2013/14
University of Saskatchewan
Annual Financial Report
About us
The U of S is an environment where curiosity leads to discovery. We develop technologies and policies that protect our health and improve quality of life. We understand and sustain the resources—minerals, energy, food and water—that are critical to our world. We examine history, we observe the present and we influence the future. Our campus is a lively place with space for art, living, eating and sport, designed for the community of people who live, work, study and play at the U of S.

Historical highlights
- 1907: University Act established the U of S
- 1908-1937: First president Walter Murray
- 1912: First convocation of seven students
- 1912: First issue of The Sheaf published
- 1912: First Huskies team
- 1917: First Alumni Association formed
- 1952: First PhD granted
- 2011: U of S became a member of the prestigious U15 research university group

Unique centres
- Canadian Light Source—Canada’s only facility for synchrotron light research
- Global Institute for Water Security—supporting sustainable use of the world’s water resources and protection against natural hazards such as flood and drought
- Vaccine and Infectious Disease Organization and International Vaccine Centre—one of the largest vaccine research and teaching facilities in North America
- U of S Health Sciences—creating a new standard for interprofessional health education, research and practice
- Global Institute for Food Security—developing Saskatchewan-led solutions to feed a growing world population
- Sylvia Fedoruk Canadian Centre for Nuclear Innovation—supporting global leadership in nuclear research, development and training

Signature Areas of Research
- Aboriginal Peoples: Engagement and Scholarship
- Agriculture: Food and Bioproducts for a Sustainable Future
- Energy and Mineral Resources: Technology and Public Policy for a Sustainable Environment
- One Health: Solutions at the Animal-Human-Environment Interface
- Synchrotron Sciences: Innovation in Health, Environment and Advanced Technologies
- Water Security: Stewardship of the World’s Freshwater Resources

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Susan Milburn  
Chair, Board of Governors

On behalf of the board, I want to thank the entire U of S community for coming together to address the fact that our operating expenses are growing faster than our revenues. But as has always been the case throughout our university’s history, our dedication, hard work and prairie resourcefulness have resulted in significant progress towards our goal of financial sustainability.

Building on the past year, our work with the university’s senior leaders continues to be focused on making strategic decisions to ensure sustained, long-term financial sustainability by permanently reducing the gap between our revenue and expenses.

Financial sustainability is a critical step toward improving our place among Canada’s top research-intensive universities – the U15. We are pleased to continue this work alongside the dedicated members of the university community. The steps taken over the past year strengthens our foundation for the future, which is built upon a proud history of excellence.

As new individuals join our leadership team at the university and on the board, I am confident that we have taken the necessary and appropriate steps to maintain the university’s exceptional record of financial management.

Gordon Barnhart  
Interim President

I wish to thank the entire university community for welcoming me so warmly since I stepped into the role of interim president on May 23. While in this position it is my goal, however I can, to help the University of Saskatchewan regain its place among the most distinguished universities in Canada and beyond, and position us to move forward.

Financial sustainability is fundamental to achieving our goals. And while we must keep a watchful eye on our finances, our focus must always remain squarely on our mission to facilitate learning and discovery. We are proud of, not only the breadth of academic study at our university, but particularly the collaboration between diverse disciplines. This collaboration stems from the belief that we are always stronger when we work together.

It is that belief that has resulted in significant success and achievement in the university’s signature areas of focus: Aboriginal people, agriculture and food, mineral and energy resources, human and animal health, synchrotron science and water security. These areas of excellence are supported by outstanding facilities - including the Global Institutes for Water Security, and Food Security, the Canadian Light Source synchrotron, and the Vaccine and Infectious Disease Organization and the International Vaccine Centre - and people who are working to provide solutions to local, national and global challenges. With all of this at our fingertips, we are leading innovation in health, environment and progressive technologies.

The educational opportunities at our university extend far beyond science-related fields; we have a wide array of programs in the fine arts, humanities and social sciences, everything from English, history and psychology to religion and culture, music and art.

Our university was built upon our expertise in agriculture for the prairies; it remains one of our strengths, but we have become a much broader-based institution of higher learning.

I am pleased with the progress outlined in this annual financial report. I have great optimism that we have the right mix of people, resources and resiliency to continue moving forward to take our place among the great universities of this country and beyond.
Setting the Context

In 2013/14 the University of Saskatchewan reported revenue of over $1.0 billion from all sources. It is a major economic presence in the province and nationally as a member of the U15, a group of the most research-intensive universities in the country. The university is a complex organization with diverse activities and a variety of funding sources, including: the Province of Saskatchewan (comprising 49% of total 2013/14 revenue); the federal government (7%), which primarily supports research; student tuition and fees (13%); sales of services and products (10%, primarily generated by ancillary operations); and investment income (8%). Outstanding investment returns resulted in an increase in the proportionate share of total revenue from last year’s level (5%), with very positive results for the Operating Budget, Endowments and to a lesser degree, Pensions.

To ensure accountability to funders and donors, the university follows restricted fund accounting for both its internal and external financial reporting. This means that funds provided to the university for a specific purpose, such as a research or capital project, are held and restricted for that purpose. During 2013/14, the university’s total revenue by fund was comprised of:

- **Operating Fund** (66.2%) – primary activities relating to instruction and research, including the cost of most faculty salaries and administrative and infrastructure support (for example, utilities). The Operating Budget and Reserve funds are a group of funds within the Operating Fund wherein the allocation of revenue to colleges, units and activities is the responsibility of the board and senior management. Key revenue sources within this fund grouping include the provincial government operating grant, tuition, and investment income;
- **Ancillary Fund** (5.3%) – includes sales-producing operations such as the bookstore, residences and food services;
- **Student Financial Aid** (1.3%) – includes funding for and the cost of scholarships and bursaries;
- **Research Fund** (19.2%) – includes grants, contracts and donations for research activity;
- **Capital Fund** (3.6%) – includes revenue restricted for capital and capital expenditures for sustaining and developing the campus’ $5.3 billion (replacement cost) in infrastructure;
- **Endowment Fund** (4.4%) – includes donations and a portion of related investment earnings where the principal is to be retained in perpetuity.

The university has a history of sound financial management and has developed a number of indicators of financial health which are highlighted in this annual report. The Operating Budget was balanced with a healthy surplus of $10.1 million (about 2% of planned operating expenditures) caused primarily by investment income results. Investment income was also the primary driver for Endowment growth to almost $300 million, with a comfortable segregated capital position of 56%. Another sign of continued financial strength includes the growth in research revenue to $195.6 million. Substantial capital expansion continued with completion of Health Sciences E Wing, Graduate Student Residence and Dairy Research Facility resulting in state-of-the-art space for teaching, research and student activities, and resulting in improvements to the facilities condition index.

In spite of these positive indicators, there are areas of continuing concern.

Capital expansion has placed a strain on debt capacity. As a result of principal repayments, overall debt has reduced by $10.4 million from prior year’s level, but at April 30, 2014, with external debt of $188.0 million, it is still close to capacity limits. This debt translates to $10,413 per full-time equivalent (FTE) student. Our U15 peers average much lower, at $7,278 per FTE student. The Province provided cash grants for capital for 2014/15, which means that debt will not increase, but funding for annual principal and interest obligations of $15.3 million remains a concern. Preventative maintenance and renewal of facilities and infrastructure continues to be an area where annual funding does not keep up with annual needs for long-term maintenance and renewal of capital. Although endowment funds have increased to $14,606 per FTE student, they fall far short of our U15 peer group ($19,772 per FTE student). Defined pension obligations continue to be a concern, with a deficit for the three defined benefit plans of $11.2 million, which increases to $50.5 million on a going-concern funding basis. Perhaps the area of most concern is the challenge to ensure financial sustainability of our operations and in particular our Operating Budget activities.
Operating Budget Challenge

Background

The university launched a comprehensive four-year strategy of financial, workforce, program and process review in 2012/13. Planning and budgetary projections in the development of Promise and Potential, our third integrated plan and accompanying multi-year budget framework for 2012/13 to 2015/16 showed a widening gap between revenues and expenses leading to a projected $44.5 million deficit in our Operating Budget by 2016, if we took no action. Expenditures have been growing at about 5% while the annual grant from the province for base operations has been increasing at about 2% (plus targeted funding increases, which for 2014/15 added a further $8.4 million).

Although this level is still higher than peer institutions, it prompted the university to look ahead and consider the widening gap between projected revenues and expenditures, and as a result, to undertake an ambitious Operating Budget Adjustments (OBA) Initiative.

In year one of the OBA Initiative (2012/13), to facilitate change one-time “transition” funds were secured from college and unit reserves, supplemented by a portion of the university’s reserve fund. With salaries and benefits comprising the largest portion of the Operating Budget, the majority of colleges, schools and units participated in workforce planning to ensure alignment of resources with priorities and to find efficiencies where possible. The actions taken in 2012/13 are estimated to result in permanent Operating Budget expense reductions of $15.5 million (with $9.8 million as a result of workforce planning) – about one-third of the projected financial gap of $44.5 million.

During 2013/14 the primary undertaking of OBA was a process of academic and support service program prioritization. Task forces comprised of nominated representatives from across campus were established, all programs and services were assessed and in December 2013, task force reports were released to the campus community. The Provost’s Committee on Integrated Planning (PCIP) then considered the task force reports, and based on further information and evaluation, in May 2014, PCIP released an initial action plan organized around the broad themes of: 1) Simplify and amalgamate structures; 2) Focus on the core mission; 3) Shared services and 4) Incorporate prioritization into ongoing practice.

Although the majority of projects included in the action plan are supported by the campus community, the action plan prompted spirited reaction and opposition. The board and senior management are committed to listening and proceeding carefully with actions that are in the best interests of the university. Over the summer, more consultation will be undertaken with campus leaders, in addition management will assess the financial situation, update projections and then determine which actions should proceed.

Actions taken in 2013/14 are estimated to result in permanent Operating Budget savings of $16.5 million, including $7.6 million as a result of a faculty incentive plan for retirement, and $6.6 million from investment earnings. In total, 77 faculty were approved for the incentive plan, which should result in annual Operating Budget savings of about $11.9 million. About one-third of savings from the faculty retirement program has been earmarked for reinvestment in faculty positions in strategic areas.

The permanent change of $6.6 million to the investment income budget is based on a change in investment asset mix. During the year, $200 million was transferred from fixed income to the long-term pool which has a higher proportion of equity holdings. The earnings projections for the long-term pool are about 6% compared to the fixed income pool of 2%. Actions taken in 2013/14 of $16.5 million together with actions taken in 2012/13 of $15.5 million will mean that about $12.5 million would remain to be achieved compared to the original target of $44.5 million. As noted above, the Operating Budget savings still required will be based on an assessment of the current financial situation updated multi-year projections and consultation with campus leaders.
During the year, other components of the OBA continued, including:

- Revenue Generation – approval of Phase V for Preston Crossing and development of a developer/operator for the college quarter hotel;
- Reducing the Institutional Footprint – “normal” temperature settings are being reduced by one degree in winter and increased by two degrees in summer;
- Maximizing the Value of the University Spend – elimination of some fees assessed by Facilities Management to internal “customers” and developed a plan to eliminate the majority of remaining fees;
- Organizational Design – began consultation on approaches to the design and delivery of a service focused model for administrative services across campus.

These and other initiatives will continue during 2014/15 and subsequent years with the overall objective to use public resources prudently and to their best advantage while ensuring the financial sustainability of the university.

Financial Overview

In the following discussion and analysis, through charts, graphs, and explanatory text, we provide the “guided tour” of the university’s finances for the fiscal year 2013/14. Subsections depicting our financial performance, flexibility and sustainability are enhanced with metrics that show the university’s position relative to previous years, other institutions and relevant benchmarks.

<table>
<thead>
<tr>
<th>Financial Operating Results (in millions) for the year ended April 30</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contracts: Government of Saskatchewan</td>
<td>$352.8</td>
<td>$444.5</td>
<td>$420.3</td>
<td>$447.9</td>
<td>$500.9</td>
</tr>
<tr>
<td>Student fees</td>
<td>96.5</td>
<td>103.0</td>
<td>111.3</td>
<td>120.6</td>
<td>127.4</td>
</tr>
<tr>
<td>Sales of services, products and other</td>
<td>83.9</td>
<td>90.3</td>
<td>94.4</td>
<td>99.3</td>
<td>98.6</td>
</tr>
<tr>
<td>Grants and contracts: Government of Canada</td>
<td>123.7</td>
<td>94.8</td>
<td>86.6</td>
<td>78.7</td>
<td>69.3</td>
</tr>
<tr>
<td>Other governments and non-government grants</td>
<td>57.2</td>
<td>96.0</td>
<td>77.7</td>
<td>73.0</td>
<td>85.1</td>
</tr>
<tr>
<td>Investment income</td>
<td>51.2</td>
<td>42.7</td>
<td>18.0</td>
<td>54.7</td>
<td>83.3</td>
</tr>
<tr>
<td>Gifts, grants and bequests</td>
<td>27.7</td>
<td>31.7</td>
<td>32.1</td>
<td>35.8</td>
<td>29.3</td>
</tr>
<tr>
<td>Other income</td>
<td>15.1</td>
<td>16.2</td>
<td>20.4</td>
<td>25.4</td>
<td>24.7</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$808.1</strong></td>
<td><strong>$919.2</strong></td>
<td><strong>$860.8</strong></td>
<td><strong>$935.4</strong></td>
<td><strong>$1,018.6</strong></td>
</tr>
</tbody>
</table>

Strong support from the Government of Saskatchewan continued, with provincial revenue comprising 49% of total university revenue in 2013/14. Almost every provincial ministry provided funding to the university, with the operating grant from the Ministry of Advanced Education (AE) comprising the largest component ($320.5 million of total AE funding of $500.9 million). The 2013/14 operating grant approved by the province provided a 2% ($6.6 million) economic increase, in addition to an increase of $4.4 million targeted for medicine and nursing program expansion and an increase of $4.0 million for the Health Science Building Operating costs. Capital funding from Advanced Education increased by $3.0 million to $32.9 million. Because Capital funding is recorded in a restricted fund, the $32.9 million is based on the 2014/15 provincial funding letter. This amount includes: Supplemental funding-facilities (which the university has directed to principal and interest payments on debt) of $14.5 million; preventative maintenance and renewal of $11.9 million; and capital funding for the Health Sciences building of $6.5 million.
Provincial funding was also received from the Ministry of Health ($83.1 million), which supports the College of Medicine operations through the Clinical Services Fund, Northern Medical Services program and Saskatchewan Health Research Foundation projects. Ministry of Agriculture funding increased by $10.9 million (to $20.7 million), with $3.0 million of the increase pertaining to the Global Institute for Food Security. Innovation Saskatchewan provided $20.0 million (in part through the Sylvia Fedoruk Canadian Centre for Nuclear Innovation (the Fedoruk Centre)), with all funding provided relating to the Fedoruk Centre operations and cyclotron capital project.

Investment revenue increased dramatically to $83.3 million, driven primarily by long-term pool returns of 17.4%, and also resulting from a change in investment mix whereby $200 million was transferred from the fixed income pool to the long-term pool with a higher proportion of equity holdings.

Revenue from Student fees has increased to $127.4 million due to increasing enrolment and tuition increases, with the latter averaging 4.5%. Tuition and fee revenue comprises about 23% of Operating Budget revenue (from a high of 30% in 2004/05). University tuition rates are based on principles of comparability, affordability and accessibility, and quality.

Research Revenue and Funding Achievements

Research revenue increased significantly, by $37.1 million, to $195.6 million. The increase is driven primarily by Government of Saskatchewan funding increase of $26.2 million (including Global Institute for Food Security and funding for the Fedoruk Centre) and Other Governments and Non-Government funding, primarily industry and not-for-profit organizations, of $32.8 million (partially offset by decreases in Canadian Foundation for Innovation (CFI) funding and timing adjustment in the Indirect Cost of Research grant).

The Government of Canada provides the majority of funding for research through tri-agency grants and contracts as well as CFI support. Tri-agency revenue has remained constant for the last few years at around $38 million, with Indirect Costs of Research grant of about $8.6 million and Canada Research Chair (CRC) funding of about $6.0 million.

