

2015/16

Annual Financial Report



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Lee Ahenakew

Chair, Board of Governors

The Board of Governors is responsible for stewarding the more than \$2.5 billion in assets that make up our great institution. As part of our mandate to ensure financial sustainability for the U of S, we ensure that our resources are used in the most effective way and that those resources support moving the university closer towards its strategic goals.

That has been more difficult in the past year.

With a downturn in the provincial economy—and thus a downturn in provincial funding in the post-secondary sector, there were noteworthy changes to our annual operating budget. Because of prudent financial management and long-term planning, we have been able to adjust to unanticipated funding reductions and ensure the university can continue its important work. We are also looking to future financial needs to enhance the university's research and teaching and learning mandate.

While our fiscal reality has changed, a reality reflected in these audited statements, what has not changed is our reputation as one of Canada's outstanding medical-doctoral institutions. We continue to build on our reputation as a productive research-intensive university that is changing lives in Saskatchewan, Canada and beyond. We lead in ways to help the world adapt to changes in areas of key importance—Aboriginal Peoples, one health, water, agriculture, energy and mineral resources, and synchrotron sciences.

It is an honour to be chair of the U of S Board of Governors and work with the Government of Saskatchewan and other funding partners to achieve our mutual goals. With another year complete, we look forward to the future and all of the promise it holds for our students, faculty, staff, alumni and supporters.



Peter Stoicheff

President and vice-chancellor

I have been privileged to be a part of the University of Saskatchewan community for many years. As president, I grow prouder every day of our institution. The breadth of research, learning and discovery that takes place at the University of Saskatchewan is unmatched at other Canadian universities, and that uniquely positions us to tackle some of the most pressing challenges in Saskatchewan, Canada and the world.

We know that activity of this nature requires investment and, as you will read in this annual financial report, we continue to manage our resources effectively and prudently. We also know that investing in research in key areas directly benefits our students and researchers, and provides benefits to the province as a whole, economically, culturally and socially. The advantages of having a strong research-intensive, medical-doctoral university in Saskatchewan are many, and we are proud to both support and draw inspiration from the people of this great province.

It is our vision that the U of S will continue to be a source of pride not only for me and the campus community, but for everyone in Saskatchewan. With more than 100 years behind us, we look to build on our past success and continue to realize our potential as one of the top research-intensive universities in Canada.

Management Discussion and Analysis

2015/16

Fiscal 2015/16 Overview

In fiscal 2015/16 the University of Saskatchewan again capitalized on a number of key opportunities despite adverse economic circumstances. Through prudent financial management and long-term planning, the university was able to weather lower-than-expected investment returns and declines in provincial funding and still achieve outstanding progress in the overall teaching, learning and discovery mission. This year the university reached an all-time high in research revenue with a focus on collaboration in areas such as bioscience, food and water security, and patient-oriented medical research. The university also achieved the reinstatement of full accreditation in the College of Medicine; drove significant progress toward administrative efficiencies; developed a 10-year capital plan; opened a new 90 person child care centre; focused on enhancing student experience by opening the Gordon Oakes Red Bear Aboriginal Student Centre, along with a number of Indigenous-focused programs. The university continues to provide effective financial stewardship through its focus on strategies to contain expense growth, diversify revenue and effectively utilize financial resources to deliver on its mission.

Financial Opportunities and Risks

Funding

The University of Saskatchewan is a well managed publicly funded university. A decline in the level of ongoing support received could have a significant impact on the ability of the university to achieve its mission. Annual cost escalations for the University of Saskatchewan are generally expected to be in the range of 3.5% – 4%. In 2015/16 the Province provided a 1% increase in the base operating grant of the university, however, due to the fiscal challenges facing the Province they also withdrew funding in the amount of \$29.8 million. As a consequence of this reduction in the annual grant, the university has used its reserves in order to maintain the planned level of activities for 2015/16. The university will continue to exercise sound financial management practices to ensure the highest level of financial stewardship over its resources. Opportunities will be explored to diversify revenue streams and every effort shall be made to control the growth of expenditures.

Condition of Facilities

The university maintains seven million square feet of buildings and facilities with a current replacement value in excess of \$5.5 billion and over \$561 million in deferred maintenance. The ability of the university to achieve its academic and discovery objectives is closely tied to the condition of the buildings and facilities. In order to renew and maintain the existing facilities an annual investment of 0.8 to 1.0 per cent of the current replacement value is required. Funding for preventative maintenance and renewal has historically been provided by the province, but with a focus on new development over the last decade these funds have not kept pace with requirements. The university is exploring a long-term capital funding strategy that will help address capital renewal through capital borrowing in combination with matching funds of an equivalent amount from donors, internal sources, and federal, municipal and provincial governments. The university will invest in renewing its facilities over the next ten years to ensure they remain fit for purpose while also maintaining facilities condition at an acceptable level.

Pension Deficits

The university has three defined benefit and two defined contribution pension plans. Based on the last actuarial valuation reports filed with the Saskatchewan Superintendent of Pensions, the university is required to make additional special payments in the amount of \$5.9 million for 2016/17 representing an unfunded liability of \$33.2 million for two of the three defined benefit plans. The university is attempting to reduce the risk exposure and cost of these liabilities through a variety of initiatives and is making progress towards these goals.

College of Medicine Accreditation

A comprehensive renewal process for the College of Medicine has been underway since 2012, with the goal of addressing recurring accreditation concerns and solving long-standing structural, research and teaching issues. The Province of Saskatchewan has provided targeted funding, over a number of years, to construct a new health sciences building and to address other issues identified in the accreditation reviews. During 2015/16 five accreditation reviews were undertaken and the

college was removed from probationary status. The university has developed a comprehensive strategy to ensure the future success of the College of Medicine in achieving its mandate to serve the people of Saskatchewan by producing outstanding clinical practitioners, generating new knowledge and facilitating improved patient outcomes. The university must continue to work with the province to continue this renewal process to ensure the college maintains its fully accredited status and that the college continues to support the provision of world class care to the people of Saskatchewan.

College of Medicine Voluntary Exit Plan For Physicians

A significant component of the comprehensive renewal process for the College of Medicine is the creation of an Academic Clinical Funding Plan (ACFP) which has been developed in partnership with the province, university and the health regions. The ACFP is a model designed to address the accreditors' concerns related to accountability for teaching and research. The ACFP will allow physicians with academic ambitions to pursue that work in Saskatchewan without sacrificing potential income. During the year, the University of Saskatchewan and the University of Saskatchewan Faculty Association (USFA) signed a Letter of Understanding, offering incentives to the College of Medicine's physician faculty to engage in individual contracts for clinical and academic work. The Letter of Understanding outlined a voluntary severance package that was offered to 130 physicians who were in-scope of the university's faculty association. Physicians who elected to resign from their position in the USFA had their resignations take effect on July 1, 2016. The cost of the payouts for physicians electing to resign their USFA position is \$42.8 million. Concurrently, the College of Medicine has been diligently recruiting teachers and researchers from the medical community under the new ACFP contract to offer enhanced teaching, learning and research capability to the college as part of the renewal strategy.

Looking Ahead

The university continues to improve financial sustainability. This is critical to the university's future success, given the funding landscape for post-secondary education in Canada, the current economic conditions in Saskatchewan, and the projected gap between university revenue and expenditure growth for 2016/17. The university will continue to work with key stakeholders to fulfill our academic and discovery mission and to support the people of Saskatchewan.

The university is implementing responsibility centre management to support this commitment. The move to responsibility centre management will align the accountability and operational oversight for allocation of resources at the same level of the organization where revenues and costs are generated. It is expected additional revenue opportunities and cost efficiencies will be identified and realized as a result of this change. Implementation of the new management model will be supported by improvements to service design and delivery financial governance and controls, budget frameworks, and the full engagement of deans in deployment and stewardship of resources. Implementation began in 2015/16 and will continue through fiscal year 2017/18.

A financial reserves policy was implemented in 2015/16 to enhance financial sustainability through the effective and timely deployment of resources. The policy will ensure financial reserves held across the university are appropriate, transparent, and well managed. At 12% of total expenses, operating reserves at the University of Saskatchewan are higher than the target range of 1.5% – 6.0% of total expenditures. Reserves will again be drawn upon in 2016/17 to address fiscal constraints. The policy will enable the university to effectively manage financial risks and opportunities (i.e. annual variability in operating funding), and is part of an ongoing commitment to align resources behind our academic priorities.

Taken together, the strategies described above will enable the university to manage the projected deficit expected in 2016/17, and continue to strengthen and support the teaching and research mission of the University of Saskatchewan.

Financial Results¹

The University of Saskatchewan continues to maintain a stable financial position and is well-positioned to respond to the unplanned, but anticipated, economic uncertainties that developed during 2015/16. Overall, revenues were down \$93.6 million or 9% over the prior year, expenses were up by \$69.3 million or 8%, and fund balances declined by \$46.2 million.

Revenues

The Province of Saskatchewan faced significant fiscal challenges as a consequence of volatility in the resource sector, largely driven by the drop in the commodity price of oil, among other factors, that resulted in a reduced level of provincial operating funding for the year. Lower-than-expected investment returns contributed to a decline in the total revenues for the year. While these circumstances were not planned for the current year, the university had anticipated the possibility and mitigation strategies were in place to minimize the impact to ongoing operations, including setting aside favourable investment returns in the preceding years. Research activities at the university reached record levels in 2015/16 with revenue exceeding \$216 million including significant contributions to the Crop Development Centre, Global Institute For Food Security, Livestock and Forage Centre, VIDO-InterVac, and the Canadian Light Source.

Expenses

Anticipated expenditures of \$42.8 million associated with the College of Medicine voluntary exit plan for physicians were not expected to occur until 2016-17. However, as a result of successful negotiations the college was able to accelerate the timeline associated with this component of the comprehensive renewal process. Funding for the costs associated with this settlement had been set aside by the college in its reserves.

Significant efforts continue to be made by the university to control the escalation of costs and remain below the post-secondary sector norm of 4%. Excluding the aforementioned College of Medicine faculty settlement, total costs for the university rose by less than 3% during 2015/16.

Fund Balances

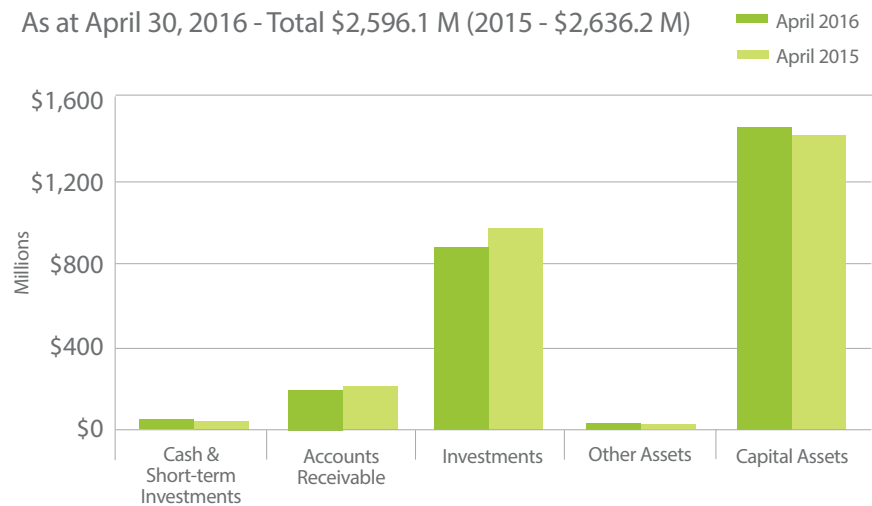
The university holds reserves, centrally as well as locally in the academic and administrative units, in order to be able to respond to changing circumstances and to effectively manage financial operating risks. Of the \$169.1 million general fund balance, \$112.3 million relates to financial reserves which represent 12% of total expenditures. Many of these funds are still under review in order to identify those that may have restrictions associated with their use.

