.8
Net Income (Loss)	<u>\$ 518.4</u>	<u>\$ 17.1</u>	<u>\$ (72.3)</u>	<u>\$ 44.2</u>	<u>\$ 507.4</u>
<u>Balance Sheet</u>					
Assets	\$ 2,690.9	\$ 371.2	\$ 6,621.4	\$ 5,046.6	\$ 14,730.1
Liabilities	\$ 1,535.6	\$ 201.0	\$ 1,712.1	\$ 1,324.7	\$ 4,773.4
Net Assets	<u>\$ 1,155.3</u>	<u>\$ 170.2</u>	<u>\$ 4,909.3</u>	<u>\$ 3,721.9</u>	<u>\$ 9,956.7</u>
<u>Net Assets composed of:</u>					
Endowments	\$ -	\$ -	\$ -	\$ 3,616.3	\$ 3,616.3
Investment in Capital Assets	\$ -	\$ 176.0	\$ 4,466.5	\$ -	\$ 4,642.5
Internally Restricted	\$ 1,167.3	\$ 41.3	\$ 884.0	\$ 105.6	\$ 2,198.2
Deficit	\$ (12.0)	\$ (47.1)	\$ (441.2)	\$ -	\$ (500.3)
	<u>\$ 1,155.3</u>	<u>\$ 170.2</u>	<u>\$ 4,909.3</u>	<u>\$ 3,721.9</u>	<u>\$ 9,956.7</u>

HIGHLIGHTS

(Unaudited)

Year Ended April 30, 2023

(millions of dollars)

	Operating Fund	Ancillary Operations	Capital Fund	Restricted Funds	Total
<u>Statement of Operations</u>					
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)	<u>\$ 612.6</u>	<u>\$ 10.9</u>	<u>\$ (90.5)</u>	<u>\$ 18.2</u>	<u>\$ 551.2</u>
<u>Balance Sheet</u>					
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	<u>\$ 939.1</u>	<u>\$ 119.8</u>	<u>\$ 4,601.1</u>	<u>\$ 3,374.4</u>	<u>\$ 9,034.4</u>
<u>Net Assets composed of:</u>					
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
Surplus (Deficit)	\$ (37.0)	\$ (32.6)	\$ (413.6)	\$ -	\$ (483.2)
	<u>\$ 939.1</u>	<u>\$ 119.8</u>	<u>\$ 4,601.1</u>	<u>\$ 3,374.4</u>	<u>\$ 9,034.4</u>

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, 2024
(with comparative figures at April 30, 2023)
(millions of dollars)

	Operating fund	Ancillary operations	Capital fund	Restricted funds	2024 Total	2023 Total
ASSETS						
Current						
Cash and cash equivalents	343.4	4.1	-	4.3	351.8	220.9
Short-term investments	2,036.3	66.7	918.8	(2,445.6)	576.2	827.6
Accounts receivable	91.1	19.3	0.8	21.8	133.0	115.3
Inventories and prepaid expenses	44.1	5.9	-	-	50.0	45.7
Investments at fair value	-	-	-	7,449.6	7,449.6	6,657.3
Other long term investments	-	31.1	-	-	31.1	-
Other long term assets	176.0	-	-	-	176.0	-
Capital assets, net	-	244.1	5,701.8	16.5	5,962.4	5,814.6
	<u>2,690.9</u>	<u>371.2</u>	<u>6,621.4</u>	<u>5,046.6</u>	<u>14,730.1</u>	<u>13,681.4</u>
LIABILITIES						
Current						
Accounts payable and accrued liabilities	641.9	41.5	95.4	115.0	893.8	727.5
Deferred contributions	-	-	-	1,126.8	1,126.8	1,054.1
Accrued pension liability	140.5	-	-	-	140.5	136.5
Employee future benefit obligation	-	-	-	-	-	-
other than pension	698.9	-	-	-	698.9	802.8
Internal loans	54.3	156.7	(211.0)	-	-	-
Long-term debt	-	-	709.3	-	709.3	709.2
Deferred capital contributions	-	2.8	1,118.4	82.9	1,204.1	1,216.9
	<u>1,535.6</u>	<u>201.0</u>	<u>1,712.1</u>	<u>1,324.7</u>	<u>4,773.4</u>	<u>4,647.0</u>
NET ASSETS						
Deficit	(12.0)	(47.1)	(441.2)	-	(500.3)	(483.2)
Internally restricted	1,167.3	41.3	884.0	105.6	2,198.2	1,912.1
Investment in capital assets	-	176.0	4,466.5	-	4,642.5	4,338.2
Endowments	-	-	-	3,616.3	3,616.3	3,267.3
	<u>1,155.3</u>	<u>170.2</u>	<u>4,909.3</u>	<u>3,721.9</u>	<u>9,956.7</u>	<u>9,034.4</u>
	<u>2,690.9</u>	<u>371.2</u>	<u>6,621.4</u>	<u>5,046.6</u>	<u>14,730.1</u>	<u>13,681.4</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	2024 Total	2023 Total
REVENUES						
Student fees	2,274.9	15.2	0.1	-	2,290.2	2,203.9
Government grants for general operations	725.8	-	-	-	725.8	719.2
Government and other grants for restricted purposes	-	0.5	54.0	455.6	510.1	468.4
Sales, services and sundry income	226.0	229.1	(1.7)	-	453.4	435.0
Investment Income	329.6	5.0	34.2	137.4	506.2	311.8
Donations	-	-	30.7	123.8	154.5	137.0
	<u>3,556.3</u>	<u>249.8</u>	<u>117.3</u>	<u>716.8</u>	<u>4,640.2</u>	<u>4,275.3</u>
EXPENSES						
Salaries	1,770.6	14.6	-	282.9	2,068.1	1,821.3
Employee benefits	425.6	-	-	30.2	455.8	409.1
Scholarships, fellowships and bursaries	322.9	-	-	40.8	363.7	345.9
Materials, supplies and services	153.5	2.7	-	155.2	311.4	286.8
Amortization of capital assets	12.9	25.0	182.3	1.7	221.9	213.8
Repairs, maintenance and leases	157.0	28.3	7.3	12.1	204.7	182.8
Inter-institutional contributions	45.7	-	-	101.6	147.3	137.1
Cost of sales and services	-	139.6	-	-	139.6	130.1
Utilities	46.6	12.9	-	1.4	60.9	55.6
Travel and conferences	38.2	-	-	27.6	65.8	49.9
Interest on long-term debt	26.0	9.6	-	2.1	37.7	38.0
Other	38.9	-	-	17.0	55.9	53.7
	<u>3,037.9</u>	<u>232.7</u>	<u>189.6</u>	<u>672.6</u>	<u>4,132.8</u>	<u>3,724.1</u>
Net income (loss)	518.4	17.1	(72.3)	44.2	507.4	551.2
Transfer of capital assets funding	(87.8)	-	87.8	-	-	-
Change in internally restricted	(60.8)	1.1	(97.4)	1.4	(155.7)	(369.8)
Change in investment in capital assets	-	(65.9)	(238.5)	-	(304.4)	(326.5)
Transfers of donations to endowments	-	-	-	(26.9)	(26.9)	(22.6)
Transfer to internally restricted endowments	-	-	-	(37.5)	(37.5)	(1.4)
Net transfer between funds	<u>(344.8)</u>	<u>33.3</u>	<u>292.7</u>	<u>18.8</u>	<u>-</u>	<u>-</u>
Net change in surplus (deficit) for the year	25.0	(14.4)	(27.70)	-	(17.1)	(169.1)
Surplus (deficit), beginning of year	<u>(37.0)</u>	<u>(32.6)</u>	<u>(413.6)</u>	<u>-</u>	<u>(483.2)</u>	<u>(314.1)</u>
Deficit, end of year	<u>(12.0)</u>	<u>(47.0)</u>	<u>(441.3)</u>	<u>-</u>	<u>(500.3)</u>	<u>(483.2)</u>