Funding achievements include:

- Viterra Inc. invested $5.0 million in the U of S Crop Development Centre (CDC) to enhance the CDC’s success in wheat research and breeding. As well, Viterra invested $2.0 million in the Global Institute for Food Security (GIFS), becoming the lead grain industry partner to join founding GIFS partners PotashCorp, the Government of Saskatchewan, and the U of S.
- Final installments were received from the Government of Saskatchewan and Western Economic Diversification for the $25.0 million cyclotron and associated lab facility which is under construction on campus.
- Saskatchewan’s International Minerals Innovation Institute (IMII) invested $1.7 million for mining engineering course options at U of S. IMII, Mitacs and U of S partnered on a more than $1.0 million investment for a novel research and training initiative – the Mitacs Industry Executive in Residence-Minerals (MIER-Minerals) position – that will advance research in eight areas of strategic importance to the minerals industry.
- Total U of S license and royalty revenue rose to $13.3 million in 2013/14 – a record high for the university.
- The $11.5 million state-of-the-art Rayner Dairy Research and Training Facility opened on campus, providing advanced research capabilities that will help graduate and undergraduate students better prepare for jobs in the industry and benefit producers, industry and consumers.
Medical research is a very significant research revenue contributor at most U15 universities. It is anticipated that with a number of initiatives underway to build greater research capacity in the university’s health sciences – including the completion of the Heath Science complex and restructuring funding arrangements in the College of Medicine – research revenue as a percentage of total university revenue will move closer to the U15 average.

University of Saskatchewan, one of the medical-doctoral universities in Canada, is a member of the U15, a group of 15 leading research-intensive universities in Canada. Median results for this group of universities are shown in the following table.

**University of Saskatchewan**
(in millions)

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Revenue</td>
<td>$185.7</td>
<td>$206.6</td>
<td>$167.8</td>
<td>$158.5</td>
<td>$195.6</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$808.1</td>
<td>$919.2</td>
<td>$860.8</td>
<td>$935.4</td>
<td>$1,018.6</td>
</tr>
<tr>
<td>Percentage of Total Revenue</td>
<td>23%</td>
<td>22%</td>
<td>19%</td>
<td>17%</td>
<td>19%</td>
</tr>
</tbody>
</table>

**U15 (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Revenue</td>
<td>$344.0</td>
<td>$344.8</td>
<td>$348.4</td>
<td>$354.4</td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$1,267.0</td>
<td>$1,281.6</td>
<td>$1,263.3</td>
<td>$1,333.1</td>
<td></td>
</tr>
<tr>
<td>Percentage of Total Revenue</td>
<td>27%</td>
<td>27%</td>
<td>28%</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>

* 2013/14 CAUBO information unavailable

*Canadian Research Universities (U15) data provided by CAUBO financial reports*
Revenue Summarized by College

Many university programs and initiatives are carried out at the college level. Revenues by type (operating, research and other) are shown in the following graph. "Other" includes, for example, targeted funding from government ministries, clinical practice revenue in the College of Medicine, and sales of service activity including through the Veterinary Medical Centre in the Western College of Veterinary Medicine. Research revenue for the College of Agriculture, at $50.7 million, is double last year's level, and includes Ministry of Agriculture $15.0 million, Viterra Inc. $5.0 million and Western Grains Research Foundation $5.2 million.

Source of Revenue for Colleges
for the year ended April 30, 2014 – Total $576.6 M

Expenses (Deployment of Resources)

Financial Operating Results (in millions) for the year ended April 30

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>$492.0</td>
<td>$478.7</td>
<td>$506.5</td>
<td>$517.5</td>
<td>$534.7</td>
</tr>
<tr>
<td>Operational supplies and expenses</td>
<td>89.4</td>
<td>103.0</td>
<td>122.2</td>
<td>131.0</td>
<td>136.8</td>
</tr>
<tr>
<td>Costs of goods sold, equipment maintenance, rental, travel and other</td>
<td>45.0</td>
<td>52.9</td>
<td>72.8</td>
<td>59.7</td>
<td>50.8</td>
</tr>
<tr>
<td>Scholarships, bursaries and prizes</td>
<td>28.6</td>
<td>31.9</td>
<td>35.0</td>
<td>37.5</td>
<td>39.1</td>
</tr>
<tr>
<td>Utilities</td>
<td>20.3</td>
<td>21.6</td>
<td>21.3</td>
<td>23.2</td>
<td>25.0</td>
</tr>
<tr>
<td>Amortization</td>
<td>60.1</td>
<td>61.3</td>
<td>60.9</td>
<td>65.4</td>
<td>73.1</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$735.4</td>
<td>$749.4</td>
<td>$818.7</td>
<td>$834.3</td>
<td>$859.5</td>
</tr>
</tbody>
</table>
Total expenses increased overall by 3% to $859.5 million. The growth is lower than in previous years because of the impact of a “swing” in the mark-to-market valuation for interest on long-term borrowing and natural gas hedges. After adjusting for these market adjustments and the impact of employee future benefit costs, the overall expenditure growth would be 5.2%.

Salaries and benefit expenses as a percentage of total expense comprise the largest portion of our expenses at 62% ($534.7 million). This relates to about 8,000 staff in five bargaining units and exempt staff as well as honoraria expense (excluded in staff totals). Of the total compensation expense, salaries comprise $479.2 million, and benefits comprise $55.5 million. Salaries expense from year-to-year reflects the results of employment agreements for the period, staff turnover and changes in staffing levels.

Salaries expense for 2013/14 includes the following non-typical costs: severance payments of $15.7 million accrued for 77 faculty approved to participate in a faculty incentive plan for retirement; severance payments of $4.3 million ($2.2 million prior year) for CUPE 1975; severance payments cost of $1.6 million for ASPA (prior year $3.2 million); and severance payments costs for exempt staff of $1.0 million ($1.0 million prior year). These costs were offset by workforce planning savings (undertaken as part of the Operating Budget Adjustments) of $3.0 million for ASPA; $3.4 million for CUPE 1975; and $0.5 million for exempt staff.

The university’s approach to collective bargaining is based on a board-approved strategy for compensation that takes into consideration the principles of market and merit with the goal of being both competitive and fiscally responsible.

At year-end, status of the university’s collective agreements were as follows:

- U of S Faculty Association (USFA): July 1, 2010 – June 30, 2014 (including one year extension approved March 2013)
- Administrative and Supervisory Personnel (ASPA): May 1, 2011 – April 30, 2014
- CUPE 3287 (sessional lecturers): September 1, 2010 – August 31, 2014

Benefit plan costs of $55.5 million have remained relatively constant at 12% of salary cost.

**Financial Performance**

This section provides key metrics measuring the university’s ability to: balance operating revenues and expenses, meet fundraising targets, meet investment earnings targets, and maintain sufficient working capital.

**Metric 1 / Financial Performance / Annual Operating Surplus/Deficit Position Compared to Budget and Operating Reserve**

While variances in revenues and expenses in the Operating Budget Funds result in an operating surplus or deficit at year-end, variances in annual revenues and expenses in restricted funds are carried forward as either an increase or decrease in the fund balance. Increased revenue in restricted funds is available for those projects to which funding specifically relates. The university has a history of closely managing operating budgets with year-end variances generally between 1% and 2% of annual operating expenditures. For 2013/14 a significant surplus was experienced primarily because of very favourable investment returns. The following depicts the Operating Budget only.
Summary of Operating Budget Results and Operating Reserve Balance
for the period 2006/07 to 2013/14

<table>
<thead>
<tr>
<th></th>
<th>06/07</th>
<th>07/08</th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue ($M)</td>
<td>296.4</td>
<td>311.0</td>
<td>336.5</td>
<td>366.1</td>
<td>388.7</td>
<td>420.0</td>
<td>447.0</td>
<td>467.8</td>
</tr>
<tr>
<td>Expenditure ($M)</td>
<td>294.0</td>
<td>311.0</td>
<td>336.5</td>
<td>367.0</td>
<td>388.7</td>
<td>420.0</td>
<td>453.0</td>
<td>471.1</td>
</tr>
<tr>
<td>Surplus/(Deficit) ($M)</td>
<td>2.4</td>
<td>0</td>
<td>0</td>
<td>(0.9)</td>
<td>0</td>
<td>0</td>
<td>(6.0)</td>
<td>(3.3)</td>
</tr>
</tbody>
</table>

| **Actuals*** |       |       |       |       |       |       |       |       |
| Surplus/(Deficit) ($M) | 6.7  | 8.7  | 6.0  | 17.7 | 8.7  | 7.8  | 7.0  | 21.1 |
| Variance in Surplus/(Deficit) ($M) | +4.3 | +8.7 | +6.0 | +18.6| +8.7 | +7.8 | +13.0| +24.4|
| Variance (%) | 1.5% | 2.8% | 1.8% | 5.1% | 2.2% | 1.9% | 2.9% | 5.2% |

| **Reserve**** |       |       |       |       |       |       |       |       |
| Opening Balance | 3.3  | 6.1  | 6.7  | 10.8 | 15.5 | 15.5 | 18.1 | 10.4 |
| Surplus/(Deficit) ($M) | 6.7  | 8.7  | 6.0  | 17.7 | 8.7  | 7.8  | 7.0  | 21.2 |
| Allocations/Appropriations | (3.9)| (8.1)| (1.9)| (13.0)| (8.7)| (5.2)| (14.7)| (11.1)|
| Closing Balance | 6.1  | 6.7  | 10.8 | 15.5 | 15.5 | 18.1 | 10.4 | 20.5 |
| Reserve as % of Total Expenditure | 2.1% | 2.2% | 3.2% | 4.2% | 4.0% | 4.3% | 2.3% | 4.4% |

*Before year-end allocations/appropriations to existing commitments
**After year-end allocations/appropriations

The Operating Reserve level of $20.5 million represents 4.4% of Operating Budget expenses. With the adoption of a higher proportion of equity investments, there will be increased annual volatility of investment returns. Accordingly, the board has approved a change to the Operating Reserve guideline, whereby the approved range is between 2% to 6% (previously 1% to 4%) of Operating Budget expenses with a target range of 5%. Determining the appropriate level of reserve is a delicate balance between ensuring sufficient funds to cushion against adverse events while allowing time to respond strategically and ensuring that public funds are used to their best advantage to support programs and operations. The Operating Reserve increase of $10.1 million is net of board approved allocations during 2013/14 of $11.1 million. This included $9.5 million transferred to the transition fund as funding for 2/3rds of the cost of the faculty incentive plan for retirement program and includes $1.6 million funding for year 4 of a 7-year commitment for the Chair in Global Water Security.
Donations
for the year ended April 30

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-monetary Donations</th>
<th>Monetary Donations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>$13.8 M</td>
<td>$22.5 M</td>
</tr>
<tr>
<td>2010/11</td>
<td>$13.9 M</td>
<td>$24.5 M</td>
</tr>
<tr>
<td>2011/12</td>
<td>$13.8 M</td>
<td>$28.0 M</td>
</tr>
<tr>
<td>2012/13</td>
<td>$7.8 M</td>
<td>$20.8 M</td>
</tr>
<tr>
<td>2013/14</td>
<td>$8.5 M</td>
<td>$29.3 M</td>
</tr>
</tbody>
</table>

Major gifts, of $1.0 million or more, were provided by: PotashCorp with $5.3 million, of which $5.0 million is directed to support the Global Institute for Food Security, and the balance to Huskie teams, research and student support programs; Estate of Peter Lewochko, with $2.4 million endowment bequest to support students entering the Colleges of Agriculture and Bioresources, Engineering and Education; Leslie and Irene Dubé, with a $2 million donation from their foundation, the third installment of a $10 million pledge towards the Health Sciences project; Viterra Inc., with $2.0 million in support of the Global Institute for Food Security.

Advancement and Community Engagement (ACE) is working to achieve $40 million in reported donation revenue on an annual basis. Some gift-in-kind activity (e.g. Canada Foundation for Innovation) is not reported within the ACE totals.

Metric 3 / Financial Performance / Investment Income Compared to Benchmark

Investment income was up substantially from the prior year. Overall income increased by $28.6 million (to $83.3 million) as a result of long-term pool returns of 17.4% (13.2% in the prior year), although fixed income pool returns were 0.4% (3.4% in the prior year). Revenue, primarily in the Operating Fund, was also enhanced by a transfer of $200 million from the fixed income pool to the long-term pool. The university ensures that all available funds are invested primarily through the use of two pools (long-term pool and fixed income pool) which are managed by external professional investment managers. These investments are valued at market and influenced by market trends. Assessment of performance is ongoing with comparisons to benchmarks and peer universities.

Our university investment and spending policies (against endowment funds earnings) are aligned to ensure that investment returns, measured over the long term, support annual spending policies, with a goal of 4.0% investment returns (after CPI). For the previous 10 years, on average earnings have not met expectations and accordingly the real investment return expectations and net spending amount for 2013/14 year have been reduced to 4.0%. With positive returns of the past two years and a healthy segregated capital position, the spending rate will be revisited in December 2014 for application to 2015/16.
Comparison of investment returns (provided by CAUBO; as at December 2013) to peer universities is provided in the following:

<table>
<thead>
<tr>
<th>Endowments</th>
<th>1 year</th>
<th>4 year</th>
<th>10 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Saskatchewan</td>
<td>22.9%</td>
<td>10.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Median (endowments &gt; $100 million)</td>
<td>16.1%</td>
<td>8.5%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Variance to median</td>
<td>6.8%</td>
<td>1.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pensions</th>
<th>1 year</th>
<th>4 year</th>
<th>10 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Saskatchewan</td>
<td>17.7%</td>
<td>8.5%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Median (pensions &gt; $500 million)</td>
<td>15.9%</td>
<td>8.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Variance to median</td>
<td>1.8%</td>
<td>(0.3%)</td>
<td>(0.7%)</td>
</tr>
</tbody>
</table>

Not reflected in the above chart is the fact that Saskatchewan pays lower management fees than its peer universities in most cases.

**Metric 4 / Financial Performance / Liquidity**

In addition to measuring debt capacity under the limits stated in the university’s Capital Debt and Internal Loan policies, a key financial metric to consider is the level of liquidity available to sustain operations. Liquidity ratios are one tool that can be used to determine ability to pay off debt obligations.

The capacity to grant internal loans and the level of capital deficits impacts the amount of investment income generated for the annual Operating Budget and the university’s liquidity requirements for working capital and ability to pay off debt obligations. The Moody’s Rating Methodology provides information on the financial resources that are immediately available, to provide financial flexibility or liquidity in periods of extreme financial stress. A lower score (and higher ratio) indicates higher liquidity.

**Moody’s Rating Methodology – public universities outside the United States**

<table>
<thead>
<tr>
<th>Score</th>
<th>1</th>
<th>3</th>
<th>5</th>
<th>7</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash and investments ÷ Net direct debt</td>
<td>&gt;1.5</td>
<td>1.2 - 1.5</td>
<td>0.9 - 1.2</td>
<td>0.6 - 0.9</td>
<td>&lt;0.6</td>
</tr>
</tbody>
</table>

At April 30, 2014, the university’s liquidity position was in a category 3 ranking.

\[
\frac{\text{Net cash and investments in the General Fund}}{\text{Net direct debt (external loans, internal loans and guarantees)}} = \frac{\$364.0 \text{ million}}{\$267.7 \text{ million}} = \text{ratio of 1.36}
\]

The metric when based on the above factors would result in a liquidity ratio of 1.36 and the university would obtain a moderate score of “3” using the Moody’s methodology. This represents an improvement over the prior year, whereby the liquidity ratio was 1.06, with placement in category 5.

**Financial Flexibility**

*This section provides information about and measurements of the sufficiency of our resources and our ability to support priorities.*

The university’s fund balances, or “net worth”, have increased by $159.1 million from the prior year to $2,165.8 million, with increases in the Operating Fund of $48.8 million, in the Capital Fund of $21.6 million, the Research Fund of $29.8 million and in the Endowment Fund of $50.2 million. As the university follows the restricted method for revenue recognition, most research revenue is recognized in advance as contracts are signed or as grants are awarded.
A significant portion of the research fund balance relates to CFI funding, which will be accessed over the next few years as project expenditures are incurred.