Assets

Total assets declined by \$40.1 million, or 2% over the prior year as a result of the utilization of investment balances to fund operating costs as well as strategic investments in capital assets.

Assets

As at April 30, 2016 - Total \$2,596.1 M (2015 - \$2,636.2 M)



¹ Management's Discussion and Analysis should be read in conjunction with the University of Saskatchewan annual audited financial statements and accompanying notes. This discussion document and the annual audited financial statements are approved by the university's Board of Governors upon recommendation of the Audit Committee of the Board. The university's financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, following the restricted fund method of financial reporting.

Cash and Short-term Investments

At April 30, 2016 cash and short-term investments were \$28.3 million or 1% of total assets of the university. During the year this balance increased by \$10.7 million or 61%. This is within normal volatility range and reflects the active cash management approach taken by the university.

Accounts Receivable

At April 30, 2016 accounts receivable were \$186.6 million or 7% of total assets of the university. During the year this balance decreased by \$11.3 million or 6%. This decrease relates to grants and contracts receivable for capital activities due to the timing of the Provincial Budget occurring in June 2016 rather than March as is the usual timing. The magnitude of the accounts receivable balance results from the fund accounting methodology followed by the university whereby revenues are recognized when confirmation of awards have been received, not when funds have been received.

Investments

At April 30, 2016 investment balances were \$896.1 million or 35% of total assets of the university. Of this amount, \$395.3 million is held in trust and endowment funds. During the year this balance decreased by \$60.3 million or 6%. This decrease reflects the utilization of funds for payment of normal expenses during the year. Overall investment returns for the year reported a loss of (1.0%); fixed income returns of 0.8% and long-term pool negative returns of (1.4%), compared to expected returns of 2.0% and 6.8% respectively. These results are within normal volatility ranges for the investment portfolio and are consistent with benchmark returns.

Other Assets Including Inventories and Prepaid Expenses

At April 30, 2016 other assets were \$25.6 million or 1% of total assets of the university. During the year this balance increased by \$1.1 million or 4%. Slightly higher levels of inventories, and increased prepaid library subscriptions account for the increase.

Capital Assets

At April 30, 2016 capital assets were \$1.4 billion or 56% of the total assets of the university. During the year this balance increased by \$19.7 million or 1%. This increase reflects the net cost of additions to the capital assets during the year of \$92.4 million which was partially offset by the net increase in accumulated amortization of \$72.7 million. Significant construction and improvements during the year are:

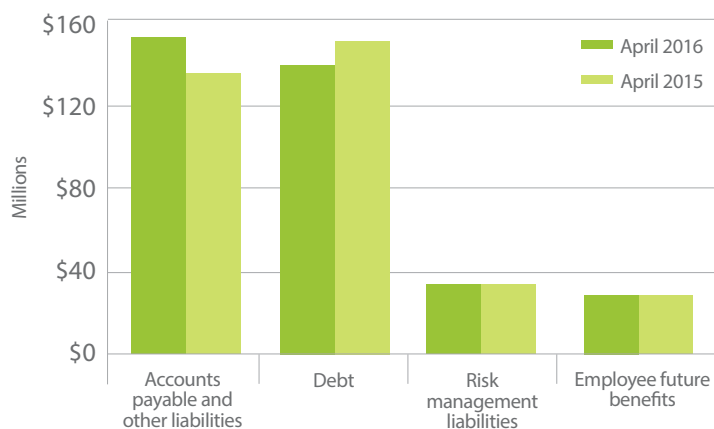
- Academic Health Sciences Centre \$17.5 million
- Advanced cyclotron systems \$1.2 million
- Canadian Light Source beam lines \$53.2 million
- Facilities Management computer system \$3.4 million
- Gordon Oakes Red Bear Student Centre \$16.4 million
- Transformer replacement \$2.2 million

Liabilities

Total liabilities increased by \$6.1 million or 2% over the prior year, with current liabilities rising by \$14.9 million and long-term liabilities declining by \$8.8 million.

Liabilities

As at April 30, 2016 - Total \$358.6 M (Apr 2015 - \$352.5 M)



Accounts Payable and Accrued Liabilities, Deferred Revenue, Accrued Decommissioning Costs and Other Liabilities

At April 30, 2016 accounts payable, deferred revenue, accrued decommissioning costs and other liabilities were \$154.1 million or 43% of total liabilities of the university. During the year this balance increased by \$15.4 million or 11%. This increase reflects a \$41.6 million liability for the voluntary exit plan which was exercised during the current year for physicians in the College of Medicine. This amount is partially offset by a decrease of \$11.4 million in trade payables to suppliers, and a decrease of \$5.0 million in deferred revenue.

Debt

At April 30, 2016 debt was \$140.7 million or 39% of total liabilities of the university. During the year this balance decreased by \$11.7 million or 8%. This decrease relates to the principal repayment of long-term debt. All existing debt relates to capital construction projects and debt service costs are provided through revenues generated by the operations of the facilities (eg. parking fees, residence fees), or through capital grants. The university is actively monitoring the debt market as a potential instrument to address near and medium term capital renewal requirements. As debt cost is at an all-time low, this option is an attractive mechanism to ensure the longer-term functionality of our buildings and systems.

Risk Management Liabilities

At April 30, 2016 risk management liabilities were \$35.5 million or 10% of total liabilities of the university. During the year this balance increased by \$2.8 million or 9%. This increase relates to a \$0.7 million increase in the liability of natural gas commodity swaps and an \$2.1 million increase in the liability of interest rate swaps.

The university enters into natural gas commodity swap agreements to manage the risk of fluctuating natural gas prices by fixing the purchase price into the future. The university has suspended the use of natural gas swaps in the near term to take advantage of historically low spot prices. Active management will allow for the resumption of this procedure as prices begin to rise.

Interest rate risk on long-term debt is managed through the use of interest rate swaps by converting the interest charged on variable rate loans to fixed interest rates. No new interest rate swaps have been purchased since 2012/13 and the valuations above are for the unrealized losses associated with a historically low interest rate market.

Employee Future Benefits

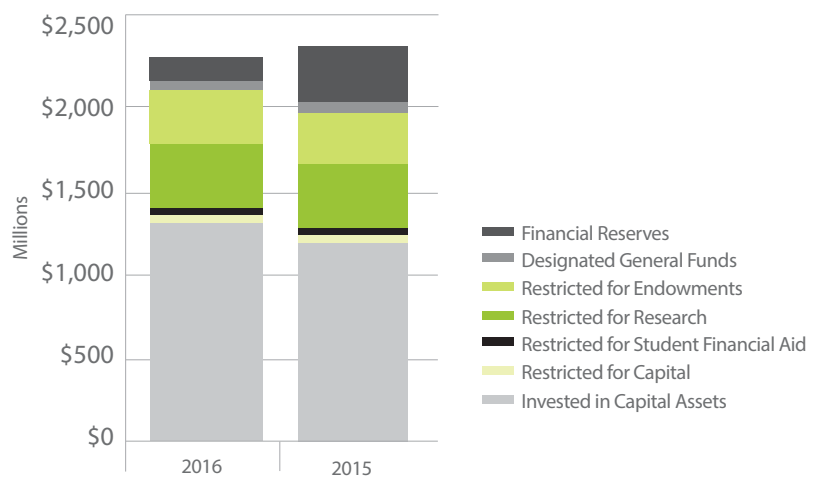
At April 30, 2016 employee future benefit liabilities were \$28.3 million or 8% of the total liabilities of the university. During the year this balance decreased by \$0.5 million or 2%. This decrease reflects the improved position of the university's defined benefit pension plans and other obligations due to employees upon retirement. The total liability recognized for defined benefit pension plan deficit positions is \$13.9 million. The university provided special going-concern payments of \$5.7 million to the defined benefit pension plans in 2015/16.

Fund Balances

Fund Balances are a significant indicator of the financial health of an organization. They represent the net resources of the organization after all obligations have been met. At April 30, 2016 the fund balances of the university were \$2.2 billion. During the year this balance decreased by \$46.2 million or 2%. A key driver in this decline is the impact of market interest rates on the valuation of interest rate swap agreements, pension liabilities, and investment returns.

Fund Balances

As at April 30, 2016 - Total \$2,237.5 M (2015 - \$2,283.8 M)



Endowment Fund Balance

At April 30, 2016 endowment fund balance was \$340.6 million or 15% of the total fund balance of the university. During the year this balance increased by \$2.7 million or 1%. This increase is due to donations of \$4.8 million, royalties and other income of \$1.0 million and recapitalization of investment earnings of \$9.8 million, other contributions of \$5 million, net of investment return losses of (\$17.9) million.

Endowment Funds account for donations received where the donor's intent is that the principal will never be spent. A portion of the investment income earned on the endowment is directed to activities identified by the donor. In accordance with the university spending policy 4.25% of the endowment fund balance was made available to support current year activities. With continued stability in the endowments, annual spending allocations have been maintained at 4.25% for 2016/17. The university will continue to monitor these funds and review the spending allocation to optimize the current and long-term support to research and student financial aid.

Student Financial Fund Balance

At April 30, 2016 student financial aid fund balance was \$48.8 million or 2% of the total fund balance of the university. During the year this balance decreased by \$2.7 million or 5%. This decrease is due to current-year expenditures of \$25.0 million exceeding contributions of \$9.0 million.

Student Financial Aid Funds account for activities related to providing scholarships and bursaries to students. Terms of reference established by donors may require that donations received, and accumulated interest, be spent over an extended period of time rather than in the year the donation is received, hence the accumulated fund balance. The university actively manages these funds to ensure appropriate aid is passed on to the students as prescribed by the donors' request.

Capital Fund Balance

At April 30, 2016 capital fund balance was \$1.3 billion or 60% of the total fund balance of the university. During the year this balance increased by \$35.4 million or 12%. This increase is due to current-year contributions of \$122.5 million exceeding non-capitalized expenditures of \$87.1 million.

Capital Funds account for activities related to the acquisition of capital assets, major renovations and improvements to capital assets. As a result of the current year review of financial reserve balances, \$38 million was transferred in the current year from the general fund for specific identified capital purposes.