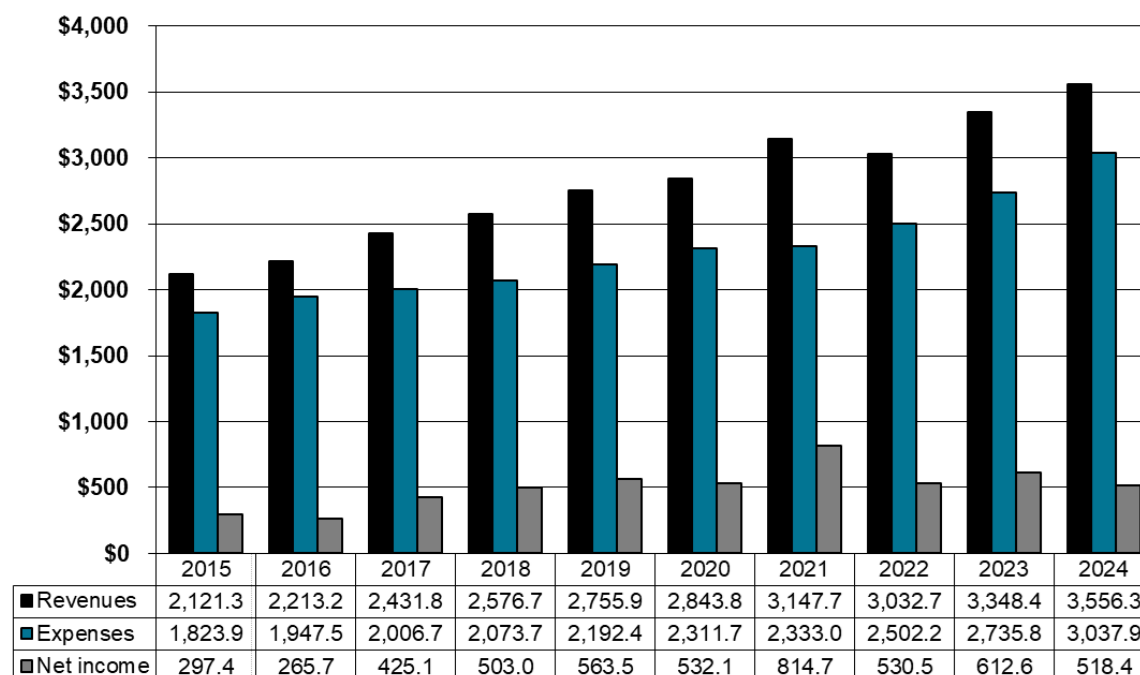
Operating Fund

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 \$3.6 billion; expenses were \$3.0 billion resulting in a net income of \$518 million. Growth in operating fund revenues and expenses primarily reflect strong investment returns, 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, 2024 is (\$12) million, whereas the long-range operating budget called for a break even position.

The 2024 net income in the operating fund is a result of:

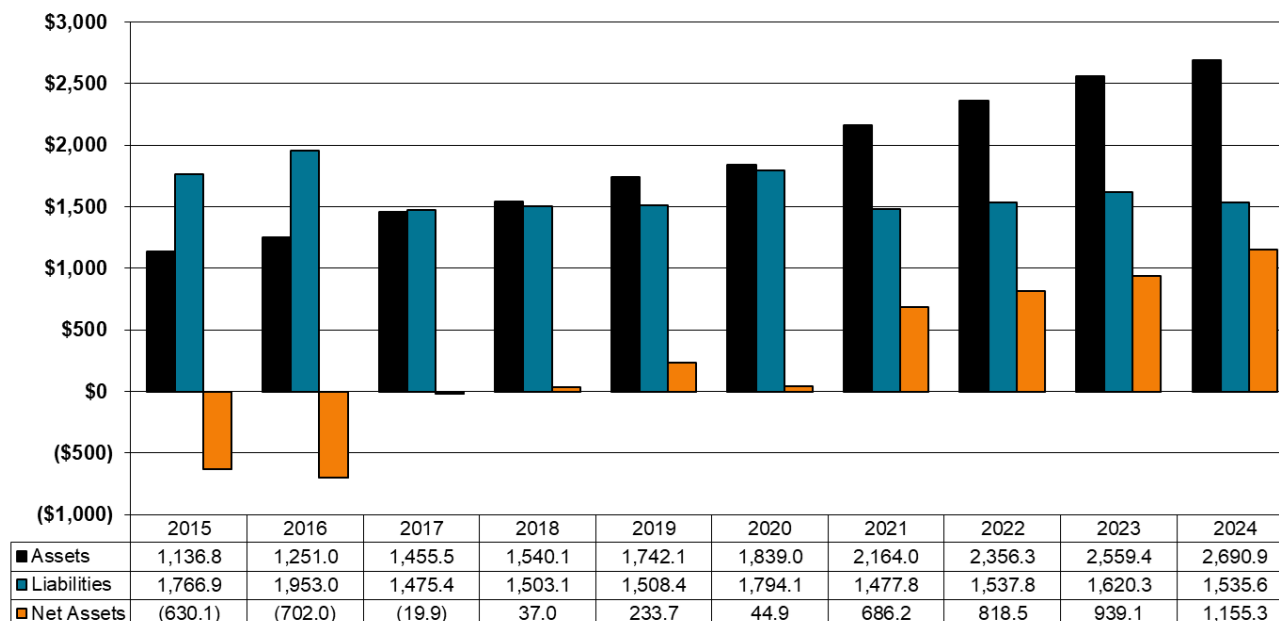
Capital asset expenditures not shown as expenses but transferred to the capital fund and added to the balance sheet as capital assets	88
Net change in employee future benefit obligations (excluding remeasurements)	61
Transfers to other funds not expensed in the operating fund	345
Last year's general university saving distributed to academic divisions	37
General University deficit to be recovered from academic divisions in 2024-25	(12)
Unspent funds added to reserves	(1)
	518

Operating fund assets at April 30, 2024 were \$2.69 billion, liabilities were \$1.53 billion, and net assets were \$1.16 billion.

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 2015 is mainly a result of increased central and divisional reserves of \$1.1 billion combined with a decrease in net unfunded pension obligations of \$713 million.

Operating Fund Assets, Liabilities and Net Assets

as at April 30
(millions of dollars)



The net assets increased from \$939 million in 2023 to \$1.16 billion in 2024 mainly due to the following:

- \$518 million net income for the year.
- (\$433 million) net transfers to other funds.

The transfers to other funds were as follows:

- \$88 million to the capital fund to reflect operating funding of capital asset expenditures recorded as capital assets in the capital fund.
- \$345 million transfer mainly to the capital fund for various projects.

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

- (\$12) million deficit.
- \$1.17 billion of internally restricted net assets.

The (\$12) million deficit is the “cumulative deficit” of the operating fund which is referenced in the University’s Operating Budget Report. The cumulative deficit has decreased from (\$37) million deficit at April 30, 2023 to (\$12) million deficit at April 30, 2024, mainly due to the following:

- \$518 million net income.
- (\$433 million) net transfers to other funds as noted above.
- (\$60 million) change in internally restricted net assets, mainly due to an increase in divisional reserves and the employee future benefit obligations reserves (excluding remeasurements), offset by a reduction in capital project reserves.