The following table provides an overview of the revenues, expenses and fund balances (net assets) for the year by major fund category.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Interfund Transfer</th>
<th>Net increase</th>
<th>Fund Balance April 2013</th>
<th>Fund Balance April 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>$674.6</td>
<td>$609.6</td>
<td>$(16.2)</td>
<td>$48.8</td>
<td>$246.4</td>
<td>$295.2</td>
</tr>
<tr>
<td>Ancillary</td>
<td>54.2</td>
<td>39.2</td>
<td>(11.8)</td>
<td>3.2</td>
<td>(29.8)</td>
<td>(26.6)</td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>36.2</td>
<td>71.7</td>
<td>57.1</td>
<td>21.6</td>
<td>1,250.4</td>
<td>1,272.0</td>
</tr>
<tr>
<td>Research</td>
<td>195.6</td>
<td>116.7</td>
<td>(49.1)</td>
<td>29.8</td>
<td>250.4</td>
<td>280.2</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>13.5</td>
<td>22.2</td>
<td>14.2</td>
<td>5.5</td>
<td>41.4</td>
<td>46.9</td>
</tr>
<tr>
<td>Endowment</td>
<td>44.5</td>
<td>0.1</td>
<td>5.8</td>
<td>50.2</td>
<td>247.9</td>
<td>298.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,018.6</td>
<td>$859.5</td>
<td>$ –</td>
<td>$159.1</td>
<td>$2,006.7</td>
<td>$2,165.8</td>
</tr>
</tbody>
</table>

Within the Operating Fund, the Operating Budget and Reserve component has increased by $29.1 million. This includes the Operating Reserve increase (discussed above) of $10.1 million and includes an increase to college and administrative unit funds of $18.1 million. These increases are offset in part by a decrease in the transition funds, whereby one-time funds have been used to support Operating Budget measures including the faculty incentive plan for retirement program. The deficit shown for Ancillary funds reflects the outstanding loans for new residences, where the corresponding asset is carried in the Capital fund. The Capital fund increase reflects the major building program. The increase to Endowment funds is primarily the result of enhanced investment earnings.

**Metric 1 / Financial Flexibility / Endowment Fund Balance Position**

Endowment funds are those for which the donor has requested the fund principal be maintained in perpetuity, with investment earnings used to support annual expenditures. Thus, endowment funds contain a mix of donations (contributed capital) and accumulated investment earnings (segregated capital). The following chart highlights the endowment fund balances over the past five years.
The University of Saskatchewan’s Academic Priorities Fund (APF) integrates financial and institutional planning to provide additional support to areas of highest institutional priority. For 2013/14, it contains $3.2 million in permanent funding, which is about 1% of the university’s Operating Budget of $470 million. As at April 30, 2014 the APF fund balance was $18.5 million, which represents one-time funds accumulated from previous years. Of this amount, $9.9 million has not been committed. The APF has been used to support initiatives related to research intensiveness, strengthening links between research and teaching and enhancing the teaching and learning experience.

Another measure of endowment sufficiency is comparison to the U15 group of leading research intensive universities in Canada. The University Investment Survey report as at December 31, 2013 (May 2014) issued by the Canadian Association of University Business Officers (CAUBO) provides a comparison of endowments per reported full-time equivalent (FTE) student by institution.

<table>
<thead>
<tr>
<th>Market Value of Endowments per FTE Student CAUBO December 2013</th>
<th>Endowment Funds at December 2013 (000)</th>
<th>Fall 2013 headcount estimates AUCC</th>
<th>Endowment per FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average (U15)</td>
<td>$661,501</td>
<td>33,539</td>
<td>$19,772</td>
</tr>
<tr>
<td>University of Saskatchewan</td>
<td>$276,538</td>
<td>18,933</td>
<td>$14,606</td>
</tr>
<tr>
<td>University of Regina</td>
<td>$34,690</td>
<td>10,644</td>
<td>$3,259</td>
</tr>
</tbody>
</table>

Metric 2 / Financial Flexibility / Academic Priorities Fund Balance and Percentage of Operating Budget

The University of Saskatchewan’s Academic Priorities Fund (APF) integrates financial and institutional planning to provide additional support to areas of highest institutional priority. For 2013/14, it contains $3.2 million in permanent funding, which is about 1% of the university’s Operating Budget of $470 million. As at April 30, 2014 the APF fund balance was $18.5 million, which represents one-time funds accumulated from previous years. Of this amount, $9.9 million has not been committed. The APF has been used to support initiatives related to research intensiveness, strengthening links between research and teaching and enhancing the teaching and learning experience.
Metric 3 / Financial Flexibility / Scholarships and Bursaries

Scholarship and bursary spending increased from the prior year by $1.6 million, to $39.1 million, with $12.2 million for undergraduate support and $26.9 million for graduate support. Over the five-year period since 2009/10, scholarship support has grown by 37%, from $28.6 million to $39.1 million in 2013/14. Of the $39.1 million, the Operating Budget supports $9.6 million.

The following graph provides an overview of the level of scholarship/bursary support compared to tuition revenue for the group of Canadian research universities (U15) and the University of Regina. The University of Saskatchewan is at the median level of about 32%.

Scholarships, Bursaries and Prizes as a Percentage of Tuition and Fees

Financial Sustainability

This section provides information about and measurements of our long-term financial health. These include non-financial statement measures: deferred maintenance backlog; debt and comparison to debt capacity; and comparative “best estimates” position of defined benefit pension plans.

Metric 1 / Financial Sustainability / Deferred Maintenance Backlog

The U of S main campus on College Drive in Saskatoon occupies 744 hectares and includes 164 buildings. Replacement cost of the campus infrastructure was estimated at $5.3 billion at April 30, 2014.

The Facilities Condition Index (FCI) measures the estimated deferred maintenance backlog as a percentage of total replacement value. The following graph shows a continuing trend of improved FCI at the U of S:
The FCI has continued to improve from previous years and is moving closer to the desired range of less than 10%. Information from other universities has not been updated for the current year. The university’s RenewUS program was developed to comprehensively address deferred maintenance, and planning is well underway in identifying necessary actions and required resources to reach program goals.

Capital expansion – enhancing and expanding our facilities – has been an area of focus in recent years. The U of S has benefited greatly from the financial support of numerous partners, including the province, the federal government and donors. Obtaining sufficient funding to maintain the core campus and accommodate infrastructure renewal will continue to be a major focus for the university.

**Metric 2 / Financial Sustainability / Major Capital Project Expenditures**

The following chart illustrates a reduction in capital expansion activities from the unprecedented levels of recent years. On a larger term basis, the expenditure level is still high, with $43 million in expenditures for 35 major projects in 2013/14. The level of major capital expenditures is a continuing reflection of progress on a number of large capital expansion projects, such as Health Sciences and Student Residences which are substantially complete and several others being closed out in 2013/14.
Major project expenditures include $15.5 million on the Health Sciences project, $8.0 million on the Saskatchewan Centre for Innovations in Cyclotron Science, $4.5 million on the Gordon Oakes-Red Bear Student Centre and $4.1 million on the RenewUS Critical Infrastructure projects.

In 2012, 480 new residence beds were available to students. Construction has also been completed on graduate housing (262 beds) in 2013. Graduate House opened to students in September 2013, and operated at 55% occupancy from September to April. With the completion of the undergraduate and graduate student residence facilities, built at a total capital cost of $110 million, residence beds have increased by 1,100 and the number of U of S students who can live in residence has doubled from 6% to 12% (compared to our goal of 15%).

Eventually these residences will become part of the mixed-use village envisioned for the College Quarter. Residences will exist among sports facilities, restaurants and green spaces, enhancing student life and contributing to a richer student experience.

**Metric 3 / Financial Sustainability / Debt Outstanding and Comparison to Debt Capacity Limit**

The university’s capital debt policy was developed in consideration of industry standards, comparator universities, fiscal prudence and the Saskatchewan context. The policy recognizes that the university will incur debt for projects that will produce incremental revenues or cost savings and that have a feasible repayment plan. However, the debt policy places limits on total university borrowing with reference to industry standards used by rating agencies. Current university debt of $188.0 million is at the upper limits of the debt capacity range and far exceeds debt compared to peer universities. This restricts the university’s ability to respond to opportunities and unexpected changes impacting finances.
In spite of these measures, and very favourable investment returns for the past year, going-concern and solvency deficits persist for all three defined benefit pension plans. “Going-concern” and “solvency” are two valuation methods used to determine an employer’s funding obligation. As a result of regulations approved by the Saskatchewan legislature in June 2013, the university along with many other public sector employers is exempt from solvency payment requirements.

Thus, focusing on the going-concern deficit, a funding challenge still remains with a deficit for all three plans of $11.2 million. From an employer’s perspective, for funding purposes as prescribed by regulation, future service and adequate margin are also taken into account, which results in a total deficit for funding purposes of $50.5 million.

### Metric 4 / Financial Sustainability / Pension Plan Comparative “Best Estimate” Position

In response to the investment market crash of 2008/09, the university undertook a scenario analysis that demonstrated the largest and most immediate risk for the university was the potential annual payment obligation related to its three defined benefit pension plans. In addition, the university has two defined contribution plans, whereby the employer contributions are limited to the agreed contribution rates. For 2013, there were 6,215 employees and retirees participating in all five pension plans with total investment assets of just over $1.0 billion.

With the board’s direction and through the work of a number of university departments, much has been accomplished to alleviate the pension plan payment risk. Measures undertaken include:

- developing and approving funding policies for all plans
- negotiating employer and employee contribution increases
- reviewing and revising investment mix

In spite of these measures, and very favourable investment returns for the past year, going-concern and solvency deficits persist for all three defined benefit pension plans. “Going-concern” and “solvency” are two valuation methods used to determine an employer’s funding obligation. As a result of regulations approved by the Saskatchewan legislature in June 2013, the university along with many other public sector employers is exempt from solvency payment requirements.

Thus, focusing on the going-concern deficit, a funding challenge still remains with a deficit for all three plans of $11.2 million. From an employer’s perspective, for funding purposes as prescribed by regulation, future service and adequate margin are also taken into account, which results in a total deficit for funding purposes of $50.5 million.

<table>
<thead>
<tr>
<th>Measure</th>
<th>U of S Policy Metric</th>
<th>April 2013</th>
<th>April 2014</th>
<th>U15 Average (2013/14)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital debt per policy ($ millions)</td>
<td>$198.7</td>
<td>$188.0</td>
<td>$246.74</td>
<td></td>
</tr>
<tr>
<td>Debt Affordability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total capital debt as % of total revenue</td>
<td>&lt; 20%</td>
<td>21%</td>
<td>19%</td>
<td>n/a</td>
</tr>
<tr>
<td>Total Capital Debt as % of revenue available for repayment</td>
<td>&lt; 33%</td>
<td>28%</td>
<td>26%</td>
<td>n/a</td>
</tr>
<tr>
<td>Debt Service Coverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of principal and interest as % of general revenue</td>
<td>&lt; 3%</td>
<td>2.4%</td>
<td>2.3%</td>
<td>n/a</td>
</tr>
<tr>
<td>Resource Allocation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total debt per full-time equivalent (FTE) student</td>
<td>≤ 12,000/ FTE</td>
<td>11,129</td>
<td>10,413</td>
<td>7,278</td>
</tr>
</tbody>
</table>

*Excludes Université Laval and Université de Montréal due to data discovery issues. Excludes U of S.
The going-concern position for funding purposes (including a 5% margin above “best estimates”) has remained almost constant with a combined deficit for the three defined benefit plans of $50.5 million at December 31, 2013 ($54.2 million deficit in the prior year). Higher than expected investment returns were almost offset by liability growth associated with adoption of Canadian mortality tables. Funding policies for each plan establish an acceptable surplus range of 105% to 120% of “best-estimates” liabilities. As highlighted in the graph above, at December 31, 2013, all three plans were outside of that range and only the Academic Defined Benefit Plan was above 100%.

In accordance with the recently approved pension payment regulations, annual payments based on the “enhanced going-concern” option can be amortized over a 9-year period and, with interest, annual payments of $6.9 million (effective January 1, 2014) are required.

Looking Ahead

Through the efforts of many creative and dedicated faculty and staff across the university, significant progress has been made in closing the projected gap between our revenue and expenses.

Progress to date affords us time to slow down and assess, but it does not mean that financial sustainability measures will stop. As a publicly funded organization, we must be ever vigilant to ensure that we spend within our means and employ resources entrusted to us to full advantage. Based on the Operating Budget for 2014/15 (approved by the board in May 2014), with expenditures of $497 million, an operating deficit of $3.1 million is projected. This budget deficit of $3.1 million will be addressed during the year by continuing to prudently manage spending and implementing additional measures during the year.

As we look forward and develop the Operations Forecast for 2015/16 (the Operating Budget funding request of the Ministry of Advanced Education), we are modeling a 2% grant increase. Given the relative funding advantage we have enjoyed in provincial support and the funding constraints faced by the province, in our view 2% is a realistic request. It will however, require a continued emphasis on financial sustainability for the long term, and ensuring that our expenditures are aligned with revenues, with an expectation that through these efforts the cost of operations in the future will escalate only at the rate of inflation.

For the coming year, we continue to pursue revenue generation opportunities and we will build on foundational work completed in the Maximizing Value of University Spend project. Other initiatives focused on improving services to enable teaching and research to flourish. Of keen interest is the shared services project designed to improve administrative services provided to faculty, researchers and students. The university also continues with the College of Medicine restructuring under the leadership of a new Dean, most critically to assure accreditation and with a major long-term focus on increasing research outcomes.
Consolidated Financial Statements

2013/14
Statement of Administrative Responsibility for Financial Reporting

The administration of the university is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Canadian generally accepted accounting principles. The administration believes that the consolidated financial statements fairly present the financial position of the university as of April 30, 2014 and the results of its operations and the changes in its fund balances for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal controls designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The integrity of the internal controls is reviewed on an ongoing basis by the Audit Services Division.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee, which is a committee of the Board of Governors. The external and internal auditors have access to the Audit Committee, with or without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2014 have been reported on by the Provincial Auditor of the Province of Saskatchewan, the external auditor appointed under The University of Saskatchewan Act, 1995. The Auditor’s Report outlines the scope of her examination and provides her opinion on fairness of presentation of the information in the financial statements.

Gordon Barnhart
Interim President

Greg Fowler
Vice-President (Finance and Resources)
Independent Auditor’s Report

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying consolidated financial statements of University of Saskatchewan, which comprise the consolidated statement of financial position as at April 30, 2014, and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations for Treasury Board’s approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Saskatchewan as at April 30, 2014, and the consolidated results of its operations and changes in fund balances and consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Saskatchewan
July 29, 2014

Judy Ferguson, FCA
Acting Provincial Auditor
## UNIVERSITY OF SASKATCHEWAN
### Consolidated Statement of Financial Position
As at April 30 ($ thousands)

