2019/20

Annual Financial Report

BE WHAT THE WORLD NEEDS

UNIVERSITY OF SASKATCHEWAN

ON THE COVER:

USask researchers are documenting the alarming deterioration of the Athabasca Glacier, and the world's fresh water supplies.

Photo by Mark Ferguson

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Shelley Brown

Chair, Board of Governors

As we close this fiscal year, the world is experiencing a global pandemic that has changed us all forever. However, the mandate of the University of Saskatchewan (USask) has not changed. We continue to seek to improve the lives of people of the province and beyond. The Board of Governors works to ensure that we steward the public investment in our institution to be the university the world and this province needs.

The work undertaken by the university's Board of Governors—as well as our institution's priorities— take centre stage in the annual financial report. Through the numbers, the university's important mission of teaching, learning and research are highlighted.

Our priorities are diverse, but they share something in common: they come together to strengthen our province. Whether that is through meeting the needs of the people of Saskatchewan, advancing the province's innovation agenda, or providing the pathways and supports for students to help address emerging labour market demands, USask ensures Saskatchewan is strong. The board's role is to ensure all of this is undertaken with a clear view to sound fiscal management, with increasing efficiency of operations, investments in our priorities, and the growth and diversification of our revenue streams.

We are entrusted with a very important responsibility, one that each member of our Board of Governors takes very seriously. We oversee public resources, and work to make sure those resources effectively support our priorities, which are necessarily aligned with those of the province. USask provides the people of Saskatchewan and beyond the opportunity to pursue a world class education. And USask develops leading edge research in order to find solutions to the most pressing global issues. All of this helps sustain Saskatchewan's prosperity.

Peter Stoicheff

President and vice-chancellor

The University of Saskatchewan (USask) is a significant contributor to the provincial and a national innovation agenda. The research that we do and the graduates that we produce here have an enormous impact on the region and far beyond it. This year, USask researchers were at the forefront of several areas of critical research, including COVID-19 vaccine development, global fresh water security studies, and food security discoveries, including helping international teams crack the code to sequence durum wheat and pea genomes. The university also strengthened its community connections through a series of innovative new memorandums of understanding (MOUs) signed throughout the province.

For a fifth straight year we have achieved enrolment growth, signaling that people are confident in the university and that they want to study here, parents want their children to study here and graduate students from around the world want to undertake research here.

As we ended this very successful year, we have been changed fundamentally. In the face of COVID-19, the University of Saskatchewan, out of necessity, responded in ways we could not have imagined possible. This crisis has required us to make difficult decisions and implement those decisions quickly. This resulted in all students learning remotely to finish the winter term and the vast majority of our faculty and staff having to work remotely. It has disrupted our routines. It has not been easy, but it has been necessary.

On any given day before the pandemic, USask welcomed more than 30,000 people to its main campus in Saskatoon, and many others to our satellite campuses across the province. Hundreds of classes were filled with thousands of students. Hallways and paths bustled with students and faculty getting to class or the lab or the library. The dining halls, coffee shops and social spaces were filled, and our recreation facilities were typically full from morning to night. Our campus, like all campuses around the world, was the ideal setting for the spread of COVID-19. And like all campuses around the world, we took the necessary and difficult steps to prevent that.

I believe our USask community's response has played an important role in helping the province to flatten the curve. We will continue to do our part because the health and safety of our students, staff and broader community is our top priority. Looking forward, we must be thoughtful, deliberate and diligent in our approach to re-opening our campuses over the coming year.

While the pandemic has disrupted our routines and increased the financial pressures on our operations, it has not stopped the excellent research, scholarly and artistic work of our faculty, nor has it stopped our students from achieving their academic pursuits. We continue to strive to be the university the world needs, to solve local and global challenges, and to be an effective and present part of the communities we serve.