Internally restricted net assets of \$1.17 billion mainly includes divisional reserves of \$979 million, funds set aside for capital projects of \$690 million, funds set aside for pension special payments of \$175 million, and funds set aside for other purposes of \$13 million. These amounts are offset by net unfunded liabilities of \$125 million associated with its supplementary pension plan and \$564 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 \$1.17 billion 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, 2024
(with comparative figures at April 30, 2023)
(thousands of dollars)

	2024	2023
	Total	Total
<u>Divisional reserves</u>		
Academic	627,268	642,094
Academic services	6,657	7,947
Student services	33,316	38,230
Student assistance	60,872	33,710
Facilities & services	29,945	34,322
Administration	19,609	15,512
General university	201,687	84,204
Total divisional reserves	979,354	856,019
<u>Central reserves</u>		
<u>Capital</u>		
Future major capital project reserves	642,677	757,279
Other infrastructure reserves	47,280	53,535
	689,957	810,814
<u>Other</u>		
Research overhead	3,769	3,769
Priorities fund	9,338	12,819
	13,107	16,588
Total central reserves	703,064	827,402
<u>Employee benefit reserves</u>		
Pension	(125,447)	(128,674)
Pension special payment reserve	174,564	89,164
Medical benefits	(601,698)	(710,429)
Other plans	37,508	42,573
Total employee benefit reserves	(515,073)	(707,366)
Total internally restricted net assets	1,167,345	976,055
Net change in internally restricted for the year	191,290	
<u>Consisting of:</u>		
Change in internally restricted reported in statement of operations	60,762	
Reported as remeasurements in statement of changes in net assets	130,528	
	191,290	

Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2024

(with comparative figures at April 30, 2023)
(thousands of dollars)

	2024					2023	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ACADEMIC:							
Arts and Science, TYP, SCS:							
Faculty of Arts and Science	31,408	88,576	9,244	5	44,123	173,356	161,059
Transitional Year Programme	-	-	-	-	109	109	206
UTSC academic	24,686	30,255	287	-	17,337	72,565	52,546
UTM academic	209	33,226	-	-	10,990	44,425	40,762
School of Continuing Studies	-	-	310	4,420	-	4,730	3,491
	<u>56,303</u>	<u>152,057</u>	<u>9,841</u>	<u>4,425</u>	<u>72,559</u>	<u>295,185</u>	<u>258,064</u>
Health sciences:							
Faculty of Dentistry	-	3,438	198	-	2,932	6,568	9,245
Temerty Faculty of Medicine	4,909	35,978	5,626	314	(8,639)	38,188	46,088
Dalla Lana School of Public Health	-	4,401	239	-	(133)	4,507	6,735
Lawrence S. Bloomberg Faculty of Nursing	-	1,613	67	-	2,316	3,996	4,226
Leslie Dan Faculty of Pharmacy	-	6,167	296	-	1,963	8,426	9,669
Faculty of Kinesiology & Physical Education	4	1,963	93	-	1,210	3,270	2,787
	<u>4,913</u>	<u>53,560</u>	<u>6,519</u>	<u>314</u>	<u>(351)</u>	<u>64,955</u>	<u>78,750</u>
Other professional faculties:							
Faculty of Applied Science and Engineering	-	96,500	-	-	9,004	105,504	115,127
John H. Daniels Faculty of Architecture, Landscape and Design	-	2,158	-	-	1,487	3,645	5,110
Rotman School of Management	2,913	5,826	3,057	-	8,177	19,973	19,874
OISE/UT	-	5,266	658	-	5,357	11,281	11,663
Faculty of Law	-	1,544	423	-	3,094	5,061	4,704
Faculty of Information	-	1,726	1,118	-	1,540	4,384	3,617
Faculty of Music	32	951	250	-	189	1,422	1,660
Factor-Inwentash Faculty of Social Work	-	1,779	159	-	(227)	1,711	2,300
	<u>2,945</u>	<u>115,750</u>	<u>5,665</u>	<u>-</u>	<u>28,621</u>	<u>152,981</u>	<u>164,055</u>
Other academic costs:							
University-wide reserves	51,801	9,658	1,483	4,785	103,567	171,294	191,917
Vacation Pay accrual - Academic	-	-	-	-	(57,147)	(57,147)	(50,692)
TOTAL ACADEMIC	<u>115,962</u>	<u>331,025</u>	<u>23,508</u>	<u>9,524</u>	<u>147,249</u>	<u>627,268</u>	<u>642,094</u>

Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2024

(with comparative figures at April 30, 2023)
(thousands of dollars)

	2024					2023	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ACADEMIC SERVICES:							
St. George Libraries	-	561	-	-	950	1,511	684
UTSC library	492	211	14	-	686	1,403	2,015
UTM library	-	2	-	-	2,579	2,581	2,589
Library - Electronic Acquisitions	-	-	-	-	1,162	1,162	2,659
TOTAL ACADEMIC SERVICES	492	774	14	-	5,377	6,657	7,947
STUDENT SERVICES:							
St. George campus	382	-	57	-	1,087	1,526	4,798
UTSC campus	4,415	-	365	-	10,617	15,397	16,205
UTM campus	-	-	-	-	10,352	10,352	9,516
Athletics and Recreation	3,708	60	945	-	1,328	6,041	7,711
TOTAL STUDENT SERVICES	8,505	60	1,367	-	23,384	33,316	38,230
STUDENT ASSISTANCE:							
St. George campus	-	-	60,765	-	-	60,765	33,621
UTSC campus	-	-	75	-	17	92	73
UTM campus	-	-	15	-	-	15	16
TOTAL STUDENT ASSISTANCE	-	-	60,855	-	17	60,872	33,710
FACILITIES & SERVICES							
St. George campus	-	-	-	-	23,374	23,374	28,293
UTSC campus	2,288	-	-	-	2,097	4,385	4,275
UTM campus	102	-	-	-	2,084	2,186	1,754
TOTAL FACILITIES & SERVICES	2,390	-	-	-	27,555	29,945	34,322

Schedule 3
(Unaudited)
UNIVERSITY OF TORONTO
SUMMARY OF OPERATING FUND RESERVES
AT APRIL 30, 2024
(with comparative figures at April 30, 2023)
(thousands of dollars)

	2024					2023	
	Infrastructure Reserve	Research	Student Assistance	Endowment Matching	Operating Contingency	Total	Total
ADMINISTRATION:							
Office of the Governing Council	648	-	-	-	404	1,052	906
Office of the President	-	-	-	-	11	11	49
Convocation and Institutional Events	-	-	-	-	19	19	28
Chief Financial Officer	-	-	-	-	775	775	923
Vice-President and Provost	2,250	34	-	-	3,148	5,432	6,314
Vice-President - Research and Innovation	-	-	-	-	1,977	1,977	2,545
Vice-President - Communications	35	-	-	-	2,590	2,625	2,841
Vice-President - Advancement	550	-	-	-	1,645	2,195	2,721
Vice-President - International	-	-	-	-	425	425	409
Chief Government Relations	-	-	-	-	146	146	523
Vice-President - Operations and Real Estate Partnerships	-	-	-	-	3,840	3,840	6,455
Vice-President - People Strategy, Equity and Culture	-	12	-	-	1,141	1,153	1,452
Office of University Counsel	-	-	-	-	399	399	(1,681)
UTSC campus	48	-	-	-	5,760	5,808	5,392
UTM campus	-	-	-	-	10,302	10,302	1,717
Vacation Pay accrual - Administration	-	-	-	-	(16,550)	(16,550)	(15,082)
TOTAL ADMINISTRATION	3,531	46	-	-	16,032	19,609	15,512
GENERAL UNIVERSITY:							
Vice-President - People Strategy, Equity and Culture	-	-	-	-	3,187	3,187	1,632
CFO - LTBP expendable funds	-	-	-	-	144,646	144,646	104,035
CFO - Investment income reserve	-	-	-	-	28,522	28,522	(53,270)
Vice-President - Operations and Real Estate Partnerships	2,377	1,871	-	8,163	12,921	25,332	31,807
TOTAL GENERAL UNIVERSITY	2,377	1,871	-	8,163	189,276	201,687	84,204
TOTAL DIVISIONAL RESERVES	133,257	333,776	85,744	17,687	408,890	979,354	856,019

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 (\$185) million adjustment to financial statement revenues and a \$130 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	3,556.3	(184.7)	3,371.6	3,310.7	60.9	1.8%
Operating fund expenses	3,037.9	130.0	3,167.9	3,310.7	142.8	
Capital asset transfer	87.8	-	87.8	-	(87.8)	
	3,125.7	130.0	3,255.7	3,310.7	55.0	1.7%
Net income	430.6	(314.7)	115.9	-	115.9	

Total operating fund revenues, after adjustments, were \$3,372 million, compared to budgeted revenues of \$3,311 million, resulting in a favourable variance of \$61 million, or 1.8%. This favourable variance was primarily due to:

- Favourable variances of \$58 million in unbudgeted divisional sales and services, \$26 million in provincial grants, and \$13 million in investment income.
- An unfavourable variance of \$36 million from student fees.