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Restricted</th>
<th>Endowment</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term investments (Note 4)</td>
<td>$(65,043)</td>
<td>$133,843</td>
<td>$5,118</td>
<td>$73,918</td>
<td>$33,496</td>
</tr>
<tr>
<td>Accounts receivable (Note 5)</td>
<td>25,356</td>
<td>145,740</td>
<td>-</td>
<td>171,096</td>
<td>194,889</td>
</tr>
<tr>
<td>Inventories (Note 6)</td>
<td>13,292</td>
<td>-</td>
<td>-</td>
<td>13,292</td>
<td>13,535</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7,669</td>
<td>99</td>
<td>-</td>
<td>7,768</td>
<td>7,048</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(18,726)</td>
<td>279,682</td>
<td>5,118</td>
<td>266,074</td>
<td>248,968</td>
</tr>
<tr>
<td><strong>Long-Term Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term accounts receivable (Note 7)</td>
<td>72</td>
<td>44,767</td>
<td>-</td>
<td>44,839</td>
<td>18,236</td>
</tr>
<tr>
<td>Long-term investments (Note 8)</td>
<td>429,386</td>
<td>52,166</td>
<td>292,252</td>
<td>773,804</td>
<td>685,531</td>
</tr>
<tr>
<td>Other assets</td>
<td>771</td>
<td>1,758</td>
<td>700</td>
<td>3,229</td>
<td>3,183</td>
</tr>
<tr>
<td>Capital assets (Note 9)</td>
<td>-</td>
<td>1,420,948</td>
<td>-</td>
<td>1,420,948</td>
<td>1,413,240</td>
</tr>
<tr>
<td>Employee future benefits (Note 15)</td>
<td>3,458</td>
<td>-</td>
<td>-</td>
<td>3,458</td>
<td>2,401</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>433,687</td>
<td>1,519,639</td>
<td>292,952</td>
<td>2,246,278</td>
<td>2,122,591</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (Note 10)</td>
<td>$81,230</td>
<td>$11,612</td>
<td>-</td>
<td>$92,842</td>
<td>$87,404</td>
</tr>
<tr>
<td>Deferred revenue (Note 11)</td>
<td>29,673</td>
<td>14</td>
<td>-</td>
<td>29,687</td>
<td>28,048</td>
</tr>
<tr>
<td>Loans (Note 12)</td>
<td>-</td>
<td>109,552</td>
<td>-</td>
<td>109,552</td>
<td>113,740</td>
</tr>
<tr>
<td>Risk management liabilities (Note 13)</td>
<td>3,589</td>
<td>16,507</td>
<td>-</td>
<td>20,096</td>
<td>31,565</td>
</tr>
<tr>
<td>Current portion - long-term debt (Note 14)</td>
<td>21</td>
<td>6,192</td>
<td>-</td>
<td>6,213</td>
<td>6,200</td>
</tr>
<tr>
<td>Current portion - employee future benefits (Note 15)</td>
<td>1,009</td>
<td>-</td>
<td>-</td>
<td>1,009</td>
<td>770</td>
</tr>
<tr>
<td>Current portion - capital lease obligation (Note 16)</td>
<td>66</td>
<td>-</td>
<td>-</td>
<td>66</td>
<td>73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>115,588</td>
<td>143,877</td>
<td>-</td>
<td>259,465</td>
<td>267,800</td>
</tr>
<tr>
<td><strong>Long-Term Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt (Note 14)</td>
<td>46</td>
<td>47,141</td>
<td>-</td>
<td>47,187</td>
<td>53,400</td>
</tr>
<tr>
<td>Employee future benefits (Note 15)</td>
<td>29,600</td>
<td>-</td>
<td>-</td>
<td>29,600</td>
<td>34,664</td>
</tr>
<tr>
<td>Capital lease obligation (Note 16)</td>
<td>48</td>
<td>-</td>
<td>-</td>
<td>48</td>
<td>112</td>
</tr>
<tr>
<td>Accrued decommissioning costs (Note 17)</td>
<td>-</td>
<td>9,171</td>
<td>-</td>
<td>9,171</td>
<td>7,681</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>1,051</td>
<td>-</td>
<td>-</td>
<td>1,051</td>
<td>1,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,745</td>
<td>56,312</td>
<td>-</td>
<td>87,057</td>
<td>97,072</td>
</tr>
<tr>
<td><strong>Fund Balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Externally restricted funds (Note 19)</td>
<td>-</td>
<td>327,762</td>
<td>126,299</td>
<td>454,061</td>
<td>388,570</td>
</tr>
<tr>
<td>Externally restricted permanent endowments (Note 19)</td>
<td>-</td>
<td>-</td>
<td>127,836</td>
<td>127,836</td>
<td>121,995</td>
</tr>
<tr>
<td>Internally restricted funds (Note 20)</td>
<td>278,557</td>
<td>38,984</td>
<td>43,935</td>
<td>361,476</td>
<td>315,200</td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>-</td>
<td>1,232,386</td>
<td>-</td>
<td>1,232,386</td>
<td>1,205,792</td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td>(9,929)</td>
<td>-</td>
<td>-</td>
<td>(9,929)</td>
<td>(24,870)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>268,628</td>
<td>1,599,132</td>
<td>298,070</td>
<td>2,165,830</td>
<td>2,006,687</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Restricted</th>
<th>Endowment</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$414,961</td>
<td>$1,799,321</td>
<td>$298,070</td>
<td>$2,512,352</td>
<td>$2,371,559</td>
</tr>
</tbody>
</table>

Commitments and Contingencies (Note 21)
See accompanying notes and schedules to consolidated financial statements
## Consolidated Statement of Operations and Changes in Fund Balances

**For the Year Ended April 30, 2014 ($ thousands)**

### Revenues

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td><strong>Restricted</strong></td>
<td><strong>Endowment</strong></td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>728,822</td>
<td>245,330</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Canada</td>
<td>$ 5,025</td>
<td>$ 64,276</td>
</tr>
<tr>
<td>Government of Saskatchewan</td>
<td>408,433</td>
<td>92,455</td>
</tr>
<tr>
<td>Other governments</td>
<td>20,436</td>
<td>1,434</td>
</tr>
<tr>
<td>Non-government</td>
<td>7,838</td>
<td>55,455</td>
</tr>
<tr>
<td>Student fees</td>
<td>127,411</td>
<td>-</td>
</tr>
<tr>
<td>Gifts, grants and bequests</td>
<td>6,047</td>
<td>15,180</td>
</tr>
<tr>
<td>Sales of services and products</td>
<td>98,569</td>
<td>26</td>
</tr>
<tr>
<td>Income from investments</td>
<td>30,826</td>
<td>16,088</td>
</tr>
<tr>
<td>Real estate income</td>
<td>5,229</td>
<td>157</td>
</tr>
<tr>
<td>Royalties</td>
<td>13,304</td>
<td>16</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>5,704</td>
<td>243</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>728,822</strong></td>
<td><strong>245,330</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td><strong>Restricted</strong></td>
<td><strong>Endowment</strong></td>
</tr>
<tr>
<td>Salaries (Note 22)</td>
<td>416,351</td>
<td>62,932</td>
</tr>
<tr>
<td>Employee benefits (Note 23)</td>
<td>49,720</td>
<td>5,782</td>
</tr>
<tr>
<td>Operational supplies and expenses</td>
<td>108,278</td>
<td>28,435</td>
</tr>
<tr>
<td>Travel</td>
<td>12,731</td>
<td>6,537</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>17,967</td>
<td>7</td>
</tr>
<tr>
<td>Maintenance, rental and renovations</td>
<td>16,332</td>
<td>1,649</td>
</tr>
<tr>
<td>Utilities</td>
<td>24,956</td>
<td>31</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>73,081</td>
</tr>
<tr>
<td>Scholarships, bursaries and awards</td>
<td>3,505</td>
<td>35,600</td>
</tr>
<tr>
<td>Interest (Note 24)</td>
<td>(1,446)</td>
<td>(3,938)</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>361</td>
<td>7</td>
</tr>
<tr>
<td>Decommissioning costs (Note 17)</td>
<td>-</td>
<td>499</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>648,755</strong></td>
<td><strong>210,622</strong></td>
</tr>
</tbody>
</table>

### Excess of Revenues over Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interfund transfers (Note 28)</td>
<td>(28,014)</td>
<td>22,245</td>
</tr>
</tbody>
</table>

### Net Increase in Fund Balances for Year

<table>
<thead>
<tr>
<th>Fund Balances, Beginning of Year</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>216,575</td>
<td>1,542,179</td>
<td>247,933</td>
</tr>
</tbody>
</table>

### Fund Balances, End of Year

<table>
<thead>
<tr>
<th>Fund Balances, End of Year</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 268,628</td>
<td>$ 1,599,132</td>
<td>$ 298,070</td>
</tr>
<tr>
<td>$ 2,165,830</td>
<td>$ 2,006,687</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes and schedules to consolidated financial statements.
UNIVERSITY OF SASKATCHEWAN  
Consolidated Statement of Cash Flows  
For the Year Ended April 30, 2014 ($ thousands)

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>General</th>
<th>Restricted</th>
<th>Endowment</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received from Government of Canada</td>
<td>$1,301</td>
<td>$69,659</td>
<td>-</td>
<td>$70,960</td>
<td>$90,051</td>
</tr>
<tr>
<td>Cash received from Government of Saskatchewan</td>
<td>411,941</td>
<td>77,874</td>
<td>-</td>
<td>489,815</td>
<td>425,069</td>
</tr>
<tr>
<td>Cash received from other governments</td>
<td>25,776</td>
<td>2,230</td>
<td>-</td>
<td>28,006</td>
<td>18,584</td>
</tr>
<tr>
<td>Cash received from non-government</td>
<td>10,761</td>
<td>49,459</td>
<td>-</td>
<td>60,220</td>
<td>52,535</td>
</tr>
<tr>
<td>Cash received from student fees</td>
<td>127,191</td>
<td>-</td>
<td>-</td>
<td>127,191</td>
<td>121,555</td>
</tr>
<tr>
<td>Cash received from gifts, grants and bequests</td>
<td>4,707</td>
<td>12,488</td>
<td>-</td>
<td>17,195</td>
<td>20,424</td>
</tr>
<tr>
<td>Cash received from sales of services and products</td>
<td>99,071</td>
<td>26</td>
<td>-</td>
<td>99,097</td>
<td>99,771</td>
</tr>
<tr>
<td>Cash received from royalties and licensing</td>
<td>15,445</td>
<td>16</td>
<td>-</td>
<td>15,461</td>
<td>10,265</td>
</tr>
<tr>
<td>Cash received from miscellaneous income</td>
<td>5,705</td>
<td>244</td>
<td>-</td>
<td>5,949</td>
<td>7,484</td>
</tr>
<tr>
<td>Cash paid for salaries and benefits</td>
<td>(457,652)</td>
<td>(69,628)</td>
<td>-</td>
<td>(527,280)</td>
<td>(516,214)</td>
</tr>
<tr>
<td>Cash paid for non-salary expenditures</td>
<td>(15,461)</td>
<td>(10,368)</td>
<td>-</td>
<td>(25,839)</td>
<td>(62,155)</td>
</tr>
</tbody>
</table>

Cash generated from operating activities | 56,705 | 64,679 | (62) | 121,322 | 89,717 |

Cash flow from financing and investment activities

| Cash received from income from investments | 15,275 | 3,832 | 14,936 | 34,043 | 19,709 |
| Distribution of income from investments | 2,039 | 7,079 | (9,118) | - | - |
| Contributions of cash for endowments | - | - | 3,571 | 3,571 | 7,765 |
| Cash received from real estate income | 6,154 | 157 | - | 6,311 | 4,957 |
| Cash received from debt financing | - | - | - | - | 153,046 |
| Debt financing repayments | (93) | (10,368) | - | (10,461) | (62,155) |
| Purchase of capital assets | - | (84,924) | - | (84,924) | (137,198) |
| Purchase of investments | (11,117) | (2,643) | (15,680) | (29,440) | (46,625) |

Cash generated from (used for) financing and investment activities

| 12,258 | (86,867) | (6,291) | (80,900) | (60,501) |

Net increase (decrease) in cash | 68,963 | (22,188) | (6,353) | 40,422 | 29,216 |

Interfund transfers

| (28,014) | 22,245 | 5,769 | - | - |

Cash (bank indebtedness), beginning of year | (105,992) | 133,786 | 5,702 | 33,496 | 4,280 |

Cash (bank indebtedness), end of year

| $ (65,043) | $133,843 | $5,118 | $73,918 | $33,496 |

See accompanying notes and schedules to consolidated financial statements
THE UNIVERSITY OF SASKATCHEWAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2014
(THOUSANDS OF DOLLARS)

1. Authority and Purpose
“The University of Saskatchewan” (university) is a corporation operating under the authority of The University of Saskatchewan Act, 1995, Chapter U-6.1 of the statutes of Saskatchewan. The primary role of the university is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The university is a registered charity and is therefore exempt from the payment of income tax, pursuant in section 149 of the Income Tax Act (Canada).

2. Summary of Significant Accounting Policies and Reporting Practices
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The following accounting policies and reporting practices are considered significant:

a) Basis of consolidation
The consolidated financial statements include the accounts of the following entities:

- Agrivita Canada Inc., a not-for-profit corporation incorporated under the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act whose sole member is the University of Saskatchewan. The company promotes, targets, and funds research, training, and service initiatives in various disciplines for purposes related to agricultural health and safety for industry and farm workers, rural residents and families, and the impact of agricultural activities on the general public.

- Canadian Light Source Inc. (CLSI), a not-for-profit corporation incorporated under The Non-profit Corporations Act, 1995 whose sole member is the University of Saskatchewan. The company’s mandate is to advance Canadian scientific and industrial capabilities in synchrotron science and technical applications. The company is responsible for the operation and conduct of all activities related to the university’s synchrotron light facility, its operation and performance.

- Prairie Swine Centre Inc., a not-for-profit corporation incorporated under The Non-profit Corporations Act, 1995 whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.

- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the university incorporated under The Business Corporations Act, participates in real estate investment activities.

- University of Saskatchewan Crown Foundation, a not-for-profit entity incorporated under The Crown Foundation Act. The foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan. On July 31, 2013 The Crown Foundation Act was repealed, effectively winding up the University of Saskatchewan Crown Foundation.

- 7541457 Canada Inc., a wholly owned subsidiary of the university incorporated under the Canada Corporations Act for the commercialization of technology developed by researchers in the University of Saskatchewan Toxicology Centre.


- The Sylvia Fedoruk Canadian Centre for Nuclear Innovation (SFCCNI), a not-for-profit corporation incorporated under the Canada Not-for-profit Corporations Act whose sole member is the University of Saskatchewan. The mandate of the company is to place Saskatchewan among global leaders in nuclear research, development and training through investment in partnerships with academia and industry, for maximum societal and economic benefit.
2. Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Fund accounting

The university follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The university has classified accounts with similar characteristics into major funds as follows:

i) The General Fund is unrestricted and accounts for the university’s program delivery, service and administrative activities. This fund is further classified as Operating and Ancillary.

The Operating Fund accounts for the university’s functions of instruction (including academic support services), administrative services, plant maintenance and other operating activities.

The Ancillary Fund provides goods and services to the university community which is supplementary to the functions of instruction, research and service and is expected to operate on at least a break-even basis.

ii) The Restricted Fund carries restrictions on the use of resources for particular defined purposes. This fund is further classified as Capital, Research and Student Financial Aid.

The Capital Fund accounts for the acquisition of capital assets, major renovations and improvements to capital assets.

The Research Fund accounts for activities in support of research.

The Student Financial Aid accounts for activities in support of students.

iii) The Endowment Fund accounts for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation. The amount recapitalized each year will vary from year to year with variability in annual investment returns, but over time it is intended that the recapitalized amount will offset the cumulative effect of inflation.

c) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted grants subject to an external annual appropriation process will be recognized in accordance with the funder’s appropriation period.

Contracts are recorded as revenue as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded.

Student fees are recognized as revenue in the year courses and seminars are held. Sales of services and products are recognized at time of sale or when the service has been provided.

Unrestricted contributions are recorded as revenue in the period received or receivable, if collection is reasonably assured. Gifts-in-kind are recorded at their fair value on the date of receipt or at nominal value when fair value cannot be reasonably determined. Pledges from fund raising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund.

Investment returns are recorded as revenue when reasonable assurance exists regarding measurement and collectability. Unrestricted investment income is recognized as revenue of the General Fund. Investment income earned on Endowment Fund resources is recorded in the appropriate Fund according to the restrictions mandated.
2. Summary of Significant Accounting Policies and Reporting Practices (continued)

c) Revenue recognition (continued)

Real estate, royalty and miscellaneous income, as follows, are recorded when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured:

- Unrestricted income is recorded in the General Fund.
- Restricted income is recognized as revenue of the appropriate restricted fund.

d) Contributed services and materials

These financial statements do not report the value of contributed volunteer hours as the fair value of such is not practically determinable. Gifts-in-kind are recorded where a formal valuation is available.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Examples of significant estimates include: the allowance for doubtful accounts, the estimated useful lives of assets, the accruals for salaries and benefits, and certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefits obligations, plan assets, real estate values, decommissioning costs and provision for claims payable.

f) Capital assets

Purchased and constructed capital assets are recorded at cost. Capital assets which are constructed by the university are recorded as Construction in Progress until the capital asset is put into use. The university reports donated capital assets at fair market value upon receipt. With the exception of library collections, collections are not capitalized or amortized. All additions to collections are expensed in the year acquired. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives as shown below. Amortization is not provided on projects in progress until the assets are in use. Asset retirement obligations and associated asset retirement costs are discussed in i) Decommissioning obligation, below.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>40 years</td>
</tr>
<tr>
<td>CLSI facility retirement costs</td>
<td>30 years</td>
</tr>
<tr>
<td>Site improvements</td>
<td>20 years</td>
</tr>
<tr>
<td>Computers</td>
<td>3 years</td>
</tr>
<tr>
<td>Equipment and furnishings</td>
<td>3 to 10 years</td>
</tr>
<tr>
<td>Library materials</td>
<td>10 years</td>
</tr>
</tbody>
</table>

g) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the average cost method, with the exception of livestock, poultry and other farm products which are stated at the market value. Market is defined as market quotations for livestock and replacement cost for other farm products.
2. Summary of Significant Accounting Policies and Reporting Practices (continued)

h) Employee future benefits

When future salary levels or cost escalation affect the amount of the benefit, the cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. The university accrues this obligation using the immediate recognition approach, based on an actuarial valuation report prepared for funding purposes. The net amount of the accrued benefit obligation and the fair value of plan assets is recognized in the statement of financial position, with actuarial gains and losses included in the cost of the plan in the year they arise.

The university accrues its obligations for non-pension employee future benefits for eligible employees using the immediate recognition method – see Note 15. These benefits include long-term disability payments, post-retirement life insurance or spending accounts, retirement recognition benefit and benefit continuation for disabled employees.