Management Discussion and Analysis
2019/20

Fiscal 2019/20 Overview

Post-secondary education is a public good, however public funding for the sector across Canada continues to decline. With multiple layers of pressure on governments for funding, universities must find alternative funding sources and must have clear priorities that demonstrate significant return on investment. The Saskatchewan government continues to provide our institution with stable operating funding while also working towards a balanced provincial budget (prior to COVID-19). Our institution has done its part in recent years, adding new revenue sources while managing appropriate expense reductions, and we are in a stable financial position. However, like all Canadian universities, we ended the 2019/20 fiscal year in the midst of a global pandemic and transitioned in very short order to online course delivery and remote work at significant expense. The full implications of the changes to our operations that have occurred as a result of COVID-19 are not yet fully known, but we acknowledge maintaining the University of Saskatchewan's financial sustainability will require increased efforts to improve revenues and control costs, and comprehensive reviews of current operations to enhance efficiencies.

Financial Risks and Strategy

Funding

At the University of Saskatchewan, we continue to evaluate and evolve our financial model to ensure the long-term financial sustainability of our institution. Quality is at the core of everything we do, as we compete with other universities across the world for students, faculty, researchers, and research funding. To that end we continue to look at strategies for alternative revenue generation, including land development, commercialization of research, and philanthropy. Tuition continues to be an important source of revenue, however we do not use tuition to balance our budget, setting tuition on the principles of enabling quality, accessibility and affordability, comparability, predictability, transparency through consultation. We know tuition is a significant investment for our students, and we hope that by maintaining tuition levels at their current 2019/20 rates in the majority of our programs for the upcoming year, current financial pressures felt by students and their families may be reduced.

The University the World Needs

We continue to be guided by our strategic plan to 2025, The University the World Needs, gifted with the Indigenous names nīkānītān manācihitowinihk (Cree) and ni manachīhitoonaan (Michif), which translate to "Let us lead with respect."

The plan's principles are:

- Courageous Curiosity: Empower a daring culture of innovation with the courage to confront humanity's greatest challenges and opportunities.
- Boundless Collaboration: Invigorate the impact of collaboration and partnership in everything we do.
- Inspired Communities: Inspire the world by achieving meaningful change with and for our communities.

Goals of the seven-year plan range from increasing enrolment, peer-reviewed funding, and interdisciplinary and collaborative programs and partnerships, to improving academic rankings, enhancing alumni engagement, and being recognized as a leader in Indigenization locally, provincially, nationally and internationally.

Health Science Building

After more than 13 years of construction and with significant investment from the provincial government, the final phase of the Health Sciences Building project—renovation of the A-Wing and the C-Wing—was completed. The spaces serve as the administrative hub for the Colleges of Dentistry, Medicine, Nursing, Pharmacy and Nutrition, and selected centralized services such as Information and Communications Technology.

Enrolment

In 2019/20 the University of Saskatchewan experienced a fifth straight year of increase in enrolment, including our highest number of Indigenous students. This signals that the programs we are offering are in high demand to prospective students and a degree from USask is recognized as a quality education.

Prince Albert campus

Our plans are on track to open our Prince Albert Campus in 2020. Located in the heart of Prince Albert, the two-story, 110,000–square foot building was built in 2003, sits on 2.39 acres of land and is LEED (Leadership in Energy and Environmental Design) Gold certified. This campus enhances the university's ability to offer high-quality post-secondary education to Indigenous and northern communities and will serve as an anchor for the university's emerging northern strategy. Over the 2019/20 fiscal year, the university has renovated the space to incorporate classrooms, offices, lab facilities and common gathering areas. We look forward to opening the campus and celebrating with our community when federal and provincial health directives allow us to do so in a safe manner.

IDEAS: Innovation, Design, Engineering and Applied Sciences Building

We continue to explore opportunities to support the critical expansion and growth of our engineering and applied sciences programs, and this includes the future renewal of our engineering/technology/applied science building. A renewed facility would facilitate innovative and interactive teaching and technology, and allow for enhanced collaboration with and between industry and research. The creation of a new home for engineering and applied sciences could be partially funded through a combination of private philanthropic, corporate and public support. We continue to assess the scale and scope of such a project.