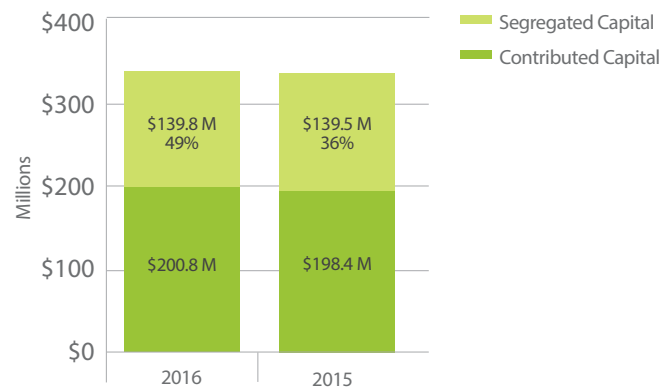
Research Fund Balance

At April 30, 2016 research fund balance was \$341.6 million or 15% of the total fund balance of the university. During the year this balance increased by \$57.6 million or 20%. This increase is due to current year contributions of \$216.1 million exceeding expenditures of \$158.5 million.

Research Funds account for activities related to the support of research. Terms of reference established by funding agencies and donors may require that monies received be spent over an extended period of time rather than in the year the revenue is recognized. The university recognizes revenue for government contributions annually, after appropriations have been made, while grants not subject to appropriations are recognized in their entirety when the research agreement has been signed. This generally results in revenue being recognized in advance of the expenditures being incurred which results in accumulated fund balances.

Endowment Fund Balance

As at April 30, 2016 - Total \$340.6 M (Apr 2015 - \$337.9 M)



General Fund Balance

At April 30, 2016 general fund balance was \$169.1 million or 8% of the total fund balance of the university. During the year this balance decreased by \$139.1 million or 45%. This decrease is due to planned spending initiatives plus unplanned, but anticipated, revenue and expense variances including: (1) investment loss variance in the operating budget of \$27.2 million, (2) a one-time grant reduction by the Province of Saskatchewan in the amount of \$20.0 million, (3) a mid-year funding adjustment by the Province of Saskatchewan of \$9.2 million, (4) the cost of the voluntary exit plan for College of Medicine faculty in the amount of \$42.8 million, and (5) an internal restriction of funds to be used for capital projects in the amount of \$38.1 million. Positive spending variances in the amount of \$3.6 million partially offset these deficiencies.

General Funds account for unrestricted activities of the university. This includes operating activities associated with teaching and learning, administration, plant maintenance, clinical activities, future employee benefits, non-credit instruction, fee-for-service activities, and the consolidation of subsidiaries. Also included are ancillary activities that provide goods and services to the university community such as the bookstore, food services, residences, parking, real estate development, etc.

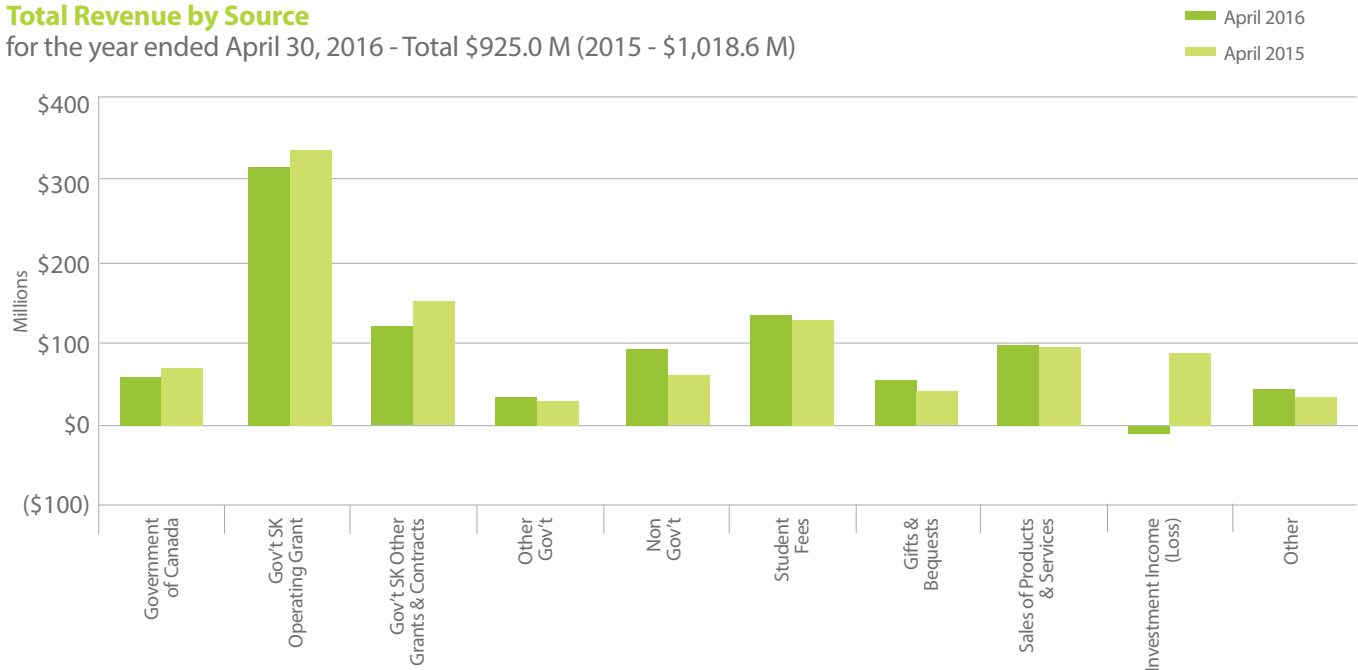
In accordance with the Financial Reserves Policy, the university continues to review all general fund balances and has classified funds for designated projects separately from financial reserves. As at April 30, 2016, of the \$169.1 million general fund balance, \$56.8 million relates to designated projects and \$112.3 million relates to financial reserves (although many of these funds are still under review and may have restrictions associated with their use).

Revenues

University revenues have decreased by \$93.6 million (9%) over the prior year to a total of \$925.0 million. This decrease is comprised of a \$15.3 million decrease in grants and contracts, an increase in student fees of \$3.4 million, a \$99.1 million decline in investment returns², an increase in gifts, grants and bequests in the amount of \$11.6 million, an increase in sales of services and products of \$1.1 million, and an increase in real estate income, royalties and miscellaneous income in the amount of \$4.7 million.

Total Revenue by Source

for the year ended April 30, 2016 - Total \$925.0 M (2015 - \$1,018.6 M)



² 2014/15 actual investment returns were 10.8% while budgeted returns were 5.1%

Grants and Contracts

Grants and contracts account for \$619.8 million or 67% of total university revenues. These revenues decreased by \$15.3 million over the previous year. Federal government grants for research declined by \$5.7 million over the prior year while non-government grants for research increased by \$33.3 million, largely attributable to agricultural research. Support from other governments increased by \$1.0 million and funding from the Province of Saskatchewan declined by \$43.9 million.

During 2015/16 the Province of Saskatchewan faced significant fiscal challenges as a consequence of volatility in the resource sector, largely driven by the drop in the commodity price of oil, among other factors. Accordingly, adjustments were made to the funding provided to the university. The base operating grant of \$314.2 million includes a 1% increase for the 2015/16 fiscal year which is offset by a one-time reduction in funding of \$20 million. These actions had the net effect of reducing operating funding from the Province by 4.5%. During the year, the Province exercised a mid-year adjustment reducing grants provided to restricted purposes by \$9.8 million. A spring 2016 provincial election delayed the annual budget announcement until June which resulted in the annual grants to the university being recognized as revenue in 2016-17 rather than 2015-16. The impact on the financial statements is that provincial grant revenue for 2015/16 is \$29.9 million lower. During the year the Province provided increased support to agricultural research in the amount of \$9.3 million and provided additional funding for the provision of medical services in the amount of \$5.9 million.

The provinces of British Columbia, Alberta and Manitoba participate in supporting the operational activities of the Western College of Veterinary Medicine through an interprovincial agreement with the Province of Saskatchewan. The current agreement is in effect until the end of fiscal year 2016/17 with an annual 2% fee escalation factor.

Student Fees

Student tuition and fees account for \$135.5 million or 15% of total university revenues. These revenues increased by \$3.3 million over the previous year. This increase is attributable to an average tuition rate increase of 2.4%. Enrolment figures remained relatively constant to the previous year with a total headcount of 23,691 students (up slightly from 23,536 students in 2014/2015). The University of Saskatchewan will continue to follow the established principle-based approach in determining appropriate tuition rates for our colleges and schools.

Income (Loss) From Investments

Investment returns resulted in a loss of (\$5.7) million for the year. These revenues decreased by \$99.1 million over the previous year when investment returns were twice what was expected. Overall negative investment returns for the current year were (1.0%), which were significantly less than the expected return of 5.8%.

Gifts, Grants and Bequests

Gifts, grants and bequests account for \$45.6 million or 5% of total university revenues. These revenues increased by \$11.6 million over the previous year. This increase is attributable to increased support for research activities from donors, including a \$15 million gift to the Global Institute For Food Security.

Sales of Services and Products

Sales of services and products account for \$98.6 million or 11% of total university revenues. These revenues increased by \$1.1 million over the previous year. The university engages in a variety of activities that provide products and services to students, faculty, staff and external customers of the university, including bookstore, residences, food services, parking, non-credit instruction, veterinary services, dental services, medical services, farming operations, utilities, et al.

Real Estate Income, Royalties, and Miscellaneous Income

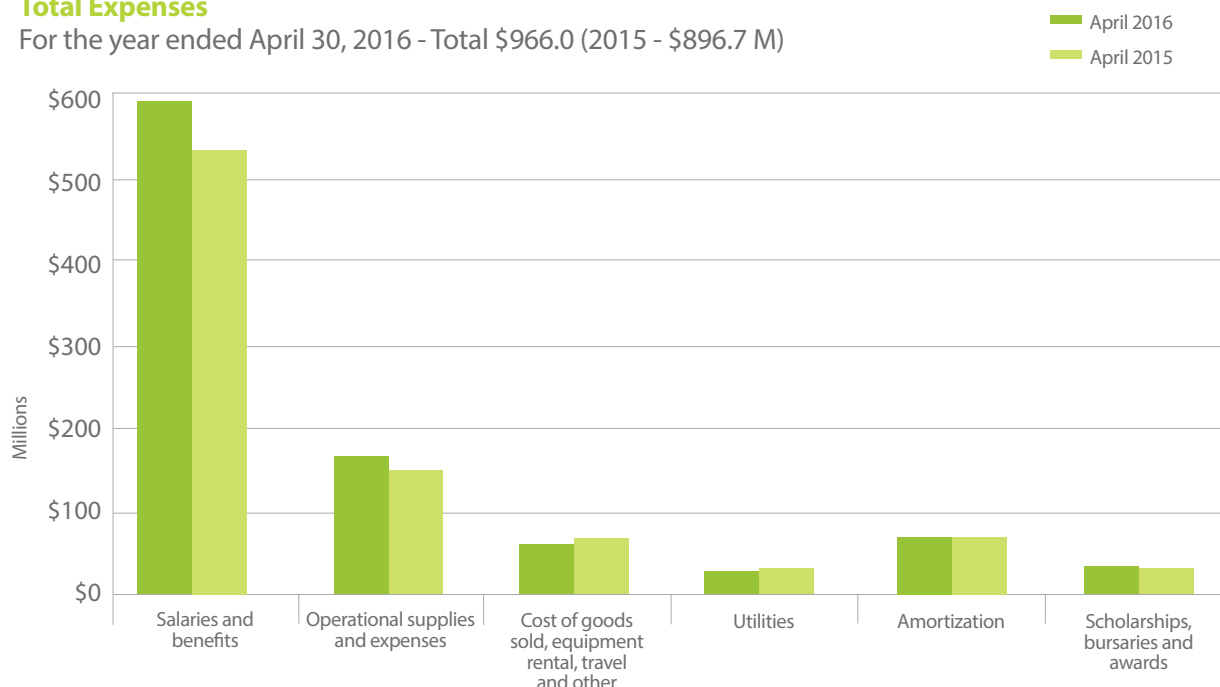
Real estate income, royalties and miscellaneous income account for \$31.2 million or 3% of total university revenues. These revenues increased by \$4.7 million over the previous year. Of this increase, \$2.8 million relates to additional royalties resulting from research discoveries.