Total operating fund expenses, after adjustments, were \$3,256 million, as compared to budgeted expenses of \$3,311 million resulting in a favourable variance of \$55 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, 2024
(millions of dollars)

	ACTUAL			BUDGET	VARIANCE
	Financial	Adjusted	Financial	Original	Favourable
	<u>Statements</u>	<u>Adjustments</u>	<u>Statements</u>	<u>budget</u>	<u>(Unfavourable)</u>
REVENUES					
General university income:					
Provincial grants	645.4	-	645.4	652.9	(7.5)
Indirect cost recovery of grants and contracts	38.6	19.9	58.5	57.0	1.5
Student fees	2,022.9	(19.0)	2,003.9	2,052.6	(48.7)
Investment income:					
Endowment (chairs and student aid)	91.0	-	91.0	83.9	7.1
Other	238.6	(182.1)	56.5	50.7	5.8
Sundry income	28.1	(3.5)	24.6	21.1	3.5
Municipal taxes	4.9	-	4.9	4.9	-
	<u>3,069.5</u>	<u>(184.7)</u>	<u>2,884.8</u>	<u>2,923.1</u>	<u>(38.3)</u>
Divisional income:					
Provincial grants	36.9	-	36.9	3.5	33.4
Student fees	252.0	-	252.0	239.4	12.6
Sales and services	197.9	-	197.9	144.7	53.2
	<u>486.8</u>	<u>-</u>	<u>486.8</u>	<u>387.6</u>	<u>99.2</u>
	<u>3,556.3</u>	<u>(184.7)</u>	<u>3,371.6</u>	<u>3,310.7</u>	<u>60.9</u>
EXPENSES					
Academic	1,838.8	54.9	1,893.7	1,979.7	86.0
Academic services	125.1	4.3	129.4	108.1	(21.3)
Student services	129.8	5.7	135.5	122.8	(12.7)
Student assistance	331.7	0.5	332.2	369.1	36.9
Physical plant maintenance and services	148.3	4.6	152.9	157.8	4.9
Physical plant utilities	46.6	24.2	70.8	77.6	6.8
Alterations and renovations	3.1	(3.1)	-	-	-
Administration	322.3	16.8	339.1	297.2	(41.9)
Amortization	12.9	(12.9)	-	-	-
Interest expense	26.0	(26.0)	-	-	-
General university expense	134.4	61.0	195.4	191.8	(3.6)
Municipal taxes	6.7	-	6.7	6.7	-
	<u>3,125.7</u>	<u>130.0</u>	<u>3,255.7</u>	<u>3,310.7</u>	<u>55.0</u>
Operating results before the following:	430.6	(314.7)	115.9	-	115.9
Change in internally restricted funds	(60.8)	314.7	253.9	-	253.9
Transfers	(344.8)	-	(344.8)	-	(344.8)
NET CHANGE IN SURPLUS FOR THE YEAR	<u>25.0</u>	<u>-</u>	<u>25.0</u>	<u>-</u>	<u>25.0</u>

Ancillary Operations

Ancillary operations include the following:

- *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; and
- *Spaces and Experiences*, which includes Real Estate, U of T Press, 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 Transportation Services.

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 2015-2024.

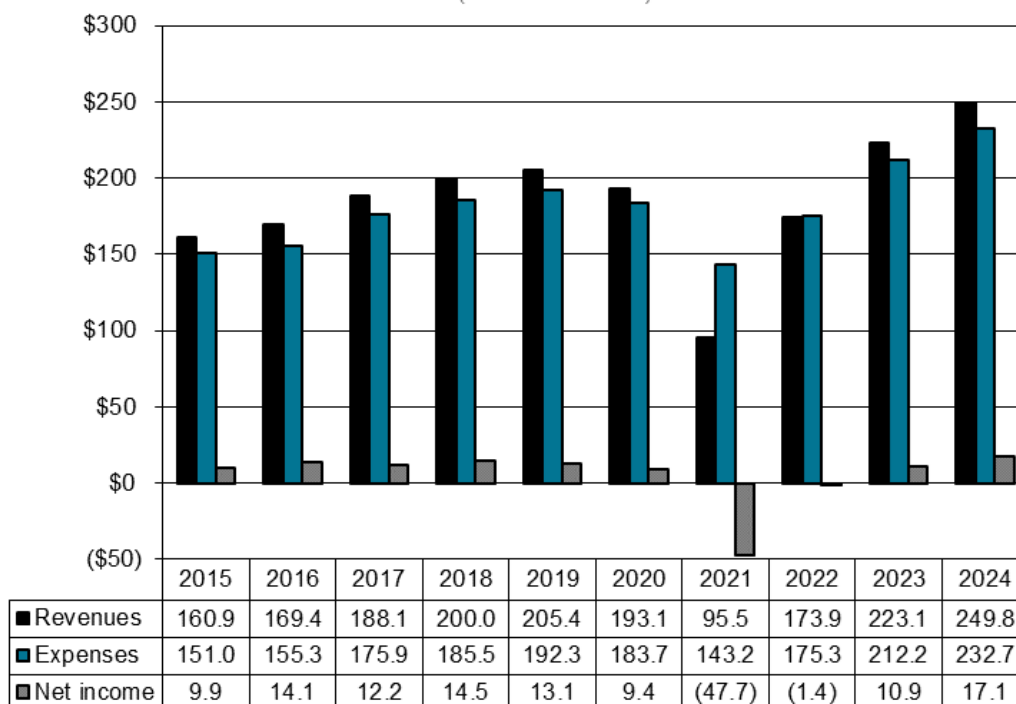
Over the periods 2015 to 2020, ancillary revenues grew from \$161 million to \$193 million, expenses grew from \$151 million to \$184 million, and net income decreased from \$10 million to \$9 million. Residence fees over the past years have been increased to keep pace with increased expenses, which 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 was intended to ensure that the level of the ancillary deficits will be only as high as absolutely necessary.

Residence operations began to recover in 2021-22 with higher than anticipated occupancy levels, generating much improved operating results compared to 2020-21. By the fall of 2023, residence operations returned to full occupancy, as restrictions on capacity relaxed. Ancillary revenues grew from \$96 million in 2021 to \$250 million in 2024, and expenses increased from \$143 million to \$233 million. Annual net income increased to \$17 million in 2024 from an annual net loss of \$48 million in 2021. The reduced population of staff and faculty on-campus as a result of continued flexible work arrangements, will pose a challenge for certain ancillary operations, in particular food and beverage and parking services.

Ancillary operations Revenues and Expenses

for the year ended April 30
(millions of dollars)