The cost of non-pension post-retirement and post-employment benefits relating to long-term disability and other employee future benefits is actuarially determined using the projected benefit method prorated on service and management’s best estimates for the discount rate for liabilities, the expected rate of return on assets, retirement ages and expected future cost trends. The net amount of the accrued benefit obligation and the fair value of plan assets is recognized in the balance sheet, with actuarial gains and losses included in the cost of the plan in the year they arise.

i) Decommissioning obligation

CLSI recognizes obligations for future decommissioning site restoration costs in the period during which they occur. The associated facility retirement costs are capitalized as a part of the carrying amount of the asset and amortized over its useful life. The liability and related asset are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

j) Financial instruments

The university’s financial instruments are measured as follows:

<table>
<thead>
<tr>
<th>Assets/Liabilities</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Fair value</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Investments, short-term and long-term</td>
<td>Fair value</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Employee benefit liabilities</td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Loans</td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Natural gas and interest rate swaps</td>
<td>Fair value</td>
</tr>
<tr>
<td>Long-term debt, including current portion</td>
<td>Amortized cost</td>
</tr>
</tbody>
</table>

k) Derivative financial instruments

The university uses derivative financial instruments, principally interest rate swap agreements on specific loans and natural gas commodity swap agreements, in its management of exposure to fluctuations in interest rates and natural gas rates. Derivative financial instruments are adjusted to fair value on a monthly basis with the change in fair value recorded in the statement of operations. See Note 13 below.
3. Disclosure of Other Significant Relationships

Prairie Diagnostic Services is a not-for-profit corporation incorporated under The Non-profit Corporations Act, 1995 owned by the Government of Saskatchewan and the University of Saskatchewan. The laboratory operating in Saskatoon provides veterinary diagnostic services and animal health care and supports the training of undergraduate and graduate veterinarians at the Western College of Veterinary Medicine.

The Saskatchewan Food Industry Development Centre Inc. is a not-for-profit organization incorporated under The Non-profit Corporations Act, 1995 owned by the Government of Saskatchewan, the Saskatchewan Food Processors Association and the University of Saskatchewan. It is a federally inspected food manufacturing facility that aids in the development of value-added processing in Saskatchewan.

The University of Saskatchewan is the host institution for PREVENT (Pan-Provincial Vaccine Enterprise Inc.), a not-for-profit organization incorporated under The Non-profit Corporations Act, 1995 formed to promote the commercialization of Canada’s vaccine industry. PREVENT’s founding institutions are the University of Saskatchewan, the B.C. Centre for Disease Control (BCCDC) and the Canadian Centre for Vaccinology. Current members are the University of Saskatchewan, the University of British Columbia and Dalhousie University.

All transactions with the above organizations are accounted for at cost in university's financial statements.

4. Cash and short-term investments

<table>
<thead>
<tr>
<th></th>
<th>April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Cash</td>
<td>$72,936</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>982</td>
</tr>
<tr>
<td></td>
<td>$73,918</td>
</tr>
</tbody>
</table>

5. Accounts Receivable

Accounts Receivable are comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>General</td>
<td>$14,109</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,072</td>
</tr>
<tr>
<td>Grants and contracts related to general funds</td>
<td>2,536</td>
</tr>
<tr>
<td>Grants and contracts related to student financial aid</td>
<td>2,106</td>
</tr>
<tr>
<td>Grants and contracts related to research</td>
<td>108,691</td>
</tr>
<tr>
<td>Grants and contracts related to capital</td>
<td>31,940</td>
</tr>
<tr>
<td>Other restricted</td>
<td>2,886</td>
</tr>
<tr>
<td>Other unrestricted</td>
<td>4,305</td>
</tr>
<tr>
<td>Student fees</td>
<td>5,316</td>
</tr>
<tr>
<td>Student loans</td>
<td>106</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(1,971)</td>
</tr>
<tr>
<td></td>
<td>$171,096</td>
</tr>
</tbody>
</table>
6. **Inventory**

<table>
<thead>
<tr>
<th></th>
<th>April 30</th>
<th></th>
<th></th>
<th>April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td></td>
<td>2013</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Beginning of Year</td>
<td>Net Change</td>
<td>End of Year</td>
<td>End of Year</td>
</tr>
<tr>
<td>College of Agriculture and Bioresources</td>
<td>$2,135</td>
<td>$(342)</td>
<td>$1,793</td>
<td>$2,135</td>
</tr>
<tr>
<td>College of Dentistry</td>
<td>232</td>
<td>(1)</td>
<td>231</td>
<td>232</td>
</tr>
<tr>
<td>Western College of Veterinary Medicine</td>
<td>671</td>
<td>137</td>
<td>808</td>
<td>671</td>
</tr>
<tr>
<td><strong>Other Units</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Services</td>
<td>4,202</td>
<td>84</td>
<td>4,286</td>
<td>4,202</td>
</tr>
<tr>
<td>Facilities Management Division</td>
<td>2,098</td>
<td>(395)</td>
<td>1,703</td>
<td>2,098</td>
</tr>
<tr>
<td>Vaccine and Infectious Disease Organization (VIDO)</td>
<td>107</td>
<td>68</td>
<td>175</td>
<td>107</td>
</tr>
<tr>
<td>Other</td>
<td>442</td>
<td>(3)</td>
<td>439</td>
<td>442</td>
</tr>
<tr>
<td><strong>Subsidiaries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CLSI</td>
<td>3,215</td>
<td>265</td>
<td>3,480</td>
<td>3,215</td>
</tr>
<tr>
<td>Prairie Swine Centre Inc.</td>
<td>433</td>
<td>(56)</td>
<td>377</td>
<td>433</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$13,535</td>
<td>$(243)</td>
<td>$13,292</td>
<td>$13,535</td>
</tr>
</tbody>
</table>

7. **Long-term Accounts Receivable**

Long-term accounts receivable reflect the fair value of non-government grants receivable in subsequent years, as follows:

<table>
<thead>
<tr>
<th></th>
<th>April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
<td>$-</td>
</tr>
<tr>
<td>2016</td>
<td>20,246</td>
</tr>
<tr>
<td>2017</td>
<td>18,284</td>
</tr>
<tr>
<td>2018</td>
<td>4,604</td>
</tr>
<tr>
<td>2019</td>
<td>495</td>
</tr>
<tr>
<td>2020</td>
<td>360</td>
</tr>
<tr>
<td>2021</td>
<td>350</td>
</tr>
<tr>
<td>2022</td>
<td>350</td>
</tr>
<tr>
<td>2023</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$44,839</td>
</tr>
</tbody>
</table>
8. **Long-term Investments**

The objective of the university’s long-term investment policy is two-fold: 1) to ensure the safety and availability of assets for near term operating purposes; 2) to maximize earnings for endowment and non-endowment assets not required for near term operating purposes, at an acceptable risk level.

The long-term investment portfolio includes endowment assets as well as the portion of non-endowment assets that will not be required for spending in the next fiscal year. Asset allocations are as follows:

<table>
<thead>
<tr>
<th></th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income</td>
<td>$331,415</td>
<td>$443,063</td>
</tr>
<tr>
<td>Canadian equities</td>
<td>135,959</td>
<td>70,500</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>269,014</td>
<td>153,858</td>
</tr>
<tr>
<td>Real estate</td>
<td>37,416</td>
<td>18,110</td>
</tr>
</tbody>
</table>

$773,804 $685,531

9. **Capital Assets**

<table>
<thead>
<tr>
<th></th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Accumulated Amortization</td>
<td>Net Book Value</td>
</tr>
<tr>
<td>Buildings</td>
<td>$1,533,404</td>
<td>$405,401</td>
</tr>
<tr>
<td>CLSI facility retirement costs</td>
<td>7,593</td>
<td>1,266</td>
</tr>
<tr>
<td>Site improvements</td>
<td>116,274</td>
<td>47,035</td>
</tr>
<tr>
<td>Computers</td>
<td>114,193</td>
<td>104,451</td>
</tr>
<tr>
<td>Equipment and furnishings</td>
<td>360,185</td>
<td>269,051</td>
</tr>
<tr>
<td>Land</td>
<td>6,573</td>
<td>-</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>94,555</td>
<td>-</td>
</tr>
<tr>
<td>Library materials</td>
<td>145,066</td>
<td>129,953</td>
</tr>
</tbody>
</table>

$2,377,843 $957,157 $1,420,686 $1,412,879

Assets acquired under capital lease obligation

<table>
<thead>
<tr>
<th></th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment and furnishings</td>
<td>778</td>
<td>516</td>
</tr>
</tbody>
</table>

$2,378,621 $957,673 $1,420,948 $1,413,240

10. **Accounts Payable and Accrued Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-governmental accounts payable and accrued liabilities</td>
<td>$79,161</td>
<td>$73,949</td>
</tr>
<tr>
<td>Governmental remittances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales taxes</td>
<td>350</td>
<td>270</td>
</tr>
<tr>
<td>Payroll related taxes</td>
<td>13,331</td>
<td>13,185</td>
</tr>
</tbody>
</table>

$92,842 $87,404
11. Deferred Revenue

<table>
<thead>
<tr>
<th></th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student fees</td>
<td>$5,771</td>
<td>$5,844</td>
</tr>
<tr>
<td>Unearned revenue - Ancillary operations</td>
<td>2,009</td>
<td>629</td>
</tr>
<tr>
<td>Unearned revenue - Clinical services</td>
<td>305</td>
<td>173</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>21,602</td>
<td>21,402</td>
</tr>
<tr>
<td></td>
<td><strong>$29,687</strong></td>
<td><strong>$28,048</strong></td>
</tr>
</tbody>
</table>

Student fees relate to fees received prior to April 30th for courses and programs offered after that date.

Unearned revenue – Ancillary operations relates to fees received prior to April 30th for student residences, parking, food services, hospitality services and the bookstore for services after that date. The current year also includes unearned revenue associated with College Quarter Hotel.

Unearned revenue – Clinical services relates to unspent externally restricted funding received prior to April 30th for services provided subsequent to the date.

Deferred contributions represent unspent externally restricted funding for programs and projects, relating to the university’s primary role of post-secondary instruction, that do not directly pertain to one of the defined restricted funds.

12. Loans

<table>
<thead>
<tr>
<th></th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stadium Parkade (a)</td>
<td>$10,626</td>
<td>$11,034</td>
</tr>
<tr>
<td>Annual Sustaining Capital Borrowing (b)</td>
<td>24,944</td>
<td>27,243</td>
</tr>
<tr>
<td>College Quarter Undergraduate Residence (c)</td>
<td>43,094</td>
<td>44,083</td>
</tr>
<tr>
<td>College Quarter Graduate Residence (d)</td>
<td>30,888</td>
<td>31,380</td>
</tr>
<tr>
<td></td>
<td><strong>$109,552</strong></td>
<td><strong>$113,740</strong></td>
</tr>
</tbody>
</table>

The university holds a 365 day credit facility utilizing monthly revolving Banker’s Acceptance Loans (BAC) with the Royal Bank. The term credit facility allows the university to obtain a favourable rate. The interest rate risk for each Banker’s Acceptance Loan is managed through an interest rate swap agreement (for interest rate swaps see Note 13). Details are as follows:

a) Royal Bank Banker’s Acceptance Loan – Canadian Banker’s Acceptance Canadian Deposit Offering Rate (CDOR) + spread of 0.21%, revolves monthly at progressively smaller amounts based on 25 year amortization until September 2029; repayable in full September 2014.

b) Royal Bank Banker’s Acceptance Loan – CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 15 year amortization, with end dates between January 2020 to November 2026; repayable in full between August and September 2014. Debt outstanding reflects the obligation incurred as a result of annual borrowing (since 2004/05) to fund on-going capital requirements, net of principal payments to date.

c) Royal Bank Banker’s Acceptance Loan – CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 25 year amortization until October 2036 and September 2037; repayable in full August 2014.

d) Royal Bank Banker’s Acceptance Loan – CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 30 year amortization until January 2043; repayable in full September 2014.

The university maintains a $15 million revolving demand facility with the Royal Bank of Canada to manage general operating requirements. Borrowings are at RBC Prime minus 0.5%. As of April 30, 2014, there was no borrowing outstanding under the facility.
13. Risk Management Liabilities

<table>
<thead>
<tr>
<th>Natural gas commodity swap agreements (a)</th>
<th>April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>$3,589</td>
</tr>
</tbody>
</table>

Interest rate swap agreements (b)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$16,507</td>
<td>$26,514</td>
</tr>
</tbody>
</table>

$20,096 $31,565

To manage the risk of fluctuating natural gas prices the university has entered into the following natural gas commodity swap agreements with the Royal Bank of Canada:

a) Natural Gas Commodity Swap Agreements

<table>
<thead>
<tr>
<th>Agreement Date</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 15, 2010</td>
<td>$2,187</td>
<td>$3,349</td>
</tr>
<tr>
<td>December 16, 2010</td>
<td>1,342</td>
<td>1,560</td>
</tr>
<tr>
<td>January 17, 2012</td>
<td>60</td>
<td>142</td>
</tr>
</tbody>
</table>

$3,589 $5,051

i. A natural gas commodity swap agreement entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 1,200 Gigajoules (GJ) of natural gas per day between November 1, 2012 and October 31, 2015 and 650 GJ of natural gas per day between November 1, 2015 and October 31, 2020 at rates from $4.90/GJ to $6.54/GJ.

ii. A natural gas commodity swap agreement entered into December 16, 2010 which fixes the natural gas rates on a notional quantity of 650 GJ of natural gas per day between November 1, 2015 and October 31, 2019 at rates from $5.23/GJ to $6.27/GJ.

iii. A natural gas commodity agreement entered into January 17, 2012 which fixes the natural gas rates on a notional quantity of 725 GJ of natural gas per day between November 1, 2015 and October 31, 2016 at a rate of $4.25/GJ.

To manage the interest rate exposure associated with loans (see Note 12) the university has entered into the following interest rate swap agreements with the Royal Bank of Canada (RBC) and Bank of Montreal (BMO):

b) Interest Rate Swap Agreements

<table>
<thead>
<tr>
<th>Loan Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stadium Parkade (see Note 12)</td>
<td>$2,531</td>
<td>$3,353</td>
</tr>
<tr>
<td>Annual Sustaining Capital Borrowing (see Note 12)</td>
<td>2,109</td>
<td>3,187</td>
</tr>
<tr>
<td>College Quarter Undergraduate Residence (see Note 12)</td>
<td>7,254</td>
<td>11,115</td>
</tr>
<tr>
<td>College Quarter Graduate Residence (see Note 12)</td>
<td>4,862</td>
<td>8,180</td>
</tr>
<tr>
<td>Academic Health Sciences (see Note 14)</td>
<td>(249)</td>
<td>679</td>
</tr>
</tbody>
</table>

$16,507 $26,514

The fair value for the interest rate swaps are determined by mark-to-market valuations provided by RBC and BMO:

iv. Interest is at 5.786%; agreement terminates September 2029.

v. Interest rates vary from 2.77% to 5.3%; agreements terminate in January 2020 and November 2026.

vi. Interest rate of 4.63% and 4.57%; agreements terminate in October 2036 and September 2037.

vii. Interest rate of 4.37%; agreement terminates in January 2043.

viii. Interest rate of 1.93%; agreement terminates in December 2022.
14. Long-term Debt

<table>
<thead>
<tr>
<th>Loan Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada Mortgage and Housing Corp. (CMHC) – 6.875% debentures due May 1 and</td>
<td>$ 1,270</td>
<td>$ 1,420</td>
</tr>
<tr>
<td>September 1, 2020. These loans are repayable in equal semi-annual installments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of $123 blended principal and interest and recovered in their entirety from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>revenues of the Ancillary Fund.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan payable to the Government of Saskatchewan – General Revenue Fund – 5.125%,</td>
<td>62</td>
<td>92</td>
</tr>
<tr>
<td>due December 1, 2015. These loans are repayable in equal semi-annual installments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of $17 blended principal and interest.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan payable to Farm Credit Canada with interest at FCC personal property</td>
<td>68</td>
<td>88</td>
</tr>
<tr>
<td>variable rate less 0.75%, payable in blended monthly principal repayments of $2,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>secured by a general security agreement, due July 2016.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BMO Banker’s Acceptance Loan (re: Academic Health Sciences) – CDOR + spread</td>
<td>52,000</td>
<td>58,000</td>
</tr>
<tr>
<td>of 0.35%, revolving monthly at progressively smaller amounts based on a 10-year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>amortization until December 2022; repayable in full December 2022.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: current portion</td>
<td>(6,213)</td>
<td>(6,200)</td>
</tr>
<tr>
<td></td>
<td>$ 47,187</td>
<td>$ 53,400</td>
</tr>
</tbody>
</table>

Principal payments due each of the next five years are as follows (in thousands of dollars):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (in thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6,213</td>
</tr>
<tr>
<td>2016</td>
<td>6,226</td>
</tr>
<tr>
<td>2017</td>
<td>6,207</td>
</tr>
<tr>
<td>2018</td>
<td>6,199</td>
</tr>
<tr>
<td>2019</td>
<td>6,211</td>
</tr>
<tr>
<td></td>
<td>$ 31,056</td>
</tr>
</tbody>
</table>

15. Employee Future Benefits

The university sponsors both defined benefit and defined contribution pension plans. The university and employees contribute in equal amounts to the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the university to support the actuarial based pension benefits. The defined pension benefits are based on years of pensionable service and an average of the highest 4 years of employees’ pensionable earnings. The most recently filed actuarial valuation of the pension plans for funding purposes was as of December 31, 2012.