Expenses

University expenses have increased by \$69.3 million or 8% over the prior year to a total of \$966.0 million. Extraordinary salary costs in the amount of \$42.8 million related to a voluntary exit plan for medical faculty account for 62% of this increase. The remaining increase in expenses is 3% which is well below the projected economic increase of approximately 4%.

Total Expenses

For the year ended April 30, 2016 - Total \$966.0 (2015 - \$896.7 M)



Salaries and Employee Benefits

Salaries and employee benefits account for \$593.7 million or 61% of total university expenses. These costs increased by \$57.8 million over the previous year. Of this amount, \$42.8 million relates to a voluntary exit plan which was exercised during the current year for physicians in the College of Medicine. After adjusting for this extraordinary item, salary and benefit costs increased by 2.8% over the prior year.

Operational Supplies and Expenses

Operational supplies and expenses account for \$161.6 million or 17% of total university expenses. These costs increased by \$15.8 million (10.8%) over the previous year. This increase is primarily attributable to an increase in externally contracted services of \$8.5 million. Most of these costs relate to physician services provided through the College of Medicine. Increased direct costs of materials and supplies accounted for \$2.2 million of the increase while an increase in royalties paid to researchers accounted for \$1.1 million. Software licences increased by \$1.4 million and the remainder of the increase is widely dispersed across expenditure categories and is not related to any specific activity.

Travel, Cost of Goods Sold, Maintenance Rental and Renovations, Interest, Bad Debt and Decommissioning Cost Expenses

Travel, costs of goods sold, maintenance, rental, and renovations, interest, bad debt and other decommissioning cost expenses account for \$63.5 million or 7% of total university expenses. These costs decreased by \$4.4 million or 6% over the previous year. This decrease is attributable to the change in the value of interest rate swaps that were held throughout the year in the amount of \$6.6 million. The value of swap agreements fluctuate as the market interest rate differs from the price negotiated in the swap agreement. During the year the market interest rate fell below the negotiated price in the swap agreement, which resulted in increased costs to the university. The previous year reported a \$8.7 million cost related to interest rate swaps while the current year reported a \$2.1 million cost. Costs increased by \$1.9 million for maintenance, rental, and renovations during the year and the remainder of the increase is widely dispersed across expenditure categories and is not related to any specific activity.

Utilities

Utilities account for \$26.6 million or 3% of total university expenses. These costs decreased by \$1.7 million or 6% over the previous year. This decrease is attributable to the \$3.2 million change in value of natural gas commodity swaps that were held throughout the year. The value of swap agreements fluctuate as the market price for natural gas differs from the price

negotiated in the swap agreement. During the year the market price for natural gas fell below the negotiated price in the swap agreement, which resulted in increased costs to the university.

The previous year reported a \$3.9 million cost related to swaps while the current year reported a \$0.7 million cost. Cost increased by \$1.5 million for purchased utilities.

Amortization

Amortization accounts for \$76.2 million or 8% of total university expenses. These costs increased by \$0.2 million or 0.3% over the previous year. Since the cost of an asset is allocated over its useful life, this increase is attributable to the impact of new assets that were brought into use during the year.

Scholarships, Bursaries and Awards

Scholarships, bursaries and awards account for \$44.4 million or 4% of total university expenses. These costs increased by \$1.5 million or 3.5% over the previous year. Included in this amount is \$7.4 million support provided to postdoctoral fellowships. The level of support provided to students through these awards has remained relatively constant year over year at 33% of total tuition revenue.

Consolidated Financial Statements
2015/16

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, 2016 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 Audit Services.

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, 2016 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.

The University of Saskatchewan is audited on an annual basis by the Provincial Auditor of Saskatchewan with results reported to the Board of Governors and the Legislative Assembly of Saskatchewan. The objective of the audit is to provide an opinion on the rules and procedures used by the University to safeguard public resources, to provide an opinion on the University's compliance with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing, and to provide an opinion on the reliability of the University's consolidated financial statements. The audit report on the consolidated financial statements appears on the following page.

The current year's audit by the Provincial Auditor did not identify any significant control or compliance with authorities deficiencies.



Peter Stoicheff
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 financial statements of the University of Saskatchewan, which comprise the consolidated statement of financial position as at April 30, 2016, 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 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 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 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, 2016, 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 25, 2016


Judy Ferguson, FCPA, FCA
Provincial Auditor

UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Financial Position
As at April 30 (\$ thousands)

Statement 1

	General	Restricted	Endowment	Total 2016	Total 2015
Current Assets					
Cash and short-term investments (Note 4)	\$ (212,565)	\$ 238,092	\$ 2,796	\$ 28,323	\$ 17,645
Accounts receivable (Note 5)	28,760	116,250	-	145,010	167,481
Inventories (Note 6)	13,764	-	-	13,764	13,410
Prepaid expenses	9,067	42	-	9,109	8,479
	(160,974)	354,384	2,796	196,206	207,015
Long-Term Assets					
Long-term accounts receivable (Note 7)	30	41,535	-	41,565	30,377
Long-term investments (Note 8)	500,830	58,180	337,116	896,126	956,372
Other assets	783	1,239	682	2,704	2,640
Capital assets (Note 9)	-	1,459,548	-	1,459,548	1,439,828
	501,643	1,560,502	337,798	2,399,943	2,429,217
	\$ 340,669	\$ 1,914,886	\$ 340,594	\$ 2,596,149	\$ 2,636,232
Current Liabilities					
Accounts payable and accrued liabilities (Note 10)	\$ 103,098	\$ 9,387	\$ -	\$ 112,485	\$ 89,733
Deferred revenue (Note 11)	31,267	73	-	31,340	36,332
Loans (Note 12)	140	-	-	140	-
Risk management liabilities (Note 13)	8,193	27,327	-	35,520	32,749
Current portion - long-term debt (Note 14)	23	10,835	-	10,858	16,670
Current portion - employee future benefits (Note 15)	1,571	-	-	1,571	1,470
Current portion - capital lease obligation (Note 16)	14	-	-	14	39
	144,306	47,622	-	191,928	176,993
Long-Term Liabilities					
Long-term debt (Note 14)	2	129,717	-	129,719	135,674
Employee future benefits (Note 15)	26,706	-	-	26,706	27,324
Capital lease obligation (Note 16)	23	-	-	23	36
Accrued decommissioning costs (Note 17)	-	9,737	-	9,737	11,377
Other long-term liabilities	528	-	-	528	1,062
	27,259	139,454	-	166,713	175,473
Fund Balances					
Externally restricted funds (Note 19)	-	342,235	156,442	498,677	495,137
Externally restricted permanent endowments (Note 19)	-	-	137,945	137,945	131,362
Internally restricted funds (Note 20)	199,787	103,643	46,207	349,637	410,226
Invested in capital assets	-	1,281,932	-	1,281,932	1,250,935
Unrestricted funds (deficiency)	(30,683)	-	-	(30,683)	(3,894)
	169,104	1,727,810	340,594	2,237,508	2,283,766
	\$ 340,669	\$ 1,914,886	\$ 340,594	\$ 2,596,149	\$ 2,636,232

Commitments and Contingencies (Note 21)
See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Statement 2

 Consolidated Statement of Operations and Changes in Fund Balances
 For the Year Ended April 30 (\$ thousands)

	General	Restricted	Endowment	Total 2016	Total 2015
Revenues					
Grants and contracts					
Government of Canada	\$ 1,994	\$ 61,805	\$ -	\$ 63,799	\$ 69,483
Government of Saskatchewan	406,099	31,691	-	437,790	481,734
Other governments	21,169	2,450	-	23,619	22,554
Non-government	7,534	87,019	-	94,553	61,314
Student fees	135,573	-	-	135,573	132,237
Gifts, grants and bequests	12,979	27,819	4,821	45,619	34,023
Sales of services and products	98,641	20	-	98,661	97,569
Income (loss) from investments	1,732	10,400	(17,907)	(5,775)	93,343
Real estate income	6,087	125	2	6,214	5,859
Royalties	16,931	3	732	17,666	14,868
Miscellaneous income	6,661	343	291	7,295	5,651
	715,400	221,675	(12,061)	925,014	1,018,635
Expenses					
Salaries	461,483	66,155	-	527,638	469,323
Employee benefits (Note 22)	59,547	6,547	-	66,094	66,536
Operational supplies and expenses	130,136	31,479	14	161,629	145,829
Travel	12,753	6,402	-	19,155	18,689
Cost of goods sold	17,119	5	-	17,124	17,166
Maintenance, rental and renovations	15,586	1,770	-	17,356	15,496
Utilities	26,605	16	-	26,621	28,275
Amortization	-	76,190	-	76,190	75,996
Scholarships, bursaries and awards	4,927	39,498	-	44,425	42,924
Interest (Note 23)	35	8,068	-	8,103	15,091
Bad debt expense	981	8	-	989	742
Decommissioning costs (Note 17)	-	714	-	714	644
	729,172	236,852	14	966,038	896,711
Excess (deficiency) of revenues over expenses	(13,772)	(15,177)	(12,075)	(41,024)	121,924
Interfund transfers (Note 27)	(120,140)	105,377	14,763	-	-
Net increase (decrease) in fund balances for year	(133,912)	90,200	2,688	(41,024)	121,924
Fund balances, beginning of year	308,250	1,637,610	337,906	2,283,766	2,165,830
Employee future benefits remeasurements and other items	(5,234)	-	-	(5,234)	(3,988)
Fund balances, end of year	\$ 169,104	\$ 1,727,810	\$ 340,594	\$ 2,237,508	\$ 2,283,766

See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Statement 3

 Consolidated Statement of Cash Flows
 For the Year Ended April 30, 2016 (\$ thousands)