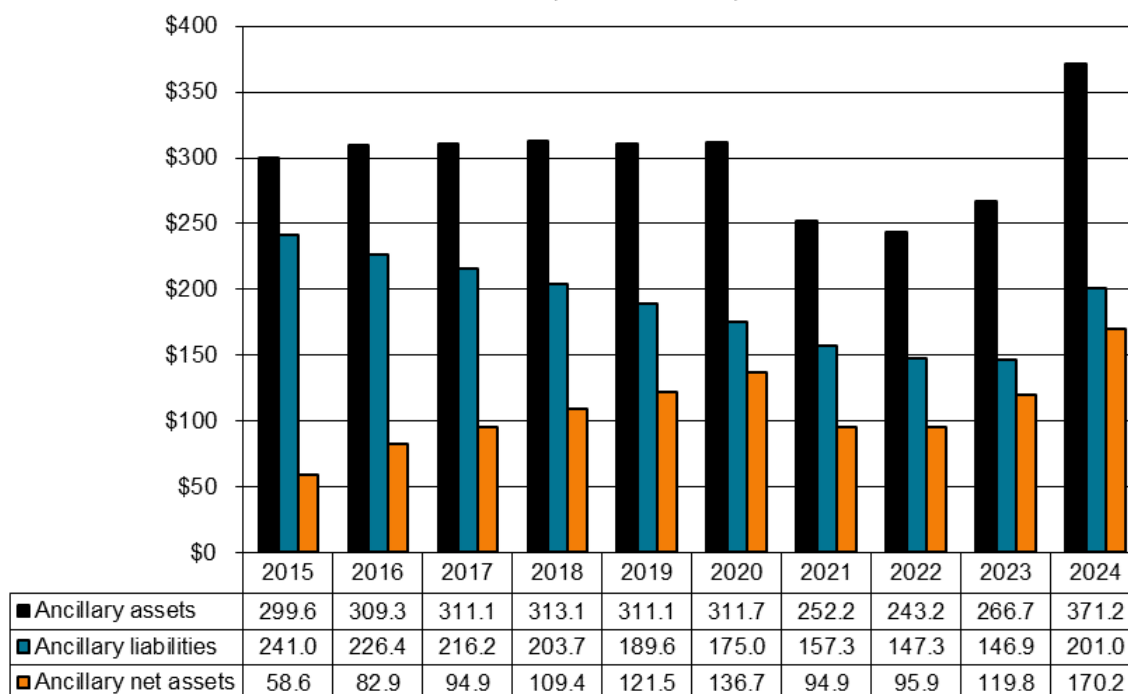


The St. George Food and Beverage services changed its business model as of August 1, 2016 to support the new operation that combines residential, retail and catering operations from the former St. George operation, the Chestnut Residence, and New College. Under this model, the food service operation 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 \$300 million in 2015 to \$312 million in 2020. Assets subsequently fell to \$243 million by 2022 due to the impact of the pandemic. Ancillary operations have now recovered, and assets have steadily increased to \$371 million by the end of 2024. Liabilities decreased from \$241 million in 2015 to \$147 million in 2023 as ancillaries paid down their capital financing. Liabilities increased to \$201 million in 2024, primarily due to capital financing used to acquire an equity interest in an off-campus residence facility. Net assets grew from \$59 million in 2015 to \$137 million in 2020, essentially reflecting the continued success of service operations with filling residence and parking spaces, while reducing their debt burden. Net assets fell to \$95 million in 2021 and \$96 million in 2022 due to the pandemic but has since increased to \$170 million in 2024 as ancillary operations recovered from the effects of the pandemic.

Ancillary operations Balance Sheet

as at April 30
(millions of dollars)



At April 30, 2024, net assets were \$170 million, an increase of \$50 million from April 30, 2023, mainly due to the following:

- \$17 million net income for the year.
- \$33 million transferred from other funds.

There are three categories of net assets for ancillary operations which together total \$170 million. They are:

- (\$47 million) in deficit.
- \$41 million in internally restricted net assets.
- \$176 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, 2024
(with comparative figures for the year ended Apr 30, 2023)
(thousands of dollars)

	Revenues	Expenses	Commitments and Transfers	Surplus/(Deficit)		Investment in Capital Assets	Internally Restricted	2024 Total Net Assets	2023 Total Net Assets
	\$	\$	\$	Opening	Closing	\$	\$	\$	\$
<u>Service Ancillaries</u>									
<u>Residences</u>									
Scarborough	19,996	17,496	(3,714)	3,368	2,154	1,826	11,228	15,208	12,708
Mississauga	20,857	16,799	(3,953)	2,852	2,957	6,522	7,050	16,529	12,471
University College	9,105	8,382	154	1,046	1,923	2,272	700	4,895	4,324
Innis College	4,913	3,561	1,094	563	3,009	2,418	2,000	7,427	6,047
New College	12,867	9,594	1,068	1,550	5,891	1,609	600	8,100	3,842
Woodsworth College	6,158	5,138	1,692	(6,661)	(3,949)	10,037	1,000	7,088	6,068
	<u>73,896</u>	<u>60,970</u>	<u>(3,659)</u>	<u>2,718</u>	<u>11,985</u>	<u>24,684</u>	<u>22,578</u>	<u>59,247</u>	<u>45,460</u>
<u>Food/Beverage Service</u>									
Scarborough	2,998	1,984	(1,181)	(879)	(1,046)	1,837	-	791	(223)
Mississauga	2,838	4,015	600	545	(32)	1,281	1,634	2,883	4,061
University College	4,798	4,799	11	(2,655)	(2,645)	178	-	(2,467)	(2,465)
	<u>10,634</u>	<u>10,798</u>	<u>(570)</u>	<u>(2,989)</u>	<u>(3,723)</u>	<u>3,296</u>	<u>1,634</u>	<u>1,207</u>	<u>1,373</u>
<u>Parking</u>									
Scarborough	4,126	2,056	542	4,662	7,274	2,718	135	10,127	8,038
Mississauga	4,054	3,271	1,134	(8,429)	(6,512)	11,031	-	4,519	3,736
	<u>8,180</u>	<u>5,327</u>	<u>1,676</u>	<u>(3,767)</u>	<u>762</u>	<u>13,749</u>	<u>135</u>	<u>14,646</u>	<u>11,774</u>
Hart House	23,733	21,316	23	6,317	8,757	15,344	4,096	28,197	25,757
Total Service Ancillaries	<u>116,443</u>	<u>98,411</u>	<u>(2,530)</u>	<u>2,279</u>	<u>17,781</u>	<u>57,073</u>	<u>28,443</u>	<u>103,297</u>	<u>84,364</u>
<u>Business Ancillaries</u>									
University of Toronto Press	36,859	39,443	(333)	4,743	1,826	1,887	-	3,713	6,297
<u>Spaces and Experiences</u>									
Graduate House	7,129	7,299	3,528	(10,026)	(6,668)	16,848	(1,250)	8,930	8,600
Univ Family Housing	15,592	12,547	(571)	4,011	6,485	14,501	10,500	31,486	28,432
Chestnut Residence and Conference Centre	24,279	22,588	581	(10,305)	(8,033)	7,936	-	(98)	(1,811)
St. George Food & Bev Services	31,215	34,435	6,263	(21,691)	(18,648)	5,169	-	(13,480)	(17,345)
St. George Parking	5,946	6,615	1,410	(3,403)	(2,662)	5,688	-	3,026	2,651
Real Estate	12,341	11,415	(39,944)	1,817	(37,201)	66,918	3,567	33,284	8,663
Total Business Ancillaries	<u>133,361</u>	<u>134,342</u>	<u>(29,066)</u>	<u>(34,854)</u>	<u>(64,901)</u>	<u>118,947</u>	<u>12,817</u>	<u>66,862</u>	<u>35,488</u>
Total Ancillary Operations	<u>249,804</u>	<u>232,753</u>	<u>(31,596)</u>	<u>(32,575)</u>	<u>(47,120)</u>	<u>176,020</u>	<u>41,260</u>	<u>170,159</u>	<u>119,852</u>