The total expense for the university’s defined contribution plans for the year is $19,570 (2013 - $19,098).

The long-term disability plan is a self-insured program providing benefits for academic, administrative, research and other designated employees who have not attained the normal retirement age.

Other post-retirement benefits include post-retirement life insurance or spending accounts, retirement recognition benefit and benefit continuation for disabled employees.

The post-retirement life insurance or spending account liability accrues the university’s obligation to pay life insurance premiums between the date of early retirement and the normal retirement date or provide a health spending account for the first two years after retirement for eligible early retirees.

The retirement recognition benefit recognizes the actuarially determined valuation for vacation pay or pay-in-lieu earned by eligible long-service employees.

The benefit continuation for disabled employees’ liability accrues the university’s obligation to provide health care and dental coverage to eligible long-term disability claimants.
15. Employee Future Benefits (continued)

The pension contribution for disabled employees’ liability accrues the university’s obligation for pension contributions on behalf of eligible long-term claimants.

The measurement date of plan assets and the actuarial valuation of the accrued benefit obligations for the defined benefit pension plans and the long-term disability plan is December 31, 2013 (extrapolated to April 30, 2014). The measurement date of the actuarial valuations for the accrued benefit obligations for the other post-retirement benefits is April 30, 2014.

### a) Funded status of plans

<table>
<thead>
<tr>
<th>Plan assets</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value at beginning of year</td>
<td>$ 21,144</td>
<td>$ 21,130</td>
<td>$ 437,370</td>
<td>$ -</td>
<td>$ 437,370</td>
<td>$ 413,593</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>3,758</td>
<td>2,492</td>
<td>67,266</td>
<td>-</td>
<td>67,266</td>
<td>35,027</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>-</td>
<td>-</td>
<td>10,326</td>
<td>1,009</td>
<td>11,335</td>
<td>9,807</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>-</td>
<td>-</td>
<td>6,679</td>
<td>-</td>
<td>6,679</td>
<td>6,962</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(2,975)</td>
<td>(2,478)</td>
<td>(35,830)</td>
<td>(1,009)</td>
<td>(36,839)</td>
<td>(28,019)</td>
</tr>
<tr>
<td>Fair value at end of year</td>
<td>21,927</td>
<td>21,144</td>
<td>485,811</td>
<td>-</td>
<td>485,811</td>
<td>437,370</td>
</tr>
</tbody>
</table>

### Accrued benefit obligations

<table>
<thead>
<tr>
<th>Accrued benefit obligation at beginning of year</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>4,431</td>
<td>4,326</td>
<td>13,447</td>
<td>998</td>
<td>14,445</td>
<td>14,473</td>
</tr>
<tr>
<td>Interest cost</td>
<td>705</td>
<td>774</td>
<td>28,999</td>
<td>409</td>
<td>29,408</td>
<td>28,612</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(2,975)</td>
<td>(2,478)</td>
<td>(35,830)</td>
<td>(1,009)</td>
<td>(36,839)</td>
<td>(28,019)</td>
</tr>
<tr>
<td>Actuarial (gains) losses</td>
<td>1,947</td>
<td>(2,916)</td>
<td>29,245</td>
<td>(666)</td>
<td>28,579</td>
<td>8,973</td>
</tr>
<tr>
<td>Plan amendments</td>
<td>(4,382)</td>
<td>-</td>
<td>-</td>
<td>4,382</td>
<td>4,382</td>
<td>(679)</td>
</tr>
</tbody>
</table>

#### Accrued benefit asset (liability)

<table>
<thead>
<tr>
<th>Fair value - plan assets at end of year</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued benefit obligation, end of year</td>
<td>18,469</td>
<td>18,743</td>
<td>496,892</td>
<td>15,887</td>
<td>512,779</td>
<td>472,804</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>-</td>
<td>-</td>
<td>(3,641)</td>
<td>-</td>
<td>(3,641)</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Accrued benefit asset (liability), net of valuation allowance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued benefit asset</td>
<td>$ 3,458</td>
<td>$ 2,401</td>
<td>$ (14,722)</td>
<td>$ (15,887)</td>
<td>$ (30,609)</td>
<td>$ (35,434)</td>
</tr>
<tr>
<td>Current portion</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>(1,009)</td>
<td>(1,009)</td>
</tr>
<tr>
<td>Long-term portion</td>
<td>3,458</td>
<td>2,401</td>
<td>(14,722)</td>
<td>(14,878)</td>
<td>(29,600)</td>
<td>(34,664)</td>
</tr>
</tbody>
</table>
### 15. Employee Future Benefits (continued)

#### b) Net benefit plan expense

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current service cost, net of employee contributions</strong></td>
<td>$4,431</td>
<td>$4,326</td>
<td>$6,767</td>
<td>$998</td>
<td>$7,765</td>
<td>$6,295</td>
</tr>
<tr>
<td><strong>Interest on benefit obligation</strong></td>
<td>705</td>
<td>774</td>
<td>28,999</td>
<td>409</td>
<td>29,408</td>
<td>29,459</td>
</tr>
<tr>
<td><strong>Actual return on plan assets</strong></td>
<td>(3,758)</td>
<td>(2,492)</td>
<td>(67,266)</td>
<td>-</td>
<td>(67,266)</td>
<td>(34,658)</td>
</tr>
<tr>
<td><strong>Actuarial (gain) loss on accrued benefit obligation</strong></td>
<td>1,947</td>
<td>(2,916)</td>
<td>29,245</td>
<td>(666)</td>
<td>28,579</td>
<td>7,049</td>
</tr>
<tr>
<td><strong>Recognition of plan amendment</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(679)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in valuation allowance</strong></td>
<td>-</td>
<td>-</td>
<td>3,641</td>
<td>-</td>
<td>3,641</td>
<td>1,924</td>
</tr>
<tr>
<td><strong>Net benefit plan (income) expense</strong></td>
<td><strong>$3,325</strong></td>
<td><strong>(308)</strong></td>
<td><strong>$1,386</strong></td>
<td><strong>$741</strong></td>
<td><strong>$2,127</strong></td>
<td><strong>$9,390</strong></td>
</tr>
</tbody>
</table>

#### Actuarial assumptions (weighted average as of April 30)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defined Pension Plans</strong></td>
<td>6.3%</td>
<td>4.2%</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Long-Term Disability Plan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Post Retirement Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Discount rate</strong></td>
<td>6.4%</td>
<td>3.3%</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Compensation increase</strong></td>
<td>3.0%</td>
<td></td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Health care cost trend rate</strong></td>
<td>-</td>
<td></td>
<td>-</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Inflation</strong></td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td></td>
</tr>
</tbody>
</table>

#### Percentage of fair value of total plan assets held at measurement date by category

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defined Pension Plans</strong></td>
<td>33.0%</td>
<td>77.7%</td>
<td>38.4%</td>
<td>14.8%</td>
</tr>
<tr>
<td><strong>Long-Term Disability Plan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Post Retirement Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed income</strong></td>
<td>65.8%</td>
<td>22.3%</td>
<td>60.6%</td>
<td>85.2%</td>
</tr>
<tr>
<td><strong>Equities</strong></td>
<td>1.2%</td>
<td></td>
<td>1.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### 16. Capital Lease Obligation

The university has entered into leases with GE Capital Solutions and CNH Capital Canada Ltd. for 13 vehicles that are used to support maintenance and operating activities. The lease contracts cover various periods of time, with expiry dates between 2014 and 2018.

These agreements are recognized in the financial statements of the university as an asset acquired under the capital lease as a capital lease obligation. The minimum future lease payments are as follows:
16. Capital Lease Obligation (continued)

<table>
<thead>
<tr>
<th>Year Ending April 30</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$82</td>
</tr>
<tr>
<td>2014</td>
<td>-</td>
<td>$82</td>
</tr>
<tr>
<td>2015</td>
<td>72</td>
<td>71</td>
</tr>
<tr>
<td>2016</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>2017</td>
<td>5</td>
<td>27</td>
</tr>
<tr>
<td>2018</td>
<td>23</td>
<td>-</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>121</td>
<td>201</td>
</tr>
<tr>
<td>Less: amount representing interest at 3% per annum</td>
<td>(7)</td>
<td>(16)</td>
</tr>
<tr>
<td>Present value of net minimum capital lease payments</td>
<td>114</td>
<td>185</td>
</tr>
<tr>
<td>Less: current portion of capital lease obligation</td>
<td>(66)</td>
<td>(73)</td>
</tr>
<tr>
<td>Long-term portion of capital lease obligation</td>
<td>$48</td>
<td>$112</td>
</tr>
</tbody>
</table>

17. Decommissioning Costs

The university is required to decommission the CLSI facility when operations cease in accordance with a Particle Accelerator Operating License issued by the Canadian Nuclear Safety Commission (CNSC). The licensing agreement requires a letter of guarantee, in favour of CNSC, equivalent to estimated decommissioning costs. As at April 30, 2014 the university provided a guarantee of $7,510 through a non-revolving demand facility with the Royal Bank of Canada. This amount is amended every 5 years with the last amendment occurring April 2010.

The university, through CLSI, accrues the liability for future decommissioning site restoration costs. The university expects the facility to operate for a 30 year period from commencement of operations and anticipates the future cash flows required to decommission the facility to be $16,435.

The present value of the liability for decommissioning costs has been calculated using a credit-adjusted risk free interest rate of 2.96% (2013 – 2.49%). The change in cost estimate resulted in a $1,298 increase to both the accrued decommissioning costs and the deferred decommissioning costs. The current year decommissioning costs of $499 (2013 - $490) include amortization of deferred decommissioning costs of $251 (2013 - $240) and costs associated with a financial guarantee to the CNSC of $56 (2013 - $57). A reconciliation of the accrued decommissioning costs is as follows:

<table>
<thead>
<tr>
<th>April 30</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued decommissioning costs, beginning of year</td>
<td>$7,681</td>
<td>$7,253</td>
</tr>
<tr>
<td>Accretion expense</td>
<td>192</td>
<td>193</td>
</tr>
<tr>
<td>Adjustment due to change in discount rate</td>
<td>1,298</td>
<td>235</td>
</tr>
<tr>
<td>Accrued decommissioning costs, end of year</td>
<td>$9,171</td>
<td>$7,681</td>
</tr>
</tbody>
</table>

18. Capital Disclosures

The university’s objectives when managing its capital are to strengthen its financial position and promote responsible stewardship through the effective management of liquidity and capital structure. To effectively achieve our objectives, the university continues to expand and improve its rigorous planning and budgeting processes and internal control procedures. These strategies ensure the university has appropriate liquidity to meet its operational activities and the growth strategies outlined in the university’s Third Integrated Plan.

The university funds its resource requirements through external funding, internally generated funds, loans and debt. All sources of financing are analyzed by management and approved by the university’s Board of Governors. The university receives a significant portion of its revenue from the Government of Saskatchewan and is required by The University of Saskatchewan Act, 1995 to receive prior approval from the Minister of Advanced Education for any borrowing, purchase or sale of land or buildings or any liability or expenditure that may impair the financial status of the university.
19. Externally Restricted Fund Balances

Externally restricted net assets represent unexpended fund balances carried forward for subsequent year’s expenditures where stipulations have been imposed by and agreement with an external party specifying the purpose for which resources are to be used.

<table>
<thead>
<tr>
<th>April 30</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowed Contributions - permanent</td>
<td>$127,836</td>
<td>$121,995</td>
</tr>
<tr>
<td><strong>Endowment Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowed Contributions - term</td>
<td>30,432</td>
<td>28,113</td>
</tr>
<tr>
<td>Capitalized endowment earnings</td>
<td>95,867</td>
<td>59,494</td>
</tr>
<tr>
<td><strong>Restricted Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Fund</td>
<td>39,670</td>
<td>44,635</td>
</tr>
<tr>
<td>Student Financial Aid Fund</td>
<td>39,903</td>
<td>35,864</td>
</tr>
<tr>
<td>Research Fund</td>
<td>248,189</td>
<td>220,464</td>
</tr>
<tr>
<td><strong>Externally Restricted Fund Balances</strong></td>
<td>454,061</td>
<td>388,570</td>
</tr>
<tr>
<td><strong>Total Externally Restricted Fund Balances</strong></td>
<td>$581,897</td>
<td>$510,565</td>
</tr>
</tbody>
</table>

20. Internally Restricted Fund Balances

Internally restricted net assets represent amounts set aside by the university’s Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board. At April 30, net assets have been set aside for the following purposes:

<table>
<thead>
<tr>
<th>April 30</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong> *</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$278,557</td>
<td>$241,445</td>
<td></td>
</tr>
<tr>
<td><strong>Restricted Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Financial Aid Fund</td>
<td>6,978</td>
<td>5,519</td>
</tr>
<tr>
<td>Research Fund</td>
<td>32,006</td>
<td>29,905</td>
</tr>
<tr>
<td><strong>Endowment Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowed Contributions</td>
<td>32,994</td>
<td>32,504</td>
</tr>
<tr>
<td>Capitalized endowment earnings</td>
<td>10,941</td>
<td>5,827</td>
</tr>
<tr>
<td><strong>Total Internally Restricted Fund Balances</strong></td>
<td>$361,476</td>
<td>$315,200</td>
</tr>
</tbody>
</table>

* Includes faculty and department carry-forwards and specific purpose reserves

21. Commitments and Contingencies

a) Capital Projects

With commitments relating to the Academic Health Sciences Building, the estimated cost of contractual commitments to complete major capital projects as at April 30, 2014 is approximately $24,836 (2013 - $13,257).
21. Commitments and Contingencies (continued)

b) Lease commitments

The university has operating lease commitments for equipment and capital assets. The minimum future commitments under these contractual arrangements for the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,586</td>
</tr>
<tr>
<td>2016</td>
<td>1,586</td>
</tr>
<tr>
<td>2017</td>
<td>1,582</td>
</tr>
<tr>
<td>2018</td>
<td>1,567</td>
</tr>
<tr>
<td>2019</td>
<td>1,558</td>
</tr>
</tbody>
</table>

c) Loan guarantee

The university has provided a loan guarantee of up to $22,000 related to the external financing obtained by the University of Saskatchewan Students’ Union (USSU) for expansion and renovation of the Place Riel Student Centre. In accordance with Section 93 of The University of Saskatchewan Act, 1995 the university received approval from the Minister of Advanced Education to provide the loan guarantee. This completed capital project was approved by the university’s Board of Governors.

The USSU holds five-year credit facilities with TD Canada Trust and the First Nations Bank of Canada utilizing floating rate financing totaling $18,300 which expires May 2014. At April 30, 2014, draws on the facility totaled $17,469 (2013 - $17,717). The floating interest rate is managed through interest rate swap agreements with notional amounts of $11,445 terminating in June 2040 and $6,024 terminating in January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust at April 30, 2014 was $3,457 (2013 - $5,327).