	General	Restricted	Endowment	Total 2016	Total 2015
Cash flows from operating activities					
Cash received from Government of Canada	\$ 2,506	\$ 68,160	\$ -	\$ 70,666	\$ 66,178
Cash received from Government of Saskatchewan	402,915	66,651	-	469,566	490,243
Cash received from other governments	21,159	2,023	-	23,182	23,070
Cash received from non-government	5,327	71,670	-	76,997	76,761
Cash received from student fees	136,300	-	-	136,300	131,546
Cash received from gifts, grants and bequests	6,127	27,213	-	33,340	26,247
Cash received from sales of services and products	97,538	20	-	97,558	96,348
Cash received from royalties and licensing	17,357	3	732	18,092	14,776
Cash received from miscellaneous income	6,786	307	290	7,383	5,776
Cash paid for salaries and benefits	(500,554)	(72,557)	-	(573,111)	(546,603)
Cash paid for non-salary expenditures	(209,869)	(95,236)	(13)	(305,118)	(272,475)
Cash generated from (used for) operating activities	(14,408)	68,254	1,009	54,855	111,867
Cash flow from financing and investment activities					
Cash received from income from investments	13,415	(34,552)	60,888	39,751	57,387
Distribution of income from investments	3,055	11,079	(14,134)	-	-
Contributions of cash for endowments	-	-	4,370	4,370	4,069
Cash received from real estate income	5,987	126	1	6,114	10,759
Cash received from debt financing	140	-	-	140	12
Debt financing repayments	(60)	(11,745)	-	(11,805)	(10,659)
Purchase of capital assets	-	(100,499)	-	(100,499)	(92,389)
Sale (Purchase) of investments	46,148	38,474	(66,870)	17,752	(137,319)
Cash generated from (used for) financing and investing activities	68,685	(97,117)	(15,745)	(44,177)	(168,140)
Net increase (decrease) in cash	54,277	(28,863)	(14,736)	10,678	(56,273)
Interfund transfers	(120,140)	105,377	14,763	-	-
Cash (bank indebtedness), beginning of year	(146,702)	161,578	2,769	17,645	73,918
Cash (bank indebtedness), end of year	\$ (212,565)	\$ 238,092	\$ 2,796	\$ 28,323	\$ 17,645

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, 2016
(\$ Thousands)

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. This entity's year end for consolidation purposes is April 30, 2016.
- 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. This entity's year end for consolidation purposes is March 31, 2016.
- Prairie Swine Centre Inc. (PSCI), 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. This entity's year end for consolidation purposes is June 30, 2015.
- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the university incorporated under *The Business Corporations Act*, participates in real estate investment activities. This entity's year end for consolidation purposes is April 30, 2015.
- 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. This entity dissolved operations effective June 23, 2015 and had no activity during the 2015-16 year.
- The Sylvia Fedoruk Canadian Centre for Nuclear Innovation (the Fedoruk Centre), 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. This entity's year end for consolidation purposes is March 31, 2016.

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.

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.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

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.

Buildings	40 years
CLSI facility retirement costs	30 years
Site improvements	20 years
Computers	3 years
Equipment and furnishings	3 to 10 years
Library materials	10 years

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.

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 recognized directly in fund balances as a separately identified line item. Current service and finance costs are expensed during the year.

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

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

The cost of non-pension post-retirement and post-employment benefits relating to 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 recognized directly in fund balances as a separately identified line item. Current service and finance costs are expensed during the year.

i) Decommissioning obligation

CLSI and the Fedoruk Centre recognize 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:

Assets/Liabilities	Measurement
Cash	Fair value
Accounts receivable	Amortized Cost
Investments, short-term and long-term	Fair value
Accounts payable and accrued liabilities	Amortized Cost
Employee benefit liabilities	Amortized Cost
Loans	Amortized Cost
Natural gas and interest rate swaps	Fair value
Long-term debt, including current portion	Amortized Cost

Fair value amounts represent the amount of consideration that would be agreed on between knowledgeable, willing parties who are under no compulsion to act. Published market quotations if they exist are the best evidence of fair value. Estimated fair value is calculated based on market conditions at a specific point in time and may not be reflective of future fair values.

Amortized cost represents the initial value at which a financial asset or financial liability is recognized minus principle repayments, plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount, and minus any reduction (directly or through an allowance account) for impairment.

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.

3. Disclosure of Other Significant Relationships (continued)

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 the university's financial statements.

4. Cash and Short-term Investments

	April 30	
	2016	2015
Cash	\$ 27,289	\$ 16,513
Short-term investments	1,034	1,132
	\$ 28,323	\$ 17,645

Short-term notes, treasury bills and term deposits maturing within one year are stated at cost, which together with accrued interest income approximate fair value.

5. Accounts Receivable

	April 30	
	2016	2015
General	\$ 15,626	\$ 13,519
Investment income	1,262	1,551
Grants and contracts related to general funds	6,340	2,776
Grants and contracts related to student financial aid	38	2,124
Grants and contracts related to research	112,805	103,066
Grants and contracts related to capital	86	34,969
Other restricted	3,132	2,624
Other unrestricted	4,024	3,478
Student fees	4,212	5,496
Student loans	206	170
Allowance for doubtful accounts	(2,721)	(2,292)
	\$ 145,010	\$ 167,481

6. Inventories

	April 30			2015
	2016		End of Year	
	Beginning of Year	Net Change		End of Year
College of Agriculture and Bioresources	\$ 2,152	\$ 136	\$ 2,288	\$ 2,152
College of Dentistry	283	(22)	261	283
Western College of Veterinary Medicine	1,162	(6)	1,156	1,162
Other Units				
Consumer Services	3,378	(207)	3,171	3,378
Facilities Management Division	2,012	190	2,202	2,012
Vaccine and Infectious Disease Organization (VIDO)	129	154	283	129
Other	430	12	442	430
Subsidiaries				
CLSI	3,523	36	3,559	3,523
Prairie Swine Centre Inc.	341	61	402	341
	\$ 13,410	\$ 354	\$ 13,764	\$ 13,410

7. Long-Term Accounts Receivable

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

	April 30	
	2016	2015
2017	\$ -	\$ 22,209
2018	18,318	5,986
2019	10,425	872
2020	8,315	460
2021	3,606	350
2022	751	350
2023	150	150
	\$ 41,565	\$ 30,377

8. Long-Term Investments

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. 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 majority of these assets are held within two investment funds (fixed income (FI) or long-term (LT)). However, certain specific donor agreements require the university to invest their assets outside of these funds. Some of these investments need to meet a certain investment mix and follow a long-term diversified strategy (LTDS), while others have varying conditions. Asset allocations are as follows:

April 30, 2016					
	FI	LT	LTDS	Other	Total
Government and corporate bonds	\$ 154,546	\$ -	\$ -	\$ 4,236	\$ 158,782
Government and corporate bonds pooled funds	-	193,732	142	-	193,874
Canadian equities	-	98,154	-	568	98,722
Canadian equities pooled funds	-	108,928	149	-	109,077
Foreign equities	-	140,288	-	658	140,946
Foreign equities pooled funds	-	147,402	346	-	147,748
Real estate pooled funds	-	38,207	-	-	38,207
Cash, short-term investments and other assets	4,404	4,235	75	56	8,770
	\$ 158,950	\$ 730,946	\$ 712	\$ 5,518	\$ 896,126

April 30, 2015					
	FI	LT	LTDS	Other	Total
Government and corporate bonds	\$ 213,649	\$ -	\$ -	\$ 1,255	\$ 214,904
Government and corporate bonds pooled funds	-	195,107	112	-	195,219
Canadian equities	-	95,452	-	740	96,192
Canadian equities pooled funds	-	109,692	173	-	109,865
Foreign equities	-	143,194	-	671	143,865
Foreign equities pooled funds	-	152,711	280	-	152,991
Real estate pooled funds	-	33,385	-	-	33,385
Cash, short-term investments and other assets	4,410	5,539	2	-	9,951
	\$ 218,059	\$ 735,080	\$ 567	\$ 2,666	\$ 956,372

8. Long-Term Investments (continued)

The university's FI, LT and LTDS funds are managed by third party investment managers through the use of segregated or unitized pooled-fund investments.

The fair value of investments recorded in the consolidated financial statements is determined as follows:

- i) Bonds and equities are valued at closing market price as a practical expedient for fair value measurement.
- ii) Pooled fund investments with underlying investments in asset classes such as equities, bonds and cash, are valued using the April 30 net value per unit as supplied by the university's fund managers; this represents the university's proportionate share of underlying net assets of the pooled funds, determined using closing market prices.
- iii) If a market for a financial instrument is not active or if a closing market price is not available as at April 30, estimated fair values are calculated using a valuations technique such as recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.
- iv) Real estate is managed through pooled funds and fair value is determined based on latest valuations provided by external managers (usually March 31) and adjusted for subsequent cash receipts and distributions from the fund through to April 30.

Uncalled commitments

The university invests in closed-end real estate funds with LaSalle Investment Management, Boutall Kennedy and CBRE Global Investors. The legal terms and conditions of these funds require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount) in response to a series of capital calls issued to the investors by the manager. At April 30, 2016, the university had uncalled commitments of approximately \$10.3 million (2015 - \$15.6 million) and 26 million euros (or \$37 million CAD, at April 30, 2016) with CBRE Global Investors (2015-nil). The capital committed is called by the manager over a pre-defined investment period, but is generally between three to four years from the date the fund closes.

9. Capital Assets

	April 30			2015
	2016			
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 1,572,465	\$ 478,901	\$ 1,093,564	\$ 1,103,274
CLSI facility retirement costs	7,664	2,001	5,663	7,946
Site improvements	150,837	60,533	90,304	83,015
Computers	128,808	114,892	13,916	11,857
Equipment and furnishings	400,549	306,530	94,019	92,498
Land	6,784	-	6,784	6,784
Construction in progress	143,458	-	143,458	122,415
Library materials	149,971	138,198	11,773	11,877
	2,560,536	1,101,055	1,459,481	1,439,666
Assets acquired under capital lease obligation				
Equipment and furnishings	778	711	67	162
	\$ 2,561,314	\$ 1,101,766	\$ 1,459,548	\$ 1,439,828

10. Accounts Payable and Accrued Liabilities

	April 30	
	2016	2015
Non-governmental accounts payable and accrued liabilities	\$ 70,307	\$ 75,440
College of Medicine voluntary severance package	41,590	-
Government remittances		
Sales taxes	324	657
Payroll related taxes	264	13,636
	\$ 112,485	\$ 89,733

11. Deferred Revenue

	April 30	
	2016	2015
Student fees	\$ 5,350	\$ 5,321
Unearned revenue-ancillary operations	7,048	7,226
Deferred contributions	18,942	23,785
	\$ 31,340	\$ 36,332

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. It also includes unearned revenue associated with College Quarter Hotel.

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

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, 2016, there was no borrowing outstanding under the facility (2015 – nil).

Additionally, during the year PSCI entered into a term loan agreement with the Leroy Credit Union. The loan bears interest at prime plus 1.50%, payable in blended monthly principle payments; due September 2024. At April 30, 2016 \$140 thousand was drawn and outstanding on the term loan.