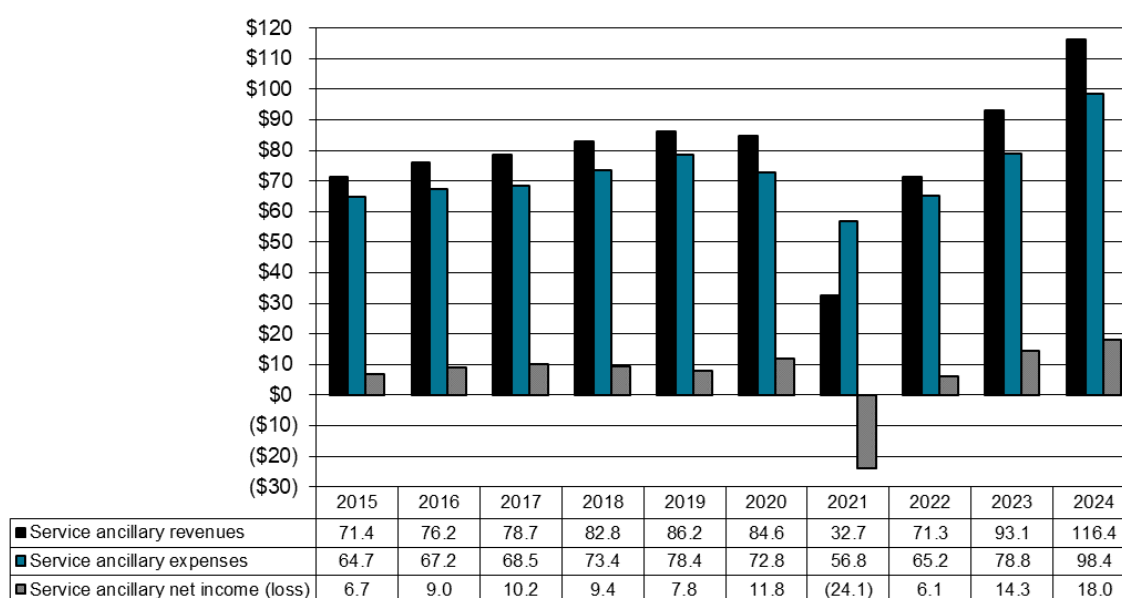
Service Ancillaries

In 2024, **service ancillaries** had revenues of \$116 million and expenses of \$98 million, with a net income of \$18 million for the year. Residences have returned to full occupancy, however, a period of higher inflation and the reduced population of staff and faculty on campus due to continued flexible work arrangements, continue to 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 2024, net income from residence operations increased to \$13 million from \$10 million in 2023. Net income from parking and food services has remained relatively flat at \$3 million in 2024 compared to \$4 million in 2023. Hart House had a net income of \$2 million in 2024 compared to \$3 million in 2023.

Ancillary operations - Service Ancillaries Revenues and Expenses

for the year ended April 30
(millions of dollars)



Since 2015, 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

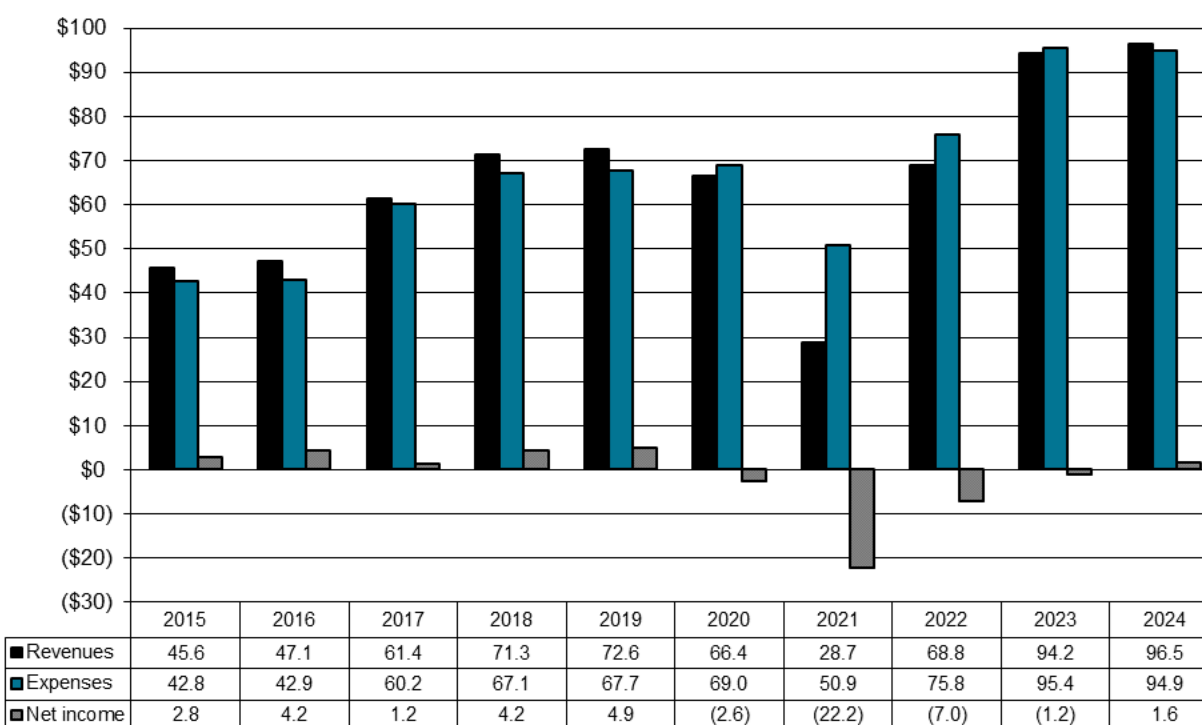
Business ancillaries consists of the Spaces and Experiences (formerly, University Development and Campus Services) which includes Real Estate, and operations that were previously considered service ancillaries: St. George Food and Beverage Services, University Family Housing (a merger of Student Family 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. Residences have returned to full occupancy, however, a period of higher inflation and the reduced population of staff and faculty on campus due to continued flexible work arrangements, continue to impact parking and food services. U

of T Press revenues continue to lag pre-pandemic levels. These operations had combined revenues of \$133 million and expenses of \$134 million, for a net loss of \$1 million in 2024. Losses were lower in 2024 as compared to 2023 (net loss of \$3 million).

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.

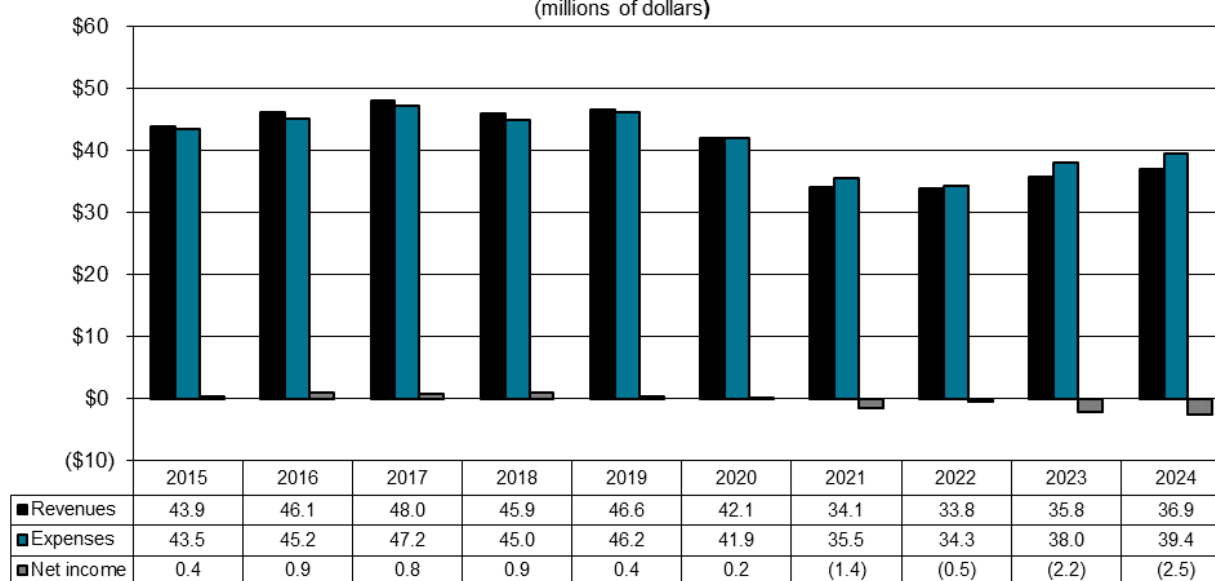
Ancillary operations - Business Ancillaries Spaces and Experiences Revenues and Expenses

for the year ended April 30
(millions of dollars)