Critical Success

The University of Saskatchewan is home to the Vaccine and Infectious Disease Organization-International Vaccine Centre (VIDO-InterVac). This means that our institution is at the forefront of vaccine research for COVID-19. Investments from the federal and provincial governments are enabling VIDO-InterVac to work at an accelerated pace alongside global partners to develop a vaccine for this novel corona virus. It has also enabled VIDO-InterVac to move forward on its plan to build a vaccine manufacturing facility. This new facility will address a critical need for vaccine production in Canada and will enhance the University of Saskatchewan's research enterprise.

While much of our attention in the latter part of this fiscal year has been focused on COVID-19, our institution has many successes this year to highlight.

Researchers from the University of Saskatchewan, as part of international research consortiums, contributed to sequencing the genome for canola, durum wheat—the source of semolina for pasta, a food staple for the world's population—and peas. These important advancements will help to develop higher quality, higher yield crops that are more resilient to climate change.

The College of Medicine achieved further strong results from the Committee on Accreditation of Canadian Medical Schools (CACMS). The college achieved full accreditation after the completion of an onsite review in 2017, however CACMS required some written follow-up reports once additional data could be collected that was not available at the time of the 2017 visit. The college submitted those reports in 2019 and has now earned the satisfaction of the accrediting body across all 93 areas CACMS reviewed. The college will not be required to host another site visit until 2025 or 2026.

Another point of pride in all corners of the province, were our Huskie student athletes, topped of course by the women's basketball team winning the national championship.

Responding to COVID-19

In addition to the critical work of VIDO-InterVac, our institution has needed to respond in a number of ways to the current global public health crisis. Our faculty and students showed exceptional adaptability as we pivoted quickly in mid-March to online course delivery. As we entered the final months of our fiscal year, we began to work with the Saskatchewan Health Authority (SHA) on a plan to transform Merlis Belsher Place, our new multi-sport complex, into a field hospital. Our supplies of personal protective equipment we largely donated to the SHA for the use of health care workers. Our researchers worked with businesses to develop medical grade hand sanitizer and VIDO-InterVac was approved to sanitize used N95 masks to address a shortage of that product for health care workers.

Looking Ahead

In the midst of this global pandemic, the year ahead is uncertain. The University of Saskatchewan is actively evaluating the implications of the changes to our operations necessitated by the pandemic and we are continually making adjustments to manage our finances in a strategic and sustainable way. We are financially sound and can withstand variance in our revenue and expenditure streams through attentive and active planning and strategic enrolment management.

We remain committed to our strategic plan, to our mission, vision and values, and to being what the world needs us to be. We will be principled in our approach as we adjust our operations over the next year, ensuring we protect the health and safety of our community, that we deliver the academic and research mission of the university, that we support the success of our students, and that we ensure our long-term financial sustainability of our institution.

Financial Results[1]

The COVID-19 pandemic is having a major impact on university operations. As of March 23, 2020 all on-campus services and operations were suspended and transitioned to remote delivery options where possible. Since then, financial risks have increased in terms of reduced revenues, primarily related to enrolment and ancillary services; financial market volatility for investment returns; and additional expenses to support recovery efforts. The financial impact in the 2019/20 fiscal year is almost entirely due to the severe decline in the investment markets; investment income was $32.8 million less than budgeted. Additionally, approximately $2.0 million of lost revenue is recognized relating to ancillary and retail activities.

The resumption of on-campus activities in 2020-21 will be staged in accordance with provincial public health directives. As on-campus activities resume, additional costs are also anticipated, largely for personal protective equipment and physical space accommodations to meet new protocols. Key financial impacts to the university for the coming year relate to the level of student enrolment and tuition fee impacts, market recovery in terms of stable investment returns, and resumption of retail operations including student residences, culinary services, bookstore and parking services.