13. Risk Management Liabilities

	April 30	
	2016	2015
Natural gas commodity swap agreements (a)	\$ 8,193	\$ 7,530
Interest rate swap agreements (b)	27,327	25,219
	\$ 35,520	\$ 32,749

13. Risk Management Liabilities (continued)

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

a) Natural gas commodity swap agreements		April 30	
		2016	2015
Royal Bank of Canada - November 15, 2010 agreement	(i)	\$ 3,607	\$ 3,777
Royal Bank of Canada - December 16, 2010 agreement	(ii)	2729	2,466
Royal Bank of Canada - January 17, 2012 agreement	(iii)	363	381
Bank of Montreal - July 29, 2014 agreement	(iv)	909	716
Royal Bank of Canada - November 3, 2014 agreement	(v)	311	168
Bank of Montreal - April 23, 2015 agreement	(vi)	72	11
Royal Bank of Canada - April 23, 2015 agreement	(vi)	72	11
Canadian Imperial Bank of Canada - August 10, 2015 agreement	(vii)	130	-
		\$ 8,193	\$ 7,530

- i) A natural gas commodity swap agreement entered into November 15, 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, 2020 at rates from \$5.35/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.
- iv) A natural gas commodity agreement entered into July 29, 2014 which fixes the natural gas rates on a notional quantity of 750 GJ of natural gas per day between November 1, 2014 and October 31, 2015 and 675 GJ of natural gas per day between November 1, 2015 and October 31, 2016 and 725 GJ of natural gas per day between November 1, 2016 and October 31, 2018 at rates from \$3.59/GJ to \$3.92/GJ.
- v) A natural gas commodity agreement entered into November 3, 2014 which fixes the natural gas rates on a notional quantity of 675 GJ of natural gas per day between November 1, 2016 and October 31, 2017 at a rate of \$3.72/GJ.
- vi) A natural gas commodity agreement entered into April 23, 2015 which fixes the natural gas on a notional quantity of 350 GJ with Bank of Montreal and 350 GJ with Royal Bank of Canada for a total of 700 GJ of natural gas per day between November 1, 2018 and October 31, 2019 at a rate of \$3.39/GJ.
- vii) A natural gas commodity agreement entered into August 10, 2015 which fixes the natural gas on a notional quantity of 700 GJ of natural gas per day between November 1, 2019 and October 31, 2020 at a rate of \$3.45/GJ.

The total expense (recovery) for the university's natural gas commodity swap agreements included in utilities is \$663 (2015 - \$3,941).

13. Risk Management Liabilities (continued)

b) Interest Rate Swap Agreements

To manage the interest rate exposure associated with long-term loans (see Note 14) the university has entered into the following interest rate swap agreements with the Royal Bank of Canada (RBC) and Bank of Montreal (BMO):

		April 30	
		2016	2015
Stadium Parkade - see Note 14	(viii)	\$ 2,923	\$ 2,948
Annual sustaining capital borrowing - see Note 14	(ix)	2,072	2,373
College quarter undergraduate residence - see Note 14	(x)	11,919	10,806
College quarter graduate residence - see Note 14	(xi)	9,380	8,163
Academic Health Sciences - see Note 14	(xii)	1,033	929
		\$ 27,327	\$ 25,219

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

- viii) Interest is at 5.79%; agreement terminates September 2029.
- ix) Interest rates vary from 2.77% to 5.30%; agreements terminate between January 2020 and November 2026.
- x) Interest rate of 4.63% and 4.57%; agreements terminate in October 2036 and September 2037.
- xi) Interest rate of 4.37%; agreement terminates in January 2043.
- xii) Interest rate of 1.93%; agreement terminates in December 2022.

The total expense (recovery) in fair value for the university's interest rate swap agreements (included in Note 23 Interest Expense (Recovery)) is \$2,108 (2015 - \$8,712).

14. Long-term Debt

	April 30	
	2016	2015
Canada Mortgage and Housing Corp. (CMHC) (a)	\$ -	\$ 1,109
Government of Saskatchewan (b)	-	32
Farm Credit Canada (c)	25	47
Academic Health Sciences (d)	40,000	46,000
Stadium Parkade (e)	9,732	10,192
Annual Sustaining Capital Borrowing (f)	20,025	22,538
College Quarter Undergraduate Residence (g)	40,965	42,055
College Quarter Graduate Residence (h)	29,830	30,371
	140,577	152,344
Less: Current Portion	(10,858)	(16,670)
	\$ 129,719	\$ 135,674

14. Long-term Debt (continued)

- a) Canada Mortgage and Housing Corp. (CMHC) - 6.88% debentures due May 1 and September 1, 2020. The balances owing on these debentures were repaid in full in May 2015 at the discretion of the university.
- b) Loan payable to the Government of Saskatchewan - General Revenue Fund - 5.13%. The loan matured and was fully repaid in December 2015.
- c) Loan payable to Farm Credit Canada with interest at FCC personal property variable rate less 0.75%, payable in blended monthly principal repayments of \$2, secured by a general security agreement; due July 2016.
- d) BMO Banker's Acceptance Loan (re: Academic Health Sciences) - Canadian Banker's Acceptance Canadian Deposit Offering Rate (CDOR) + spread of 0.35%, revolving monthly at progressively smaller amounts based on a 10-year amortization until December 2022; repayable in full December 2022.
- e) Royal Bank Banker's Acceptance Loan – CDOR + spread of 0.29%, revolves monthly at progressively smaller amounts based on 25 year amortization until September 2029; repayable in full October 2019.
- f) Royal Bank Banker's Acceptance Loan – CDOR + spread of 0.29%, revolving monthly at progressively smaller amounts based on 15 year amortization, with end dates between January 2020 to November 2026; repayable in full between September and October 2019. 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.
- g) Royal Bank Banker's Acceptance Loan – CDOR + spread of 0.29%, revolving monthly at progressively smaller amounts based on 25 year amortization until October 2036 and September 2037; repayable in full September 2019.
- h) Royal Bank Banker's Acceptance Loan – CDOR + spread of 0.29%, revolving monthly at progressively smaller amounts based on 30 year amortization until January 2043; repayable in full October 2019.

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

2017	\$	10,858
2018		11,071
2019		11,316
2020		11,506
2021		11,137
	\$	55,888

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, 2014 for two plans and December 31, 2012 for one of the plans (the December 31, 2015 actuarial valuation for funding purposes will be filed by September 2016 for this latter plan).

The total expense for the university's defined contribution plans for the year is \$21,277 (2015 - \$19,970).

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

15. Employee Future Benefits (continued)

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.

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 is December 31, 2015 (extrapolated to April 30, 2016). The measurement date of the actuarial valuations for the accrued benefit obligations for the other post-retirement benefits is April 30, 2016.

Information about the university's benefit plan is as follows:

	2016			2015		
	Defined Pension Plans	Other Post Retirement Benefits	Total	Defined Pension Plans	Other Post Retirement Benefits	Total
Plan assets						
Fair value at beginning of year	\$ 519,946	\$ -	\$ 519,946	\$ 485,811	\$ -	\$ 485,811
Actual return on plan assets	33,165	-	33,165	52,200	-	52,200
Employer contributions	12,527	1,571	14,098	12,978	1,470	14,448
Employee contributions	6,611	-	6,611	6,405	-	6,405
Benefits paid	(36,404)	(1,571)	(37,975)	(37,448)	(1,470)	(38,918)
Fair value at end of year	\$ 535,845	\$ -	\$ 535,845	\$ 519,946	\$ -	\$ 519,946
Accrued benefit obligations						
Accrued benefit obligation at beginning of year	\$ 518,146	\$ 15,004	\$ 533,150	\$ 496,892	\$ 15,887	\$ 512,779
Current service cost	13,250	1,506	14,756	12,801	1,145	13,946
Interest cost	30,661	483	31,144	30,680	578	31,258
Benefits paid	(36,404)	(1,571)	(37,975)	(37,448)	(1,470)	(38,918)
Actuarial (gains) losses	6,878	(452)	6,426	15,221	(352)	14,869
Plan amendments	-	(551)	(551)	-	(784)	(784)
Accrued benefit obligation at end of year	\$ 532,531	\$ 14,419	\$ 546,950	\$ 518,146	\$ 15,004	\$ 533,150

(chart continued on following page)

15. Employee Future Benefits (continued)

	2016			2015		
	Defined Pension Plans	Other Post Retirement Benefits	Total	Defined Pension Plans	Other Post Retirement Benefits	Total
Accrued benefit asset (liability)						
Fair value - plan assets at end of year	\$ 535,845	\$ -	\$ 535,845	\$ 519,946	\$ -	\$ 519,946
Accrued benefit obligation, end of year	532,531	14,419	546,950	518,146	15,004	533,150
Valuation allowance	(17,172)	-	(17,172)	(15,590)	-	(15,590)
Accrued benefit asset (liability), net of valuation allowance	\$ (13,858)	\$ (14,419)	\$ (28,277)	\$ (13,790)	\$ (15,004)	\$ (28,794)
Current portion	\$ -	\$ (1,571)	\$ (1,571)	\$ -	\$ (1,470)	\$ (1,470)
Long-term portion	(13,858)	(12,848)	(26,706)	(13,790)	(13,534)	(27,324)
	\$ (13,858)	\$ (14,419)	\$ (28,277)	\$ (13,790)	\$ (15,004)	\$ (28,794)
Benefit plan (income) expense:						
Current service cost, net of employee contributions	\$ 6,639	\$ 1,506	\$ 8,145	\$ 6,396	\$ 1,145	\$ 7,541
Interest on benefit obligation	30,661	483	31,144	30,680	578	31,258
Interest on asset (liability) obligation	(30,964)	-	(30,964)	(30,154)	-	(30,154)
	\$ 6,336	\$ 1,989	\$ 8,325	\$ 6,922	\$ 1,723	\$ 8,645
Remeasurements and other items:						
Actual return on plan assets	\$ (33,165)	\$ (452)	\$ (33,617)	\$ (52,200)	\$ -	\$ (52,200)
Actuarial (gain) loss on accrued benefit obligation	6,878	-	6,878	15,221	(352)	14,869
Interest on asset (liability) obligation	30,964	-	30,964	30,154	-	30,154
Recognition of plan amendment	-	(551)	(551)	-	(784)	(784)
Increase (decrease) in valuation allowance	1,582	-	1,582	11,949	-	11,949
	\$ 6,259	\$ (1,003)	\$ 5,256	\$ 5,124	\$ (1,136)	\$ 3,988

15. Employee Future Benefits (continued)

Actuarial assumptions (weighted average as of April 30)

	2016		2015	
	Defined Pension Plans	Other Post Retirement Benefits	Defined Pension Plans	Other Post Retirement Benefits
Discount rate	5.8%	3.2%	6.0%	3.2%
Compensation increase	3.1%	-	3.0%	-
Health care cost trend rate	-	5.0%	-	5.0%
Inflation	2.2%	2.2%	2.5%	2.5%

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

	2016		2015	
	Defined Pension Plans	Other Post Retirement Benefits	Defined Pension Plans	Other Post Retirement Benefits
Fixed income	37.8%	-	34.8%	-
Equities	61.2%	-	63.9%	-
Other	1.0%	-	1.3%	-
Total	100.0%	-	100.0%	-

16. Capital Lease Obligation

The university has entered into leases with Element Fleet Management and CNH Capital Canada Ltd. for 12 vehicles that are used to support maintenance and operating activities. The lease contracts cover various periods of time, with expiry dates between 2016 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:

Year Ending April 30	2016	2015
2016	\$ -	\$ 71
2017	21	21
2018	23	23
Total minimum lease payments	44	115
Less: amount representing interest at 3% per annum	(7)	(40)
Present value of net minimum capital lease payments	37	75
Less: current portion of capital lease obligation	(14)	(39)
Long-term portion of capital lease obligation	\$ 23	\$ 36

17. Decommissioning Costs

a) CLSI

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, 2016 the university provided a guarantee of \$9,944 through a non-revolving demand facility with the Royal Bank of Canada. This amount is amended every 5 years with the next amendment effective May 1, 2017.