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

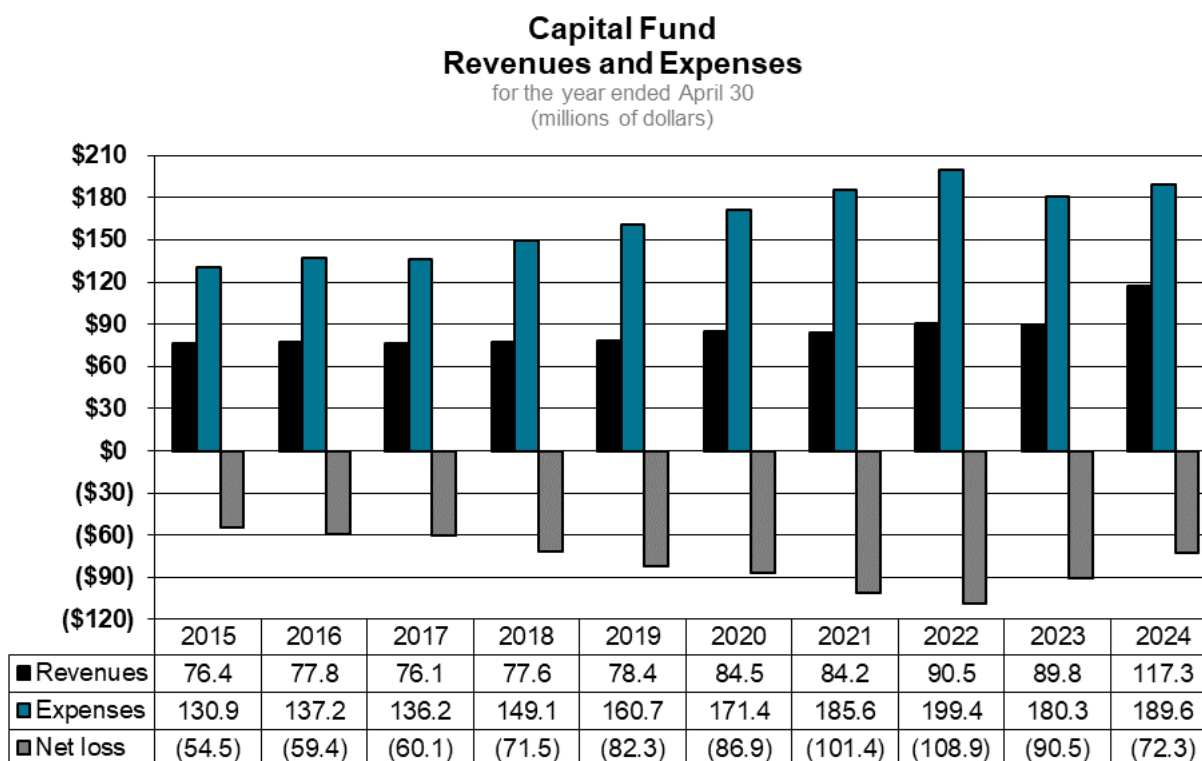
for the year ended April 30
(millions of dollars)



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 \$117 million and expenses were \$189 million, for a net loss of \$72 million. Revenues include an amount equal to the amortization of capital assets that were financed by grants and donations, while expenses include the amortization of capital assets.



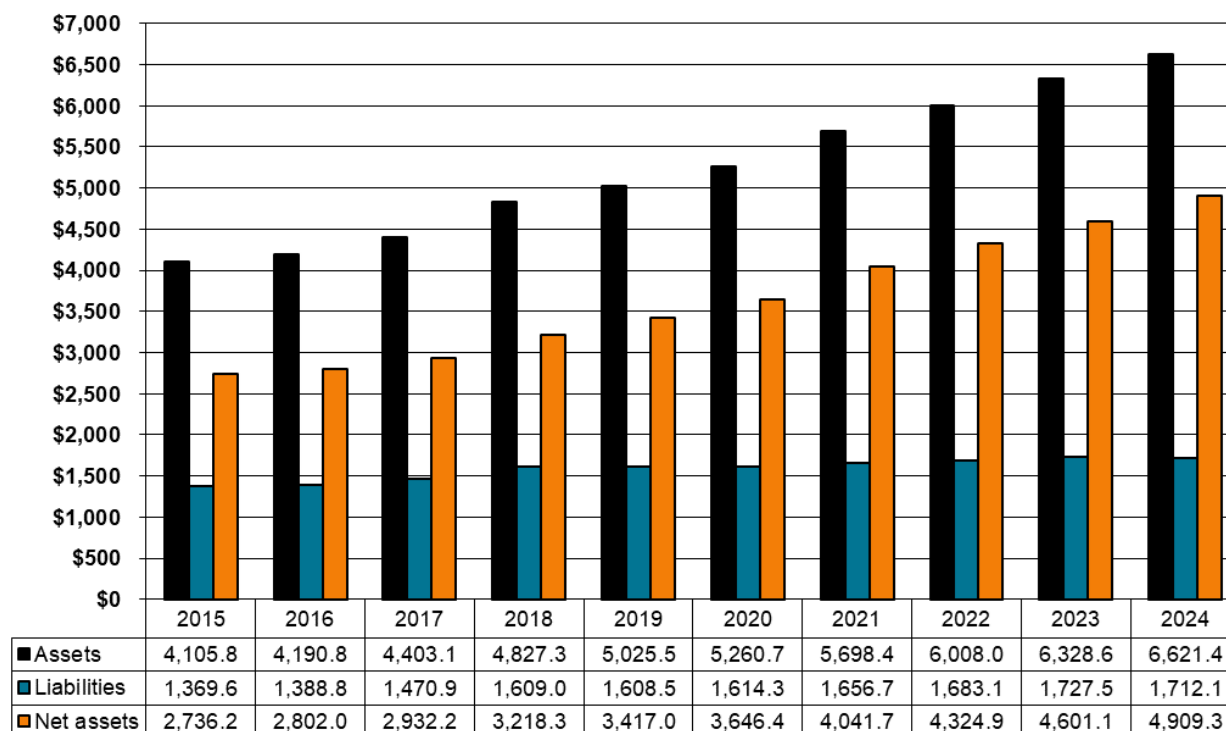
The reason for annual net losses in the capital fund is that a significant share of the revenue funding the amortization of capital assets and funding capital projects is recorded as revenue in the operating fund and transferred to the capital fund as an interfund transfer, and therefore is not reported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

In 2024, a total of \$381 million was transferred to the capital fund. This was made up of \$88 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 \$293 million, mainly from the operating fund, in support of various capital projects.

In 2024, capital fund assets were \$6.6 billion, liabilities were \$1.7 billion and net assets were \$4.9 billion. Net assets comprised \$4.5 billion investment in capital assets, \$884 million internally restricted funds offset by \$441 million in deficit.

The assets of the capital fund have grown from \$4.1 billion in 2015 to \$6.6 billion in 2024 primarily as a result of the University's large capital construction program over this period. Liabilities have grown from \$1.4 billion in 2015 to \$1.7 billion in 2024. This growth in liabilities reflects the growth in deferred capital contributions to \$1.1 billion and includes long-term borrowings of \$709 million and accounts payable of \$95 million. These liabilities are offset by loans to other funds of \$211 million. All external borrowing of long-term debt is recorded in the capital fund. Loans are provided to departments or operations who 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)



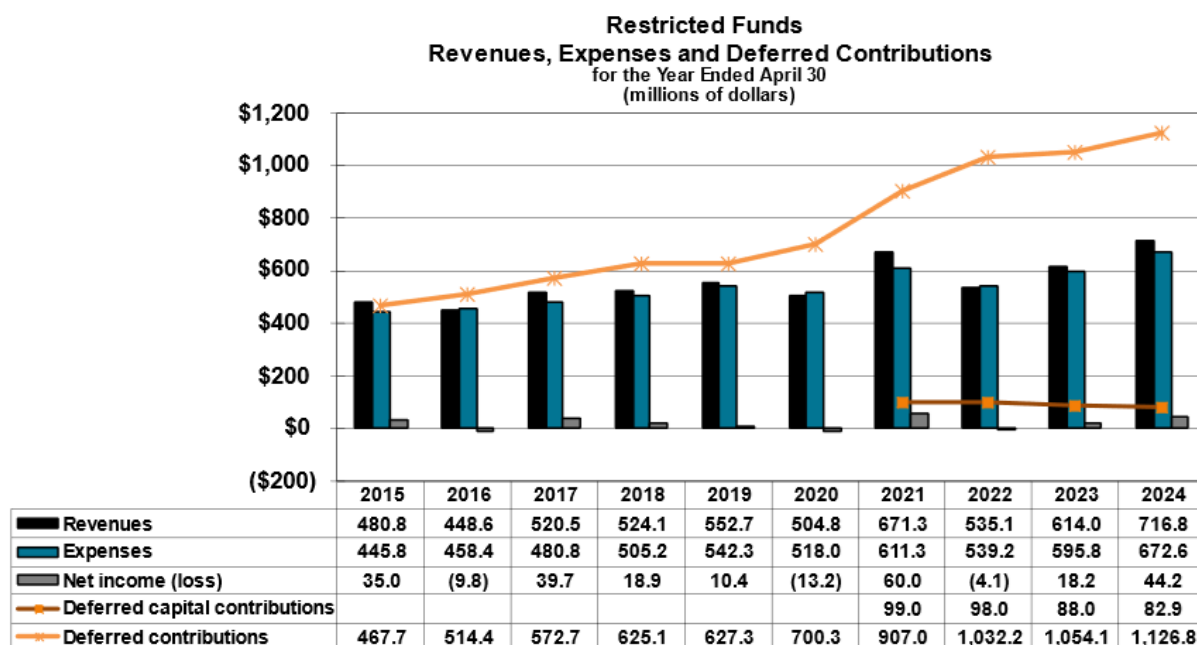
Restricted Funds

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 23,900 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.