Overall, revenues decreased $70.5 million or 7% over the prior year, expenses were up by $47.6 million or 5%, and fund balances decreased by $68.9 million. Operational activities reported a $48.4 million reduction in operating fund balances for the year and together with the declined results in the Restricted fund activities produced unfavorable decreases in balances.

Revenues

Decrease in grant and contract revenue and reduced investment returns contributed to an overall decrease in the total revenues for the year, when compared to prior year.

Expenses

Total expenses for the university rose by 5% from prior year.

Fund Balances

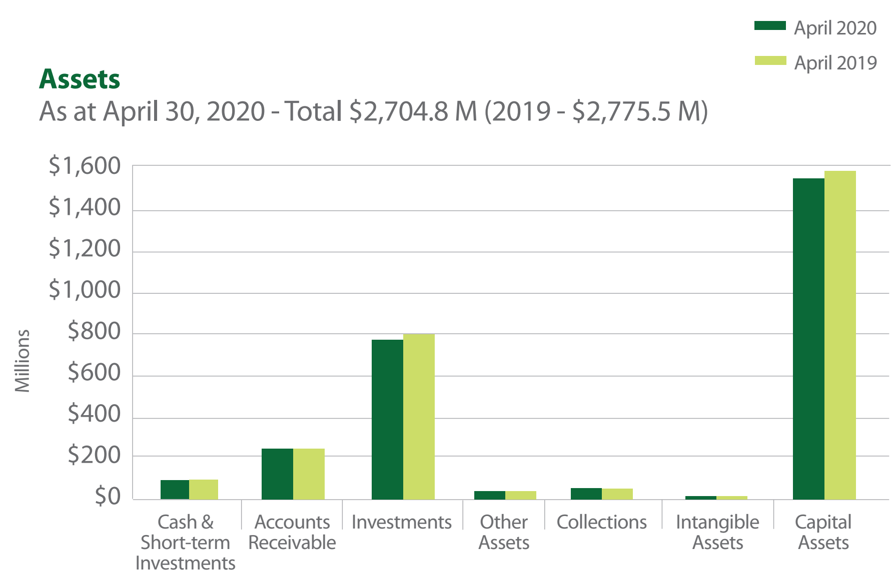
Of the $60.7 million general fund balance, $44.0 million is restricted for specific purposes, $43.6 million restricted by donors and $26.5 million in the operating fund (of which $2.5 million is unrestricted). Within the general fund balance the university also carries a $34.3 million deficit related to employee future benefits and a $19.1 million deficit in the ancillary fund. Unrestricted funds in the operating fund represent 0.2% of total expenditures; university policy states that the reserve balances are to be maintained in the range of 1.5% to 6.0% of total annual university expenditures.

Assets

Total assets decreased by $70.7 million, or 2.5% over the prior year reflecting reduction in project-related receivables and decrease in long-term investments and capital assets.

Assets

As at April 30, 2020 - Total $2,704.8 M (2019 - $2,775.5 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, 2020 cash and short-term investments were $89.9 million or 3% of total assets of the university. During the year these balances decreased by $1.3 million or 1%.

Accounts Receivable

At April 30, 2020 accounts receivable were $231.8 million or 9% of total assets of the university. During the year this balance decreased by $6.3 million or 3%. The decrease relates to grants and contracts related to research and capital activities. 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 has been received, not when funds have been received.

Investments

At April 30, 2020 investment balances were $764.6 million or 28% of total assets of the university. During the year this balance decreased by $28.1 million or 4%. The decrease reflects the market situation of investments during the year, which was significantly impacted by the pandemic, and withdrawals necessary to cover cash requirements for operating expenditures. Overall investment returns for the year were 1.1%; fixed income returns of 4% and long-term pool returns of 0.3% and long-term diversified strategies pool negative return of 3.6%, compared to expected returns of 5.2%, 1.5% and 2.2% respectively. These results are within normal volatility ranges for the investment portfolio and are consistent with benchmark returns.