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 \$13,907.

The present value of the liability for decommissioning costs has been calculated using a credit-adjusted risk free interest rate of 2.00% (2015 – 1.97%). The change in cost estimate resulted in a \$1,864 decrease to both the accrued decommissioning costs and the deferred decommissioning costs. The current year decommissioning costs of \$714 (2015 - \$644) include amortization of deferred decommissioning costs of \$418 (2015 - \$317) and costs associated with a financial guarantee to the CNSC of \$72 (2015 - \$56). A reconciliation of the accrued decommissioning costs is as follows:

	April 30	
	2016	2015
Accrued decommissioning costs, beginning of year	\$ 11,377	\$ 9,171
Accretion expense	224	271
Adjustment due to change in discount rate	(1,864)	1,935
Accrued decommissioning costs, end of year	\$ 9,737	\$ 11,377

b) The Fedoruk Centre

During the year, as a component of its Class II Nuclear Facilities and Prescribed equipment License from the CNSC, the Fedoruk Centre completed its acknowledgement of liability with respect to the safe termination of licensed activities under the Class II license. As at March 31st, the corporation's yearend, the obligation is calculated as \$93 based on the formula provided by the CNSC and the Fedoruk Centre's inventory of prescribed equipment. The university, through the Fedoruk Centre is not required to set aside any specific funds, or pay any annual financial contribution to the CNSC, with respect to this obligation.

Since the Fedoruk Centre had not received its CNSC operating license as of March 31, 2016 no material requiring decommissioning is currently being produced and therefore no liability has been recognized in these financial statements. At a minimum, upon achieving the operating license a decommissioning liability will be recorded to reflect certain baseline regulatory activities that will be required upon decommissioning, such as radiological surveys. A reasonable estimate of the full amount of any potential further asset retirement obligation cannot be made at this time as there is significant uncertainty regarding the present amount of any additional obligation, due to factors such as the potential for activation of the concrete and the ultimate method of decommissioning. These factors will be evaluated on an annual basis.

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*

18. Capital Disclosures (continued)

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 an agreement with an external party specifying the purpose for which resources are to be used.

	April 30	
	2016	2015
Restricted Fund		
Capital Fund	\$ 6,235	\$ 52,551
Student Financial Aid Fund	39,800	42,077
Research Fund	296,200	241,704
	342,235	336,332
Endowment Fund		
Endowed Contributions - term	35,635	33,997
Capitalized endowment earnings	120,807	124,808
	156,442	158,805
	498,677	495,137
Endowment Fund		
Endowed Contributions - permanent	137,945	131,362
Total externally restricted fund balances	\$ 636,622	\$ 626,499

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:

	April 30	
	2016	2015
General Fund *	\$ 199,787	\$ 312,144
Restricted Fund		
Capital Fund	49,248	(1,452)
Student Financial Aid Fund	9,039	9,451
Research Fund	45,356	42,344
	103,643	50,343
Endowment Fund		
Endowed contributions	27,204	33,022
Capitalized endowment earnings	19,003	14,717
	46,207	47,739
Total internal restricted fund balances	\$ 349,637	\$ 410,226

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

21. Commitments and Contingencies

a) Capital projects

With significant commitments relating to the Health Sciences and CLSI Beamline projects, the estimated cost of contractual commitments to complete capital projects as at April 30, 2016 is approximately \$15,469 (2015 - \$32,237).

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:

2017	\$	1,719
2018		1,691
2019		1,676
2020		1,658
2021		1,658

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 2016. At April 30, 2016, draws on the facility totaled \$16,924 (2015 - \$17,204). The floating interest rate is managed through interest rate swap agreements with notional amounts of \$11,095 terminating in June 2040 and \$5,829 terminating in January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust at April 30, 2016 was \$5,974 (2015 - \$5,292).

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:

Year	Gas Year	Target Range % Booked per Derivatives Policy	Approximate Consumption Needs Booked * %	Weighted Average Price/GJ
0	Nov 15 / Oct 16	75 - 100	100	4.60
1	Nov 16 / Oct 17	75 - 100	100	4.65
2	Nov 17 / Oct 18	50 - 100	75	5.18
3	Nov 18 / Oct 19	50 - 75	74	5.27
4	Nov 19 / Oct 20	50 - 75	50	4.94

* 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, 2016 is \$16,971 (2015 - \$21,076).

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, 2016, 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 on December 4, 2007, denying all claims. The plaintiff has not further advanced the claim since that time. 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, 2015 CURIE had an accumulated surplus of \$69,679 (2014 - \$74,231) of which the university's pro-rata share is approximately 3.99% (2014 - 3.95%).

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. Employee Benefits

	April 30	
	2016	2015
Pension expense - defined benefit (Note 15)	\$ 6,336	\$ 6,922
Pension expense - defined contribution (Note 15)	21,277	19,970
Employee future benefits (Note 15)	1,989	1,723
All other employee benefits	36,492	37,921
	<u>\$ 66,094</u>	<u>\$ 66,536</u>

23. Interest Expense (Recovery)

	April 30	
	2016	2015
Interest expense	\$ 5,995	\$ 6,379
Increase (decrease) in fair value of interest rate swap agreements (Note 13 b)	2,108	8,712
	<u>\$ 8,103</u>	<u>\$ 15,091</u>

24. Gifts-in-kind and Donation Pledges

Gifts-in-kind consist of the following:

	April 30	
	2016	2015
Works of art	\$ 172	\$ 447
Equipment and furnishings	29	53
Investments	4,655	4,253
Library holdings	-	57
Research project contributions	5,539	2,380
Other	193	371
	\$ 10,588	\$ 7,561

Donations pledged but not received as at April 30, 2016 totaled \$22,495 (2015 - \$38,644). These pledges are expected to be honoured during the subsequent five-year period and will be recorded as revenue when received.

25. 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 an 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.

26. Operating Budget Allocation

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.

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:

26. Operating Budget Allocation (continued)

Colleges/Units ^(c)	2016		2015	
	Budget ^(a)	Net Expenses ^(b)	Budget ^(a)	Net Expenses ^(b)
Agriculture and Bioresources	\$ 16,226	\$ 16,617	\$ 14,873	\$ 14,439
Arts and Science	72,377	68,597	65,307	62,021
Edwards School of Business	15,695	15,740	14,954	14,428
Dentistry	5,903	5,889	5,868	5,644
Education	10,799	11,093	9,327	9,591
Engineering	19,898	21,945	18,551	17,216
Graduate Studies and Research	2,833	3,243	2,780	4,885
Kinesiology, including Huskie Athletics	5,738	5,870	5,308	5,723
Law	7,282	6,836	6,991	6,652
Medicine	76,125	132,247	73,303	61,656
Nursing	19,616	22,293	19,215	18,904
Pharmacy and Nutrition	7,062	7,056	6,413	5,990
Veterinary Medicine	29,038	34,668	28,420	30,996
Schools	6,600	7,935	6,026	5,478
Library	14,198	14,577	16,001	19,068
Instructional support units ^(d)	11,563	12,171	13,869	13,287
Non-instructional units:				
Information and Communication Technology	15,036	14,604	11,711	12,060
Student & Enrolment Services	11,681	11,930	11,429	11,462
Facilities Management	24,365	24,832	23,281	23,068
Protective Services	2,733	2,740	2,497	2,351
University Relations	8,858	9,694	8,756	8,860
Administrative and Research support units ^(e)	29,270	30,179	30,775	27,859
Institutional Utilities	16,766	15,821	17,759	15,697
Institutional Scholarships/Bursaries	9,731	9,731	9,629	9,629
Institutional Research & Scholarly	25,980	35,054	22,361	17,474
Institutional Student Support	465	537	363	426
Institutional Network, Software & System Renewal	7,692	9,026	7,287	6,449
Institutional Administration ^(f)	26,017	38,849	34,777	33,609
Institutional Benefits ^(g)	9,501	8,014	9,128	9,341
Total	\$ 509,048	\$ 597,788	\$ 496,959	\$ 474,263

Notes:

- 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.
- Expenses include spending of opening fund balances.

26. Operating Budget Allocation (continued)

- c) Budget allocations and expenses reflect the results of any organizational restructuring during the year.
- d) Instructional support units include the University Learning Centre, the Gwenna Moss Centre for Teaching Effectiveness, Media Access and Production, the Distance Education Unit, NETI, 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) Includes centrally paid amounts such as space, rental and insurance costs, and additional pension related payments.
- g) Includes accountable professional allowances and other benefits provided to employees under terms of collective agreements.

27. 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.

	Operating	Ancillary	Student Financial Aid	Research	Capital	Endowment
Salary & Benefits	\$ (2,190)	\$ 92	\$ 6	\$ 2,067	\$ 25	\$ -
Loan & interest payments	934	(5,943)	-	-	5,009	-
Capital acquisition and related funding	(87,546)	(5,554)	(8)	(26,370)	119,478	-
Scholarships, bursaries & awards	(16,249)	-	16,249	-	-	-
Fund transfers for Endowment	(4,950)	-	-	-	-	4,950
Funding for Research	(9,870)	-	(530)	10,400	-	-
Administrative support for research	17,051	-	-	(17,051)	-	-
Funding for General operating expenses	2,675	(2,705)	-	30	-	-
Contingency transfers	(1,551)	31	166	-	1,354	-
Recapitalized spending to Endowment Funds	(4,365)		(2,568)	(2,880)		9,813
April 30, 2016	\$ (106,061)	\$ (14,079)	\$ 13,315	\$ (33,804)	\$ 125,866	\$ 14,763
April 30, 2015	\$ (53,107)	\$ (14,568)	\$ 13,973	\$ (37,142)	\$ 82,602	\$ 8,242

28. 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:

	April 30	
	2016	2015
Sales of services and products - physicians' billings	\$ 11,756	\$ 11,539
Expenses		
Utilities	16,280	15,293
Various	36,383	36,447
Accounts receivable	49,199	50,553
Long-term investments	-	77
Accounts payable and accrued liabilities	2,483	2,743
Deferred revenue	12,274	4,551
Long-term debt	-	32

29. 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 the university investment policy specifying the quality of investments so that diversification limits risk of exposure in any one type of investment instrument. The university also manages market price risk associated with natural gas commodity purchases through the use of natural gas swap agreements - see Note 13, above.

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.

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 13, 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.

29. Financial Instruments (continued)

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. Credit risk from tuition is managed through restricted enrolment activities for students with uncollected balances and maintaining standard collection procedures.

Credit risk within investments is primarily related to bonds and money market instruments. It is managed through the investment policy that limits debt instruments to those of high credit quality (minimum rating for bonds is BBB, and for money market instruments is R-1 Low) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Within bond investments, there are no holdings from one issuer, other than the Government of Canada or government guaranteed agencies, over 10% of an investment manager's bond portfolio. No holding of one corporate issuer rated less than A exceeds 5% of the market value of the bond portfolio.