The USSU’s loan repayments are being funded by a student infrastructure fee. In the event of default by the USSU, the university can directly collect this fee from students.

d) Utility purchases

To manage the price of natural gas, the university has entered into long-term contracts that expire at varying dates until October 2020, in accordance with the university’s Derivatives Policy Guidelines, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas Year</th>
<th>Target Range % Booked per Derivatives Policy</th>
<th>Approximate Consumption Needs Booked * %</th>
<th>Weighted Average Price/GJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Nov 13 / Oct 14</td>
<td>75-100</td>
<td>100</td>
<td>6.37</td>
</tr>
<tr>
<td>1</td>
<td>Nov 14 / Oct 15</td>
<td>75-100</td>
<td>72</td>
<td>6.25</td>
</tr>
<tr>
<td>2</td>
<td>Nov 15 / Oct 16</td>
<td>50-100</td>
<td>75</td>
<td>4.92</td>
</tr>
<tr>
<td>3</td>
<td>Nov 16 / Oct 17</td>
<td>50-75</td>
<td>48</td>
<td>5.65</td>
</tr>
<tr>
<td>4</td>
<td>Nov 17 / Oct 18</td>
<td>50-75</td>
<td>48</td>
<td>5.89</td>
</tr>
<tr>
<td>5</td>
<td>Nov 18 / Oct 19</td>
<td>25-50</td>
<td>48</td>
<td>6.29</td>
</tr>
<tr>
<td>6</td>
<td>Nov 19 / Oct 20</td>
<td>0-50</td>
<td>24</td>
<td>6.54</td>
</tr>
</tbody>
</table>

* Note – percentage booked is approximate – consumption needs require confirmation, particularly in years further out.

In total, the commitment for natural gas purchases at April 30, 2014 is $21,217 (2013 - $27,381).
21. Commitments and Contingencies (continued)

e) Outstanding legal claims

The nature of the university's activities are such that there may be litigation ending or in progress at any time. With respect to claims at April 30, 2014, the university believes it has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, the settlements of such claims are not expected to have a significant effect on the university's financial position, with the exception of the items noted below.

On June 26, 2007 a statement of claim was issued against the university alleging responsibility for environmental contamination of adjoining land. The university has filed a statement of defense, denying all claims. The outcome is not determinable at this time. No provision for this claim has been made in the accounts.

On August 14, 2012, a statement of claim was issued against the university alleging breach of contract for property management services to a student residence complex in College Quarter. The outcome is not determinable at this time. No provision for this claim has been made in the accounts.

Should ultimate resolutions differ from management's assessments and assumptions, a significant adjustment to the university's financial position or results of operations could occur.

f) Canadian Universities Reciprocal Insurance Exchange

The university is a member (of a group of 61 members) of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance reciprocal established to share the insurable property, liability and errors and omissions risk of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through the members' premiums. As at December 31, 2013, CURIE had an accumulated surplus of $71,331 (2012 - $60,499) of which the university's pro-rata share is approximately 4.41% (2012 – 3.93%).

g) Other

The university has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the University may be required to take appropriate remediation procedure to remove the asbestos. As the University has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

22. Salaries

Salaries expense includes severance and early retirement payments totaling $6,907 (2013 - $6,352) made under targeted workforce adjustments to reduce administrative and support positions, and payments of $15,706 during 2013/14 under an incentive plan for retirement specifically for faculty.

23. Employee Benefits

<table>
<thead>
<tr>
<th></th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension expense - defined benefit (Note 15)</td>
<td>$ 1,386</td>
<td>$ 6,560</td>
</tr>
<tr>
<td>Pension expense - defined contribution (Note 15)</td>
<td>19,570</td>
<td>19,098</td>
</tr>
<tr>
<td>Employee future benefits (Note 15)</td>
<td>4,066</td>
<td>2,522</td>
</tr>
<tr>
<td>All other employee benefits</td>
<td>30,480</td>
<td>29,734</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 55,502</strong></td>
<td><strong>$ 57,914</strong></td>
</tr>
</tbody>
</table>
24. Interest Expense (Recovery)  

<table>
<thead>
<tr>
<th>Description</th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>$ 6,085</td>
<td>$ 4,321</td>
</tr>
<tr>
<td>Increase (decrease) in fair value of natural gas commodity swap agreements (Note 13)</td>
<td>(1,462)</td>
<td>(514)</td>
</tr>
<tr>
<td>Increase (decrease) in fair value of interest rate swap agreements (Note 13)</td>
<td>(10,007)</td>
<td>5,404</td>
</tr>
<tr>
<td></td>
<td><strong>$ (5,384)</strong></td>
<td><strong>$ 9,211</strong></td>
</tr>
</tbody>
</table>

25. Gifts-in-kind and Donation Pledges  

Gifts-in-kind in the amount of $8,536 were recorded in the year (2013 - $7,455). Gifts-in-kind consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>April 30 2014</th>
<th>April 30 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works of Art</td>
<td>$ 177</td>
<td>$ 1,139</td>
</tr>
<tr>
<td>Equipment and furnishings</td>
<td>9</td>
<td>68</td>
</tr>
<tr>
<td>Investments</td>
<td>5,320</td>
<td>3,030</td>
</tr>
<tr>
<td>Library holdings</td>
<td>63</td>
<td>33</td>
</tr>
<tr>
<td>Research project contributions</td>
<td>2,175</td>
<td>1,689</td>
</tr>
<tr>
<td>Other</td>
<td>792</td>
<td>1,496</td>
</tr>
<tr>
<td></td>
<td><strong>$ 8,536</strong></td>
<td><strong>$ 7,455</strong></td>
</tr>
</tbody>
</table>

Donations pledged but not received as at April 30, 2014 totaled $51,493 (2013 - $55,042). These pledges are expected to be honoured during the subsequent five-year period and will be recorded as revenue when received.

26. Collections  

a) Collections of Artifacts, Archival Material and Rare Books  

The university has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the university’s research and teaching missions. Acquisitions are donated as well as purchased. The university rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the university, papers of faculty and alumnae, originals and replicas of ancient and medieval artifacts, as well as old and rare material with a focus on western Canada.

b) Art Collection  

The Kenderdine Art Gallery administers the permanent art collection of the university. The collection includes works of art that provide a historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the university or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or direct care of the collection.

27. Operating Fund Allocations  

The Operating Budget is a component of the Operating Fund (Schedule 1). The Operating Budget is the annual funding allocation provided to colleges and units to carry out their primary function of instruction (including academic support) as aligned with their respective integrated plans. It also includes the allocation for central costs such as utilities, scholarships, and central administrative costs.

The Operating Budget does not include other operational activity included in the Operating Fund (Schedule 1), such as restricted revenue targeted for clinical services, non-credit instruction and activities, fee-for-service activity, the costs of employee future benefits and the consolidation of the university’s subsidiary companies.
### 27. Operating Fund Allocations (continued)

A comparison of the university’s Operating Budget Allocations, as approved by the university’s Board of Governors, to actual expenses (net of other recoveries and revenues) is as follows:

<table>
<thead>
<tr>
<th>Unit/Activity</th>
<th>2014 (a)</th>
<th>2013 (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Expenses</td>
</tr>
<tr>
<td>Agriculture and Bioresources</td>
<td>$ 14,645</td>
<td>$ 14,448</td>
</tr>
<tr>
<td>Arts and Science</td>
<td>64,609</td>
<td>64,879</td>
</tr>
<tr>
<td>Edwards School of Business</td>
<td>14,688</td>
<td>14,363</td>
</tr>
<tr>
<td>Dentistry</td>
<td>5,367</td>
<td>5,685</td>
</tr>
<tr>
<td>Education</td>
<td>10,103</td>
<td>10,449</td>
</tr>
<tr>
<td>Engineering</td>
<td>17,201</td>
<td>16,540</td>
</tr>
<tr>
<td>Centre for Continuing and Distance Education</td>
<td>5,648</td>
<td>5,251</td>
</tr>
<tr>
<td>Graduate Studies and Research</td>
<td>3,902</td>
<td>3,490</td>
</tr>
<tr>
<td>Kinesiology, including Huskie Athletics</td>
<td>5,377</td>
<td>5,457</td>
</tr>
<tr>
<td>Law</td>
<td>6,480</td>
<td>6,003</td>
</tr>
<tr>
<td>Medicine</td>
<td>55,143</td>
<td>44,426</td>
</tr>
<tr>
<td>Targeted Funding - Medicine Accreditation</td>
<td>19,743</td>
<td>17,199</td>
</tr>
<tr>
<td>Nursing</td>
<td>18,157</td>
<td>17,085</td>
</tr>
<tr>
<td>Pharmacy and Nutrition</td>
<td>5,692</td>
<td>5,758</td>
</tr>
<tr>
<td>Veterinary Medicine</td>
<td>27,678</td>
<td>27,084</td>
</tr>
<tr>
<td>Academic Support Units (d)</td>
<td>7,565</td>
<td>7,580</td>
</tr>
<tr>
<td>Schools</td>
<td>5,273</td>
<td>4,538</td>
</tr>
<tr>
<td>Library</td>
<td>11,838</td>
<td>11,724</td>
</tr>
</tbody>
</table>

**Non-instructional units:**

<table>
<thead>
<tr>
<th>Unit/Activity</th>
<th>2014 (a)</th>
<th>2013 (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>10,429</td>
<td>9,964</td>
</tr>
<tr>
<td>Student and Enrolment Services</td>
<td>11,651</td>
<td>11,359</td>
</tr>
<tr>
<td>Facilities Management</td>
<td>21,895</td>
<td>24,923</td>
</tr>
<tr>
<td>Consumer Services</td>
<td>371</td>
<td>221</td>
</tr>
<tr>
<td>Campus Safety</td>
<td>2,432</td>
<td>2,465</td>
</tr>
<tr>
<td>University Advancement</td>
<td>9,118</td>
<td>8,939</td>
</tr>
<tr>
<td>Administrative Units (d)</td>
<td>30,262</td>
<td>26,592</td>
</tr>
<tr>
<td>Central Utilities</td>
<td>17,172</td>
<td>15,091</td>
</tr>
<tr>
<td>Central Scholarships/Bursaries</td>
<td>9,629</td>
<td>9,629</td>
</tr>
<tr>
<td>Central Research and Scholarly</td>
<td>20,242</td>
<td>15,128</td>
</tr>
<tr>
<td>Central Student Support</td>
<td>614</td>
<td>688</td>
</tr>
<tr>
<td>Central Network, Software and System Renewal</td>
<td>7,476</td>
<td>7,902</td>
</tr>
<tr>
<td>Central Administration (f)</td>
<td>20,946</td>
<td>21,103</td>
</tr>
<tr>
<td>Central Benefits (g)</td>
<td>9,757</td>
<td>10,202</td>
</tr>
</tbody>
</table>

**Total**                                   | $ 471,103 | $ 446,165 | $ 453,048 | $ 451,943 |

*Chart continued on following page.*
27. Operating Fund Allocations (continued)

Notes:

a) Budget allocations and expenses reflect the results of any organizational restructuring during the year.

b) For some colleges/units, the budget allocation amount above varies from the “Allocation of Operating Revenue” amount reflected in Schedule 3. This difference is caused by classification adjustments.

c) Expenses include spending of opening fund balances, as anticipated.

d) Academic support units include the University Learning Centre, the Gwenna Moss Centre for Teaching Effectiveness, Media Access and Production, Northern Ecosystems Toxicology Initiative, the Saskatchewan Academic Health Sciences Network and the Council of Health Science Deans.

e) Administrative and research support units include the Offices of the President, Provost and Vice-President Academic, Vice-President Finance and Resources, Vice-President Research, and the University Secretary as well as Human Resources, Financial Services, Audit Services, Corporate Administration, Institutional Planning and Assessment and various research centres.

f) Central Administration includes salary accruals for all colleges/units related to collective agreements which will be settled in subsequent years. Using additional revenue generated in excess of budget, notably investment income, the university had additional resources to expend. These expenses were primarily Board-approved allocations to previously approved initiatives.

g) Central Benefits includes accountable professional allowances and other benefits provided to employees under the terms of collective agreements.

28. Interfund Transfers

Fund accounting is a common practice in not-for-profit organizations whereby resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Interfund transfers are used when resources residing within one fund are utilized to fund activities or assets that should, by their nature, be recorded in another fund.

<table>
<thead>
<tr>
<th>Salary and benefits</th>
<th>Operating</th>
<th>Ancillary</th>
<th>Student Financial Aid</th>
<th>Research</th>
<th>Capital</th>
<th>Endowment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan and interest payments</td>
<td>1,260</td>
<td>(7,431)</td>
<td>-</td>
<td>-</td>
<td>6,171</td>
<td>-</td>
</tr>
<tr>
<td>Capital acquisition and related funding</td>
<td>(24,345)</td>
<td>3,690</td>
<td>(30)</td>
<td>(31,078)</td>
<td>51,763</td>
<td>-</td>
</tr>
<tr>
<td>Donations</td>
<td>71</td>
<td>-</td>
<td>(201)</td>
<td>(3)</td>
<td>(1)</td>
<td>134</td>
</tr>
<tr>
<td>Scholarships, bursaries and awards</td>
<td>(14,960)</td>
<td>-</td>
<td>14,977</td>
<td>(17)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund transfers for Endowment</td>
<td>(118)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>118</td>
</tr>
<tr>
<td>Funding for Research</td>
<td>19,363</td>
<td>-</td>
<td>(299)</td>
<td>(19,064)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Funding of General operating expenses</td>
<td>2,903</td>
<td>(2,932)</td>
<td>-</td>
<td>30</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>Contingency transfers</td>
<td>3,095</td>
<td>(2,303)</td>
<td>-</td>
<td>-</td>
<td>(792)</td>
<td>-</td>
</tr>
<tr>
<td>Recapitalized spending for &quot;underwater&quot; Endowment Funds</td>
<td>(4,993)</td>
<td>-</td>
<td>(162)</td>
<td>(342)</td>
<td>-</td>
<td>5,497</td>
</tr>
<tr>
<td>Transfers to Endowment from spendable funds</td>
<td>-</td>
<td>-</td>
<td>(20)</td>
<td>-</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Other net transfers</td>
<td>2,763</td>
<td>(2,763)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

April 30, 2014 $ (16,275) $ (11,739) $ 14,261 $ (49,156) $ 57,140 $ 5,769
April 30, 2013 $ (20,897) $ (22,714) $ 13,679 $ (53,794) $ 81,976 $ 1,750
29. Related Party Transactions

The university receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. Revenue received from the Government of Saskatchewan is disclosed separately in the Statement of Operations. A portion of the revenue from the Government of Saskatchewan includes supplemental funding for facilities, including funding allocated to principal and interest repayments for sustaining capital.

To the extent that the Government of Saskatchewan exercises significant influence over the operations of the university, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the university. Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions during the year and the amounts outstanding at year-end are as follows:

<table>
<thead>
<tr>
<th>April 30</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of services and products – physicians’ billings</td>
<td>$12,374</td>
<td>$12,852</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>14,356</td>
<td>13,017</td>
</tr>
<tr>
<td>Various</td>
<td>35,680</td>
<td>33,116</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>55,390</td>
<td>43,831</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>73</td>
<td>78</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>3,243</td>
<td>3,639</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>5,001</td>
<td>6,168</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>63</td>
<td>92</td>
</tr>
</tbody>
</table>

30. Financial Instruments

The university’s financial instruments recorded in the consolidated financial statements consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, loans, capital lease obligations, other contractual liabilities and long-term debt.

a) Risk Management and Financial Instruments

i. Market risk

The university is exposed to market risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. Investments are placed in accordance with policies specifying the quality of investments so that diversification limits risk of exposure in any one type of investment instrument.

ii. Foreign currency risk

The university has foreign currency risk from its foreign currency denominated cash and investment accounts and exposure to foreign currency dominated revenues or expenses. Investments are placed in accordance with policies addressing investment in foreign currency to reduce the level of risk by diversifying the portfolio of investment classes.
30. Financial Instruments (continued)

a) Risk Management and Financial Instruments (continued)

iii. Interest rate risk

Interest rate swap agreements are utilized on the Royal Bank Banker’s Acceptance Loans to reduce interest rate risk arising from fluctuations in interest rates and to manage the floating interest rates of these loans – see Note 12, above. The university is subject to interest rate risk as a result of market fluctuations in interest rates and the degrees of volatility of these rates.

iv. Credit risk

The university has normal credit risk from counterparties. Since government agencies compose a significant portion of the receivable arising from the university’s diverse client base, possibility of default is believed to be low.

v. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The university minimizes its liquidity risk through careful management of Investment Pools to maintain sufficient liquidity for operating purposes.

b) Fair Value of Financial Instruments

The carrying values of all financial instruments approximate fair value with the exception of long-term debt, which as at April 30, 2014, has a carrying value of $53,400 (2013 - $59,600) and a fair value of $53,333 (2013 - $59,820).

31. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the financial statement presentation adopted for the current year.
## UNIVERSITY OF SASKATCHEWAN

### Schedule 1 - Consolidated Statement of Operations and Changes in Fund Balances - General Funds
For the Year Ended April 30, 2014 ($ thousands)

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Ancillary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Canada</td>
<td>$ 5,025</td>
<td>$ -</td>
<td>$ 5,025</td>
</tr>
<tr>
<td>Government of Saskatchewan</td>
<td>408,333</td>
<td>100</td>
<td>408,433</td>
</tr>
<tr>
<td>Other governments</td>
<td>20,436</td>
<td>-</td>
<td>20,436</td>
</tr>
<tr>
<td>Non-government</td>
<td>7,838</td>
<td>-</td>
<td>7,838</td>
</tr>
<tr>
<td>Student fees</td>
<td>127,411</td>
<td>-</td>
<td>127,411</td>
</tr>
<tr>
<td>Gifts, grants and bequests</td>
<td>6,047</td>
<td>-</td>
<td>6,047</td>
</tr>
<tr>
<td>Sales of services and products</td>
<td>48,553</td>
<td>50,016</td>
<td>98,569</td>
</tr>
<tr>
<td>Income from investments</td>
<td>30,815</td>
<td>11</td>
<td>30,826</td>
</tr>
<tr>
<td>Real estate income</td>
<td>1,238</td>
<td>3,991</td>
<td>5,229</td>
</tr>
<tr>
<td>Royalties</td>
<td>13,305</td>
<td>(1)</td>
<td>13,304</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>5,650</td>
<td>54</td>
<td>5,704</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>674,651</td>
<td>54,171</td>
<td>728,822</td>
</tr>
</tbody>
</table>

| **Expenses**         |           |           |         |
| Salaries (Note 22)   | 406,603   | 9,748     | 416,351 |
| Employee benefits (Note 23) | 48,366  | 1,354     | 49,720  |
| Operational supplies and expenses | 104,174 | 4,104 | 108,278 |
| Travel               | 12,687    | 44        | 12,731  |
| Cost of goods sold   | 6,804     | 11,163    | 17,967  |
| Maintenance, rental and renovations | 14,269  | 2,063     | 16,332  |
| Utilities            | 14,261    | 10,695    | 24,956  |
| Scholarships, bursaries and awards | 3,505   | -         | 3,505   |
| Interest (Note 24)   | (1,446)   | -         | (1,446) |
| Bad debt expense     | 284       | 77        | 361     |
| Decommissioning costs (Note 17) | -          | -         | -       |
| **Total**            | 609,507   | 39,248    | 648,755 |

| **Excess of revenues over expenses** | 65,144 | 14,923 | 80,067 |
| **Interfund transfers (Note 28)**   | (16,275) | (11,739) | (28,014) |
| **Net increase in fund balances for year** | 48,869 | 3,184 | 52,053 |
| **Fund balances, beginning of year** | 246,334 | (29,759) | 216,575 |
| **Fund balances, end of year**       | $ 295,203 | $ (26,575) | $ 268,628 |

See accompanying notes to consolidated financial statements
## UNIVERSITY OF SASKATCHEWAN

**Schedule 2 - Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds**

For the Year Ended April 30, 2014 ($ thousands)

### Revenues

#### Grants and contracts

<table>
<thead>
<tr>
<th></th>
<th>Student Financial Aid</th>
<th>Research</th>
<th>Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Canada</td>
<td>$</td>
<td>-</td>
<td>$64,276</td>
<td>-</td>
</tr>
<tr>
<td>Government of Saskatchewan</td>
<td>2,198</td>
<td>57,384</td>
<td>32,873</td>
<td>92,455</td>
</tr>
<tr>
<td>Other governments</td>
<td>31</td>
<td>1,403</td>
<td>-</td>
<td>1,434</td>
</tr>
<tr>
<td>Non-government</td>
<td>158</td>
<td>55,297</td>
<td>-</td>
<td>55,455</td>
</tr>
<tr>
<td>Student fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gifts, grants and bequests</td>
<td>2,529</td>
<td>9,888</td>
<td>2,763</td>
<td>15,180</td>
</tr>
<tr>
<td>Sales of services and products</td>
<td>18</td>
<td>8</td>
<td>-</td>
<td>26</td>
</tr>
<tr>
<td>Income from investments</td>
<td>8,375</td>
<td>7,208</td>
<td>505</td>
<td>16,088</td>
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<td>Real estate income</td>
<td>87</td>
<td>70</td>
<td>-</td>
<td>157</td>
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<tr>
<td>Royalties</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>41</td>
<td>116</td>
<td>86</td>
<td>243</td>
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</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>Student Financial Aid</th>
<th>Research</th>
<th>Capital</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>1,467</td>
<td>61,465</td>
<td>-</td>
<td>62,932</td>
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<tr>
<td>Employee benefits (Note 23)</td>
<td>95</td>
<td>5,687</td>
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<td>5,782</td>
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<tr>
<td>Operational supplies and expenses</td>
<td>304</td>
<td>26,077</td>
<td>2,054</td>
<td>28,435</td>
</tr>
<tr>
<td>Travel</td>
<td>118</td>
<td>6,413</td>
<td>6</td>
<td>6,537</td>
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<tr>
<td>Cost of goods sold</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Maintenance, rental and renovations</td>
<td>-</td>
<td>1,612</td>
<td>37</td>
<td>1,649</td>
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<tr>
<td>Utilities</td>
<td>-</td>
<td>31</td>
<td>-</td>
<td>31</td>
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<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>73,081</td>
<td>73,081</td>
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<tr>
<td>Scholarships, bursaries and awards</td>
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<td>35,600</td>
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<td>Interest (Note 24)</td>
<td>-</td>
<td>-</td>
<td>(3,938)</td>
<td>(3,938)</td>
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<tr>
<td>Bad debt expense</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Decommissioning costs (Note 17)</td>
<td>-</td>
<td>-</td>
<td>499</td>
<td>499</td>
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</table>

### Excess (deficiency) of revenues over expenses

<table>
<thead>
<tr>
<th></th>
<th>Student Financial Aid</th>
<th>Research</th>
<th>Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8,763)</td>
<td>78,983</td>
<td>(35,512)</td>
<td>34,708</td>
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<tr>
<td>Interfund transfers (Note 28)</td>
<td>14,261</td>
<td>(49,156)</td>
<td>57,140</td>
<td>22,245</td>
</tr>
<tr>
<td>Net increase in fund balances for year</td>
<td>5,498</td>
<td>29,827</td>
<td>21,628</td>
<td>56,953</td>
</tr>
<tr>
<td>Fund balances, beginning of year</td>
<td>41,383</td>
<td>250,368</td>
<td>1,250,428</td>
<td>1,542,179</td>
</tr>
</tbody>
</table>

### Fund balances, end of year

|                         | $ 46,881 | $ 280,195 | $ 1,272,056 | $ 1,599,132 |

See accompanying notes to consolidated financial statements

2013/14 • University of Saskatchewan • Annual Financial Report
### Revenues

**University operating budget**

<table>
<thead>
<tr>
<th></th>
<th>Agriculture and Bioresources</th>
<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 14,645</td>
<td>$ 64,274</td>
<td>$ 14,688</td>
<td>$ 5,367</td>
<td>$ 10,103</td>
<td>$ 17,201</td>
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**Grants and contracts**

<table>
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<tr>
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<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
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<tbody>
<tr>
<td>Government of Canada</td>
<td>5,057</td>
<td>16,420</td>
<td>168</td>
<td>-</td>
<td>1,206</td>
<td>4,379</td>
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<tr>
<td>Government of Saskatchewan</td>
<td>15,528</td>
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<td>26</td>
<td>144</td>
<td>827</td>
<td>2,478</td>
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<tr>
<td>Other governments</td>
<td>275</td>
<td>139</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12</td>
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<tr>
<td>Non-government</td>
<td>27,042</td>
<td>9,408</td>
<td>9</td>
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<td>723</td>
<td>4,039</td>
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**Student fees**

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<tr>
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<th>Edwards School of Business</th>
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<th>Education</th>
<th>Engineering</th>
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<tbody>
<tr>
<td>76</td>
<td>162</td>
<td>1,390</td>
<td>77</td>
<td>200</td>
<td>15</td>
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**Gifts, grants and bequests**

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<tr>
<th></th>
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<th>Education</th>
<th>Engineering</th>
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<tbody>
<tr>
<td>1,278</td>
<td>2,216</td>
<td>1,559</td>
<td>103</td>
<td>85</td>
<td>2,495</td>
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**Sales of services and products**

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<tr>
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<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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</thead>
<tbody>
<tr>
<td>5,285</td>
<td>784</td>
<td>269</td>
<td>2,422</td>
<td>1,124</td>
<td>914</td>
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**Income from investments**

<table>
<thead>
<tr>
<th></th>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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<tbody>
<tr>
<td>9,883</td>
<td>6,146</td>
<td>3,438</td>
<td>100</td>
<td>643</td>
<td>5,239</td>
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**Real estate income**

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<th></th>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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</thead>
<tbody>
<tr>
<td>310</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
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</table>

**Royalties**

<table>
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<tr>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,416</td>
<td>1</td>
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<td>-</td>
<td>-</td>
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**Miscellaneous income**

<table>
<thead>
<tr>
<th></th>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>625</td>
<td>195</td>
<td>-</td>
<td>9</td>
<td>33</td>
<td>210</td>
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**Total Revenues**

<table>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 82,420</td>
<td>$ 105,789</td>
<td>$ 21,547</td>
<td>$ 8,232</td>
<td>$ 14,944</td>
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### Expenses

**Salaries (Note 22)**

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<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
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<tbody>
<tr>
<td>30,415</td>
<td>64,679</td>
<td>12,067</td>
<td>5,409</td>
<td>10,600</td>
<td>19,085</td>
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**Employee benefits (Note 23)**

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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,965</td>
<td>7,790</td>
<td>1,477</td>
<td>717</td>
<td>1,247</td>
<td>2,284</td>
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**Operational supplies and expenses**

<table>
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<th>Agriculture and Bioresources</th>
<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,632</td>
<td>5,787</td>
<td>2,425</td>
<td>1,168</td>
<td>1,784</td>
<td>2,716</td>
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**Travel**

<table>
<thead>
<tr>
<th></th>
<th>Agriculture and Bioresources</th>
<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,189</td>
<td>3,261</td>
<td>526</td>
<td>79</td>
<td>617</td>
<td>750</td>
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**Cost of goods sold**

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<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>87</td>
<td>10</td>
<td>-</td>
<td>659</td>
<td>1</td>
<td>53</td>
<td></td>
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**Maintenance, rental and renovations**

<table>
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<th></th>
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<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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</thead>
<tbody>
<tr>
<td>866</td>
<td>427</td>
<td>164</td>
<td>98</td>
<td>92</td>
<td>128</td>
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**Utilities**

<table>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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</thead>
<tbody>
<tr>
<td>311</td>
<td>81</td>
<td>22</td>
<td>-</td>
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**Amortization**

<table>
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<tr>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

**Scholarships, bursaries and awards**

<table>
<thead>
<tr>
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<th>Agriculture and Bioresources</th>
<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,483</td>
<td>8,858</td>
<td>831</td>
<td>25</td>
<td>657</td>
<td>2,582</td>
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**Interest (Note 24)**

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<tr>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td></td>
</tr>
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**Bad debt expense**

<table>
<thead>
<tr>
<th></th>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23</td>
<td>-</td>
<td>-</td>
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**Decommissioning costs (Note 17)**

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<tr>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
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**Total Expenses**

<table>
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<tr>
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<th>Edwards School of Business</th>
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<th>Education</th>
<th>Engineering</th>
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<tr>
<td></td>
<td>$ 50,948</td>
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**Excess (deficiency) of revenues over expenses**

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<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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<tr>
<td>31,472</td>
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**Interfund transfers (Note 28)**

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<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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<tr>
<td>(4,205)</td>
<td>(1,724)</td>
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<td>(123)</td>
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<td>(406)</td>
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**Net increase (decrease) in fund balances for year**

<table>
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<th>Arts and Science</th>
<th>Edwards School of Business</th>
<th>Dentistry</th>
<th>Education</th>
<th>Engineering</th>
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<tr>
<td></td>
<td>$ 27,267</td>
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<td>Law</td>
<td>Library</td>
<td>Medicine</td>
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<tr>
<td>----------------</td>
<td>-------</td>
<td>-----------------------------</td>
<td>------------</td>
<td>-----</td>
<td>---------</td>
<td>----------</td>
</tr>
<tr>
<td></td>
<td>5,648</td>
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<td>10</td>
<td>814</td>
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<td>17</td>
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<tr>
<td>-</td>
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<td>390</td>
<td>78,445</td>
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<td>-</td>
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<td>-</td>
<td>140</td>
<td>343</td>
<td>429</td>
<td>-</td>
<td>8,450</td>
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<td>5,832</td>
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<td>-</td>
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<td>235</td>
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<td>1</td>
<td>286</td>
<td>1,876</td>
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<td>423</td>
<td>1,435</td>
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<tr>
<td>1,312</td>
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<td>43</td>
<td>13,822</td>
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<td>-</td>
<td>-</td>
<td>79</td>
<td>-</td>
<td>-</td>
<td>143</td>
<td>-</td>
</tr>
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<td>6</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>52</td>
<td>2</td>
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<td>89</td>
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<tr>
<td>12,879</td>
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<td>8,268</td>
<td>1,366</td>
<td>8,190</td>
<td>5,826</td>
<td>10,017</td>
<td>109,941</td>
<td>13,067</td>
</tr>
<tr>
<td>1,093</td>
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Officers of the University
2013/14
## Officers of the University

### Board of Governors

**Members Ex Officio**
- Ilene Busch-Vishniac (President)
- Gordon Barnhart (Interim President, May 2014)
- Vera Pezer (Chancellor to July 2013)
- Blaine Favel (Chancellor)

**Members Appointed by Government**
- Lee Ahenakew
- David Dubé
- Grant Isaac
- Kathryn Ford
- Greg Smith (Vice-Chair)

**Members Elected by Senate**
- Grit McCreath
- Susan Milburn (Chair)

**Faculty Member**
- Linda Ferguson

**Student Member**
- Max FineDay

### Senior Administrative Group

**President**
- Ilene Busch-Vishniac
- Gordon Barnhart (Interim, May 2014)

**Provost and Vice-President (Academic)**
- Brett Fairbairn
- Ernie Barber (Acting, July 2014)

**Vice-President (University Advancement)**
- Heather Magotiaux

**Vice-President (Finance and Resources)**
- Greg Fowler

**Vice-President (Research)**
- Karen Chad

**University Secretary**
- Elizabeth Williamson

**Vice-Provost, Faculty Relations**
- Jim Germida

**Vice-Provost, Teaching and Learning**
- Patricia McDougall

**Vice-Provost College of Medicine**
- Martin Phillipson

**Chief Information Officer and Associate Vice-President (Information and Communications Technology)**
- Glen Hollinger (Acting to February 2014)
- Mark Roman (March 2014)

**Associate Vice-President (Financial Services) and Controller**
- Laura Kennedy

**Associate Vice-President (Facilities Management) and University Architect**
- Colin Tennent

**Associate Vice-President (Student Affairs)**
- David Hannah

**Associate Vice-President (Research)**
- Jim Basinger

**Associate Vice-President (Research – Health)**
- Beth Horsburgh

**Associate Vice-President (Human Resources)**
- Barb Daigle

**Associate Vice-President (Development)**
- Doug Clark (to December 2013)

**Associate Vice-President (Communications)**
- Ivan Muzychka

### Deans and Directors of Colleges and Academic Units

**Agriculture and Bioresources**
- Mary Buhr

**Arts and Science**
- Peter Stoicheff

**Dentistry**
- Gerry Uswak (to July 2013)
- Ken Sutherland (Acting, July 2013)

**Education**
- Robert Regnier (Acting)

**Engineering**
- George Kipouros (Acting)

**Graduate Studies and Research**
- Adam Baxter-Jones (Acting)

**Johnson-Shoyama Graduate School of Public Policy**
- Michael Atkinson

**Kinesiology**
- Carol Rodgers

**Law**
- Sanjeev Anand

**Medicine**
- Lou Qualtiere (Acting to November 2013)
- Colum Smith (Acting, November 2013)

**N. Murray Edwards School of Business**
- Daphne Taras

**Nursing**
- Lorna Butler (to July 2013)
- Lois Berry (Acting, July 2013)

**Pharmacy and Nutrition**
- David Hill

**School of Environment and Sustainability**
- Toddie Steelman

**School of Public Health**
- Robert Buckingham

**University Library**
- Vicki Williamson (to July 2013)
- Ken Ladd (Acting, July 2013)

**Western College of Veterinary Medicine**
- Douglas Freeman