Other Assets Including Inventories, Prepaid Expenses and Risk Management Assets

At April 30, 2020, other assets were $30.8 million or 1% of total assets of the university. During the year this balance increased by $1.2 million or 4%.

Collections

At April 30, 2020, collections were $44.2 million or 2% of total assets of the university. During the year this balance increased by $0.3 million or 1%. For fiscal years beginning on or after January 1, 2019, not-for-profit organizations are required to apply accounting standard 4441 that outlines accounting for collections held by not-for-profit organizations ("NFPO"). The university has chosen to retrospectively capitalize all existing items in a collection at fair value at the date of applying S4441. A collection will be recorded at nominal value, where a reasonable estimate of a fair market value is indeterminable. The total cost of $44.2 million in collections is comprised of the $43.9 million of the cost of collections at May 1, 2020, such as $20.9 million – University Archives and Special Collections, $16.6 million – Owned Art collections, $0.8 million – Museum of Antiquities, $5.6 million – Amati collections, and $1 (nominal value) – Diefenbaker Canada Centre. The remaining $0.3 million of the total collections balance is attributed to additions to collections in fiscal year 2020.

Intangible assets

At April 30, 2020, intangible assets were $0.5 million or 0.02% of total assets of the university. During the year this balance increased by $0.1 million or 25%. Intangible assets relate to the intellectual property developed at Canadian Light Source Inc. (CLSI) and represent the costs for production, process and patents to protect the process.

Capital Assets

At April 30, 2020, capital assets were $1,543.0 million or 57% of the total assets of the university. During the year, this balance decreased by $36.6 million or 2%. This decrease reflects the cost of capitalized assets and work-in-progress during the year of $58.0 million, offset by current year amortization of $103.9 million; this activity is net of current year disposals. Significant construction and improvements capitalized during the year include:

- $24.8 million in additional construction in Health Sciences Building A & C Wings;
- $26.3 million for CLSI Brockhouse beamline project;
- $8.2 million for CLSI QMSC beamline project.

Liabilities

Total liabilities decreased by $1.8 million or 0.5% over the prior year, primarily representing reduced current liabilities for construction projects, with $11.1 million reflecting activity for long-term debt. The over-all reduction in total liabilities is inclusive of a $14.0 million increase in liabilities for employee future benefits.

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

At April 30, 2020 accounts payable, deferred revenue, accrued decommissioning costs and other liabilities were $117.0 million or 33% of total liabilities of the university. During the year this balance decreased by $9.8 million or 8%. This decrease relates to decreased payables and accrued liabilities on significant construction projects, as well as the timing of payment for payroll remittances.

Liabilities

As at April 30, 2020 - Total $354.8 M (2019 - $356.6 M)

Debt

At April 30, 2020 debt was $180.4 million or 51% of total liabilities of the university. During the year this balance decreased by $11.5 million or 6%. All existing debt relates to capital construction projects and debt service costs are provided through revenues generated by the operations of the facilities (e.g. parking fees, residence fees), or through capital grants. The decrease reflects regular principal repayments.

Risk Management Liabilities

At April 30, 2020 risk management liabilities were $25.9 million or 7% of total liabilities of the university, consistent with the prior year, however, the components of the category have fluctuated.

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. With natural gas prices at competitive lows, no new swaps have been purchased in the current fiscal year and liabilities for existing swaps have decreased $2.5 million as they are utilized and expire.

Interest rate risk on long-term debt is managed using 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. The increase in liability reflects an average prevailing interest rate of less than the average locked-in rate.

The university enters into a foreign currency hedge agreement in order to manage the foreign exchange rate exposure associated with global investments.