In 2024, restricted funds revenues for the year were \$717 million and expenses were \$673 million, resulting in net income of \$44 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.

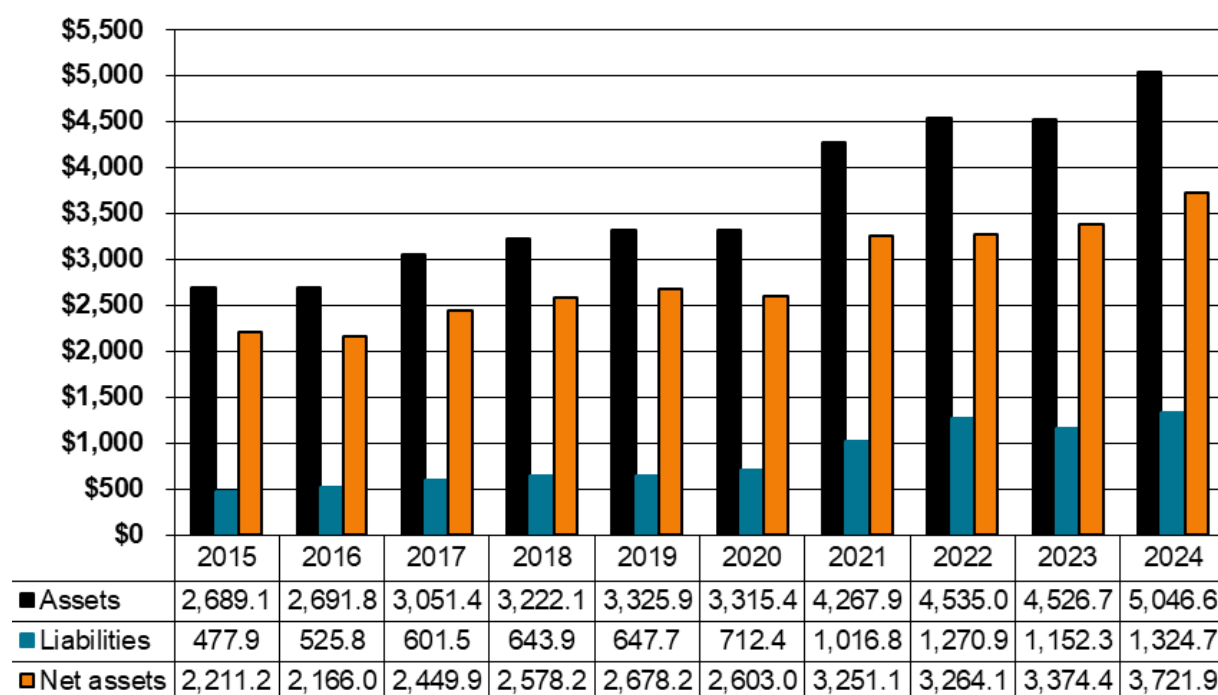
Restricted funds' assets were \$5.0 billion, liabilities were \$1.3 billion, and net assets were \$3.7 billion. Net assets comprised \$3.6 billion in endowments and \$106 million in internally restricted funds.

Restricted funds' net assets increased by \$347 million between April 30, 2023 and April 30, 2024 as a result of net income of \$44 million and a further \$92 million as follows:

- a) transfers of \$19 million mainly from the operating fund,
- b) endowed contributions and investment gains on externally restricted endowments, which are not recorded as revenue, but are added directly to net assets:
 - o \$66 million in endowed donations.
 - o \$218 million increase of externally restricted endowments, consisting of an investment income of \$324 million less \$106 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 \$478 million in 2015 to \$1.3 billion in 2024 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 \$2.2 billion in 2014 to \$3.7 billion in 2023.

Schedule 6 reflects the change in endowment funds from April 30, 2023 to April 30, 2024 with the related expendable funds.

Schedule 6
(Unaudited)
UNIVERSITY OF TORONTO
RESTRICTED FUNDS
ENDOWMENT AND EXPENDABLE FUNDS AT FAIR VALUES AT APRIL 30, 2024
(thousands of dollars)

	Endowment funds					Expendable funds					
	April 30, 2023	Donations, and other additions	Preservation of capital (note 1)	Transfers	April 30, 2024	April 30, 2023	Donations, grants and other additions	Distributed investment income/(loss) (note 1)	Transfers	Disbursements	April 30, 2024
	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$
Student aid (note 2)	806,158	31,476	69,486	5,565	912,685	87,805	15,746	(13,256)	5,375	-	95,670
Ontario Student Opportunity Trust Fund - Phase I (note 2)	441,455	-	34,189	613	476,257	34,518	-	1,192	(1,487)	-	34,223
Ontario Student Opportunity Trust Fund - Phase 2 (note 2)	52,719	3	4,079	22	56,823	4,020	4	416	(149)	-	4,291
Ontario Trust for Student Support (note 2)	101,676	180	7,874	3	109,733	6,614	-	297	(221)	-	6,690
Research funds	188,143	12,005	8,933	-	209,081	472,271	555,457	8,667	(7,487)	518,992	509,916
Departmental funds	533,693	11,071	42,247	2,036	589,047	560,311	74,191	83,545	(16,108)	138,415	563,524
Advancement Investment Model	-	-	-	-	-	-	-	-	7,645	5,410	2,235
Faculty endowment funds (note 2)	951,984	13,905	74,660	6,789	1,047,338	36,287	598	11,832	(1,780)	7,031	39,906
Connaught fund	148,806	-	11,869	10,000	170,675	8,108	-	5,990	(3,085)	514	10,499
l'Anson fund	3,874	-	299	-	4,173	498	-	166	(9)	(11)	666
Miscellaneous funds	38,778	-	1,742	-	40,520	38,776	32,844	1,526	11,125	36,587	47,684
	<u>3,267,286</u>	<u>68,640</u>	<u>255,378</u>	<u>25,028</u>	<u>3,616,332</u>	<u>1,249,208</u>	<u>678,840</u>	<u>100,375</u>	<u>(6,181)</u>	<u>706,938</u>	<u>1,315,304</u>
Comprising:											
Externally designated	2,805,033	66,242	218,345	14,339	3,103,959						
Internally designated	462,253	2,398	37,033	10,689	512,373						
	<u>3,267,286</u>	<u>68,640</u>	<u>255,378</u>	<u>25,028</u>	<u>3,616,332</u>						
Restricted						1,142,089	660,997	87,937	7,160	688,473	1,209,710
Unrestricted						107,119	17,843	12,438	-13,341	18,465	105,594
						<u>1,249,208</u>	<u>678,840</u>	<u>100,375</u>	<u>-6,181</u>	<u>706,938</u>	<u>1,315,304</u>

Notes:

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

Endowment funds	333,968
Expendable funds	21,785
	<u>355,753</u>

(2) Disbursements and corresponding distributed investment income for Student aid (\$45,082), Ontario Student Opportunity Trust Funds (\$17,307), Ontario Trust for Student Support (\$3,568) and Faculty Endowments (\$25,035) are reported in the Operating Fund.



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