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 as at April 30, 2016.

30. 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, 2016 (\$ thousands)

	Operating	Ancillary	Total
Revenues			
Grants and contracts			
Government of Canada	\$ 1,994	\$ -	\$ 1,994
Government of Saskatchewan	405,999	100	406,099
Other governments	21,169	-	21,169
Non-government	7,534	-	7,534
Student fees	135,573	-	135,573
Gifts, grants and bequests	12,979	-	12,979
Sales of services and products	44,009	54,632	98,641
Income from investments	1,720	12	1,732
Real estate income	1,382	4,705	6,087
Royalties	16,931	-	16,931
Miscellaneous income	6,508	153	6,661
	655,798	59,602	715,400
Expenses			
Salaries	449,868	11,615	461,483
Employee benefits (Note 22)	57,913	1,634	59,547
Operational supplies and expenses	125,183	4,953	130,136
Travel	12,708	45	12,753
Cost of goods sold	4,662	12,457	17,119
Maintenance, rental and renovations	13,624	1,962	15,586
Utilities	16,448	10,157	26,605
Scholarships, bursaries and awards	4,927	-	4,927
Interest (Note 23)	35	-	35
Bad debt expense	867	114	981
	686,235	42,937	729,172
Excess (deficiency) of revenues over expenses	(30,437)	16,665	(13,772)
Interfund transfers (Note 27)	(106,061)	(14,079)	(120,140)
Net increase (decrease) in fund balances for year	(136,498)	2,586	(133,912)
Fund balances, beginning of year	334,072	(25,822)	308,250
Employee future benefits remeasurements and other items	(5,234)	-	(5,234)
Fund balances, end of year	\$ 192,340	\$ (23,236)	\$ 169,104

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, 2016 (\$ thousands)

	Student Financial Aid	Research	Capital	Total
Revenues				
Grants and contracts				
Government of Canada	\$ -	\$ 61,805	\$ -	\$ 61,805
Government of Saskatchewan	(391)	38,747	(6,665)	31,691
Other governments	25	2,425	-	2,450
Non-government	147	86,872	-	87,019
Gifts, grants and bequests	3,338	21,622	2,859	27,819
Sales of services and products	9	11	-	20
Income from investments	5,650	4,471	279	10,400
Real estate income	66	59	-	125
Royalties	3	-	-	3
Miscellaneous income	156	79	108	343
	9,003	216,091	(3,419)	221,675
Expenses				
Salaries	1,370	64,783	2	66,155
Employee benefits (Note 22)	81	6,466	-	6,547
Operational supplies and expenses	214	29,227	2,038	31,479
Travel	130	6,272	-	6,402
Cost of goods sold	-	5	-	5
Maintenance, rental and renovations	-	1,716	54	1,770
Utilities	-	16	-	16
Amortization	-	-	76,190	76,190
Scholarships, bursaries and awards	23,204	16,294	-	39,498
Interest (Note 23)	-	-	8,068	8,068
Bad debt expense	8	-	-	8
Decommissioning costs (Note 17)	-	-	714	714
	25,007	124,779	87,066	236,852
Excess (deficiency) of revenues over expenses	(16,004)	91,312	(90,485)	(15,177)
Interfund transfers (Note 27)	13,315	(33,804)	125,866	105,377
Net increase (decrease) in fund balances for year	(2,689)	57,508	35,381	90,200
Fund balances, beginning of year	51,528	284,048	1,302,034	1,637,610
Fund balances, end of year	\$ 48,839	\$ 341,556	\$ 1,337,415	\$ 1,727,810

See accompanying notes to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit
For the Year Ended April 30, 2016 (\$ thousands)

	Agriculture and Bioresources	Arts and Science	Edwards School of Business	Dentistry	Education	Engineering	Graduate Studies and Research	Kinesiology
Revenues								
University operating budget	\$ 16,226	\$ 72,362	\$ 15,695	\$ 5,903	\$ 10,799	\$ 19,898	\$ 2,833	\$ 5,738
Grants and contracts								
Government of Canada	4,541	10,571	137	-	759	4,460	563	465
Government of Saskatchewan	9,591	1,747	(14)	146	520	700	(441)	248
Other governments	411	235	-	-	120	-	-	-
Non-government	52,055	3,345	5	-	777	2,377	308	1,452
Student fees	197	827	2,110	67	173	64	244	4,450
Gifts, grants and bequests	1,648	1,182	1,689	210	578	7,285	47	1,014
Sales of services and products	4,684	1,183	100	2,716	758	1,061	-	1,854
Income from investments	(832)	(522)	(267)	(13)	(50)	1,683	(102)	(55)
Real estate income	306	-	-	-	-	-	-	102
Royalties	4,038	3	-	-	-	-	-	-
Miscellaneous income	460	399	3	11	61	255	3	230
	93,325	91,332	19,458	9,040	14,495	37,783	3,455	15,498
Expenses								
Salaries	34,248	67,876	13,018	5,649	10,590	21,431	1,466	8,777
Employee benefits (Note 22)	4,553	8,352	1,614	754	1,354	2,606	215	1,012
Operational supplies and expenses	12,891	5,902	2,346	1,691	1,999	1,858	92	3,062
Travel	1,287	2,905	567	81	478	800	90	1,313
Cost of goods sold	293	(90)	-	769	-	56	-	6
Maintenance, rental and renovations	1,237	400	95	94	173	112	-	136
Utilities	325	81	24	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-
Scholarships, bursaries and awards	3,761	10,393	1,022	44	776	3,171	600	1,423
Interest (Note 23)	-	-	-	-	-	-	-	-
Bad debt expense	10	-	-	5	-	1	-	7
Decommissioning costs (Note 17)	-	-	-	-	-	-	-	-
	58,605	95,819	18,686	9,087	15,370	30,035	2,463	15,736
Excess (deficiency) of revenues over expenses	34,720	(4,487)	772	(47)	(875)	7,748	992	(238)
Interfund transfers (Note 27)	(2,833)	2,231	(606)	461	544	(3,156)	4,059	461
Net increase (decrease) in fund balances for year	\$ 31,887	\$ (2,256)	\$ 166	\$ 414	\$ (331)	\$ 4,592	\$ 5,051	\$ 223

See accompanying notes to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit
For the Year Ended April 30, 2016 (\$ thousands)

	Law	Library	Medicine	Nursing	Pharmacy and Nutrition	Western College of Veterinary Medicine	Other Units	Total
Revenues								
University operating budget	\$ 7,282	\$ 14,198	\$ 76,125	\$ 19,616	\$ 7,062	\$ 29,038	\$ (302,775)	\$ -
Grants and contracts								
Government of Canada	169	21	9,401	680	867	2,717	28,448	63,799
Government of Saskatchewan	120	-	84,785	413	1,632	898	337,445	437,790
Other governments	-	-	-	-	5	1,050	21,798	23,619
Non-government	230	-	9,529	35	547	2,634	21,259	94,553
Student fees	244	-	601	314	190	146	125,946	135,573
Gifts, grants and bequests	722	400	2,553	302	850	1,125	26,014	45,619
Sales of services and products	78	27	14,069	393	43	10,027	61,668	98,661
Income from investments	(266)	(75)	(482)	(36)	(99)	(484)	(4,175)	(5,775)
Real estate income	-	-	160	-	-	-	5,646	6,214
Royalties	10	2	-	-	-	-	13,613	17,666
Miscellaneous income	7	39	654	79	156	76	4,862	7,295
	8,596	14,612	197,395	21,796	11,253	47,227	339,749	925,014
Expenses								
Salaries	6,076	10,663	154,429	14,744	8,133	26,104	144,434	527,638
Employee benefits (Note 22)	744	1,724	11,584	1,850	1,020	3,643	25,069	66,094
Operational supplies and expenses	704	1,659	46,269	1,967	1,793	9,891	69,505	161,629
Travel	350	174	3,764	498	367	906	5,575	19,155
Cost of goods sold	-	-	2	-	130	1,052	14,906	17,124
Maintenance, rental and renovations	6	10	1,148	41	12	924	12,968	17,356
Utilities	-	-	14	-	-	75	26,102	26,621
Amortization	-	-	-	-	-	-	76,190	76,190
Scholarships, bursaries and awards	1,052	-	4,875	486	959	3,634	12,229	44,425
Interest (Note 23)	-	-	-	-	-	-	8,103	8,103
Bad debt expense	-	3	1	1	-	15	946	989
Decommissioning costs (Note 17)	-	-	-	-	-	-	714	714
	8,932	14,233	222,086	19,587	12,414	46,244	396,741	966,038
Excess (deficiency) of revenues over expenses	(336)	379	(24,691)	2,209	(1,161)	983	(56,992)	(41,024)
Interfund transfers (Note 27)	(85)	436	(27,518)	(426)	357	(61)	26,136	-
Net increase (decrease) in fund balances for year	\$ (421)	\$ 815	\$ (52,209)	\$ 1,783	\$ (804)	\$ 922	\$ (30,856)	\$ (41,024)

See accompanying notes to consolidated financial statements

Officers of the University
2015/16

Officers of the University

The Board of Governors

Members Ex Officio

Peter Stoicheff (President)

Blaine Favel (Chancellor)

Members Appointed by Government

Lee Ahenakew (Chair)

David Dubé (Vice-chair)

Kathryn Ford

Grant Isaac

Greg Smith

Members Elected By Senate

Joy Crawford

Daphne Arnason

Faculty Member

Jay Kalra

Student Member

Kehan Fu

Senior Administrative Group

President

Peter Stoicheff

Provost and Vice-President (Academic)

Ernie Barber (Acting)

Vice-President (University Relations)

Debra Pozega Osburn (Oct 1, 2016)

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

Chief Information Officer and Associate

Vice-President (Information and

Communications Technology)

Shari Baraniuk (Interim)

Associate Vice-President

(Financial Services)

Jeff Dumba (to September 12, 2016)

Associate Vice-President

(Facilities Management)

and University Architect

Colin Tennent (to September 26, 2016)

Associate Vice-President (Research)

Kevin Schneider (Interim)

Associate Vice-President (Research – Health)

Darcy Marciniuk (Interim)

Associate Vice-President (Human Resources)

Cheryl Carver

Senior Communications Director

Sharon Scott

Deans and Directors of Colleges and Academic Units

Agriculture and Bioresources

Mary Buhr

Arts and Science

Peta Bonham-Smith (Interim)

Dentistry

Gerry Uswak

Education

Michelle Prytula

Engineering

Donald Bergstrom (Interim)

Graduate Studies and Research

Adam Baxter-Jones (Acting)

Johnson-Shoyama Graduate School

of Public Policy

Kathleen McNutt

Kinesiology

Carol Rodgers (to October 31, 2016)

Chad London

Law

Martin Phillipson

Medicine

Preston Smith

N. Murray Edwards School of Business

Keith Willoughby (Interim)

Nursing

Beth Horsburgh (Interim)

Pharmacy and Nutrition

Kishor Wasan

School of Environment and Sustainability

Toddi Steelman

School of Public Health

George Mutwiri (Interim)

University Library

Charlene Sorenson (Interim)

Western College of Veterinary Medicine

Douglas Freeman



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