Employee Future Benefits

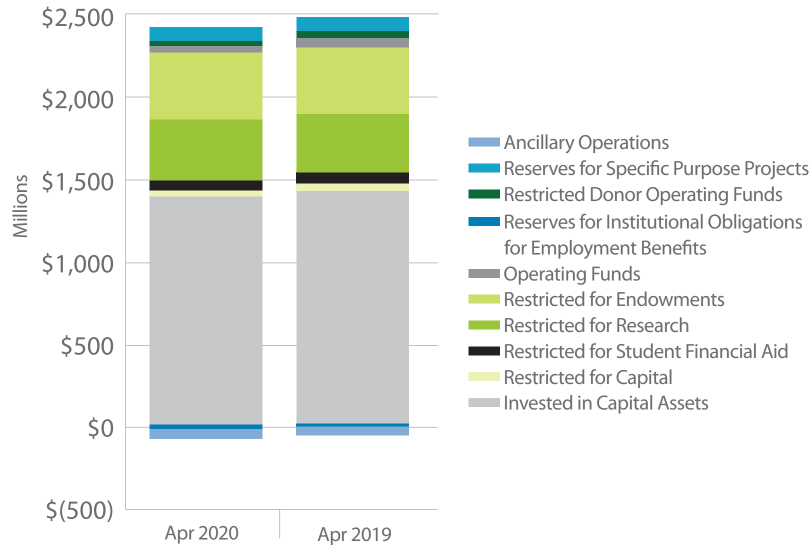
At April 30, 2020 employee future benefit liabilities were $31.5 million or 9% of the total liabilities of the university. The increase in the net liability position for employee future benefits, $14.0 million, results from significant losses in investment markets due to the COVID-19 pandemic (and therefore, decreased values for pension plan assets). The university provided special going-concern payments of $2.7 million to the defined benefit pension plans in 2019/20.

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, 2020 the fund balances of the university were $2,350.0 million (including investments in capital assets of $1,411.0 million and investments in collections of $44.2 million). During the year, this balance decreased by $68.9 million or 3%. Key drivers of this decrease are decreased restricted funding for research projects, reduced investment returns, and the negative $(15.5) million employee future benefit remeasurement adjustment that must be posted to equity per Canadian generally accepted accounting principles.

Fund Balances

As at April 30, 2020 - $2,350.0 M (2019 - $2,418.9 M)



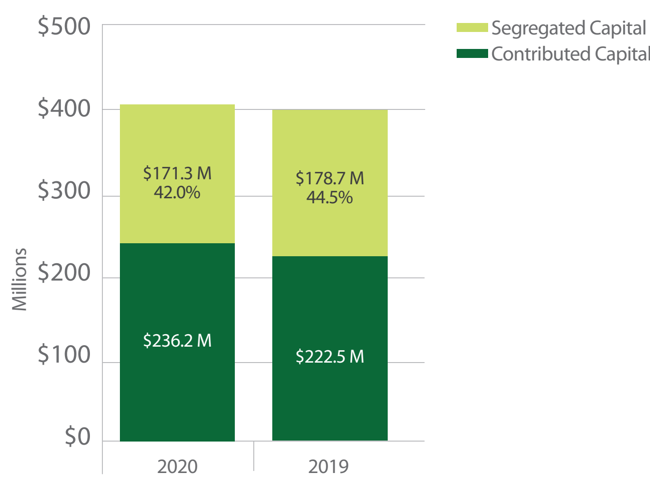
Endowment Fund Balance

At April 30, 2020 endowment fund balance was $407.5 million or 17% of the total fund balance of the university. During the year, this balance increased by $6.3 million or 2%. The majority of the increase is driven by the recapitalization of spendable income to endowment, $4.7 million as well as donations of $13.8 million, offset by $12.4 million in investment loss.

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, the amount available to support current year activities was 3.75% of the endowment fund balance, increased by inflation for an effective rate of 3.83%. 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.

Endowment Fund Balance

As at April 30, 2020 - Total $407.5 M (2019 - $401.2 M)



Student Financial Fund Balance

At April 30, 2020 student financial aid fund balance was $58.2 million or 2% of the total fund balance of the university. During the year, this balance decreased by $2.1 million or 3%. This decrease is due to current year expenditures of $28.7 million exceeding current year contributions of $26.6 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, 2020 capital fund balance was $1,451.9 million or 62% of the total fund balance of the university. During the year, this balance decreased by $37.6 million or 3%. This decrease is due to current year amortization $103.9 million, interest on debt $15.4 million and non-capitalized expenditures of $7.1 million exceeding current year contributions of $88.8 million.

Capital Funds account for activities related to the acquisition of capital assets, major renovations and improvements to capital assets.

Research Fund Balance

At April 30, 2020 research fund balance was $371.7 million or 16% of the total fund balance of the university. During the year, this balance increased by $11.2 million or 3%. This increase is due to current year revenues of $184.7 million exceeding expenditures of $173.5 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.

General Fund Balance

At April 30, 2020 general fund balance was $60.7 million or 3% of the total fund balance of the university. The $60.7 million general fund balance consisted of: operating activities $26.5 million, funds received from donors $43.6 million and specific purpose projects $44.0 million offset by a deficit of $34.3 million for university obligations for employee benefits and a deficit of $19.1 million for cumulative operations in ancillary where in the past the university has self-funded capital infrastructure. The operating fund also houses the university's collections held for education, research or public exhibition, which accounted for $44.2 million in the fund balance.

During the year the general fund balance decreased by $46.7 million or 43%. This decrease is largely due to the current year operating expenditures of $537.0 million exceeding operating contributions of $511.5 million and a current year deficit of $17.0 million ($15.5 million for remeasurement values for employee future benefits) for employee benefits. Net deficits also occured in donor funding for projects, $2.0 million and in net funding for specific purpose projects, $3.9 million, offset by net positive ancillary activity of $1.7 million.

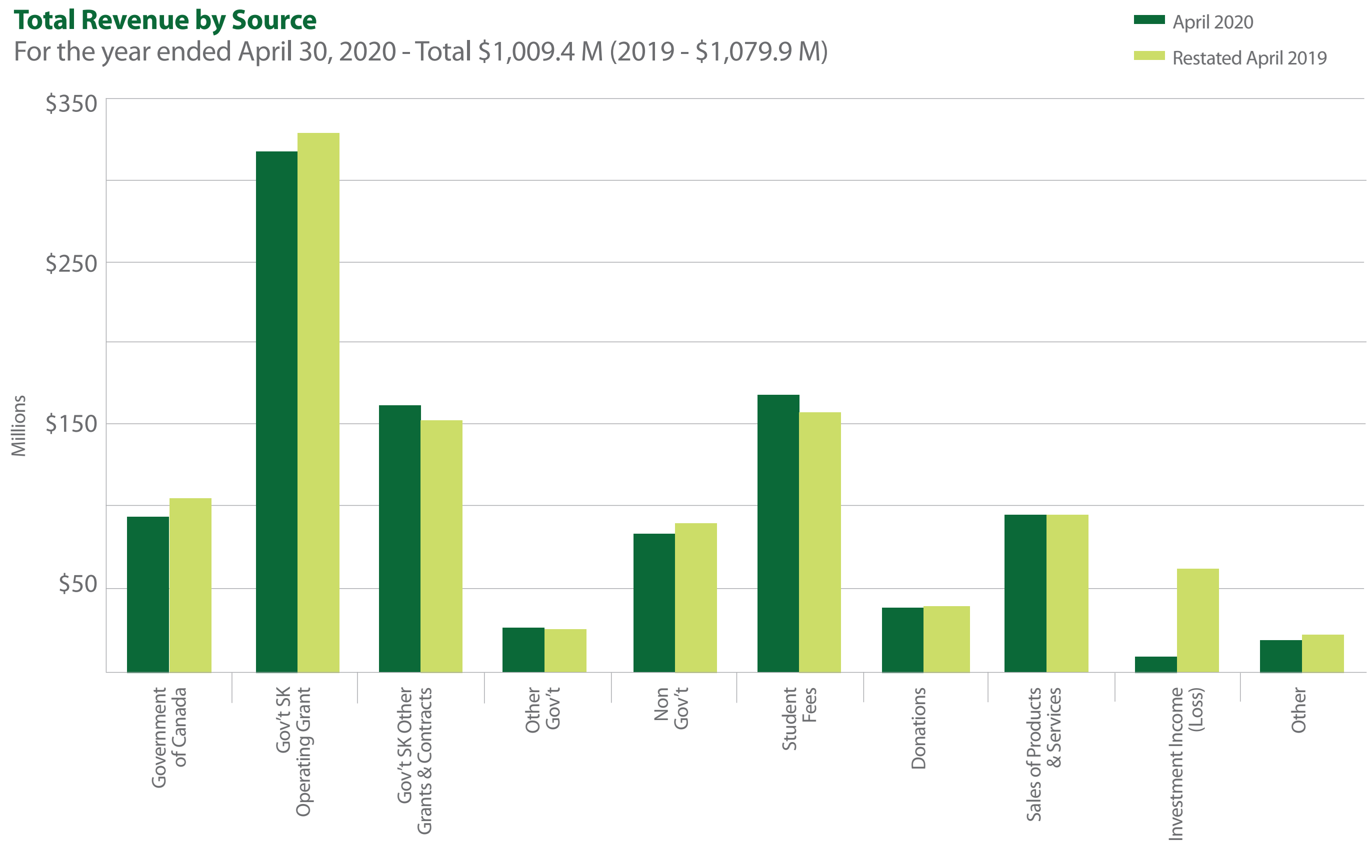
General Funds account for unrestricted activities of the university. This includes operating activities associated with teaching and learning, administration, plant maintenance, clinical activities, future employee benefits, non-credit instruction, fee for service activities, invested in collections, 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.

Revenues

University revenues have decreased by $70.5 million or 7% over the prior year to a total of $1,009.4 million. This decrease is comprised of a $18.8 million decrease in grants and contracts, a decrease in donations of $0.9 million, a $54.2 million decrease in investment returns, a $0.1 million decrease in real estate income and a $4.6 million decrease in royalties and miscellaneous income. These decreases are offset by an increase in student fees in the amount of $8.1 million.

Total Revenue by Source

For the year ended April 30, 2020 - Total $1,009.4 M (2019 - $1,079.9 M)



Grants and contracts account for $681.7 million or 68% of total university revenues. These revenues decreased by $18.8 million over the previous year. Federal government grants decreased by $11.6 million over the prior year and non-government grants decreased by $6.0 million. Support from other governments increased by $1.0 million while the funding from the Province of Saskatchewan decreased by $2.2 million.

One of the largest impacts resulting in reduced funding from the Federal Government is the $5.5 million decrease in funding from Tri-Agency which is mainly driven by the Canadian Light Source Inc. (CLSI) Major Resources Support Program – Infrastructure grant which ended in the first quarter of 2020. University and CLSI are currently working with Tri-Agency to complete new multi-year agreements. The second largest impact on federal funding is related to the timing of notification of the grant for the Research Support Fund. Funding letters are usually finalized and received prior to the year-end however the 2017-18 notification was not received until May 2018. Since fiscal 2018-19 included both the 2017-18 and 2018-19 calculations (2 years revenue) 2020's "return to normal" process resulted in a year-over-year revenue decrease of $8.6 million.

During 2019/20 the Province of Saskatchewan invested $343.7 million in the university from April 1, 2019 to March 31, 2020. This total maintains an additional $5.0 million that was provided in 2018-19 as a partial repayment of the $20.0 million reduction to operating funding that occurred in 2015-16.

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 agreement continuing for the 2019-20 year includes a 2% fee escalation factor.

Student Fees

Student tuition and fees account for $166.1 million or 16% of total university revenues. These revenues increased by $8.1 million over the previous year. This increase is attributable to an average tuition rate increase of 3.4%. Enrolment figures experienced a slight increase from previous year with a total headcount of 25,740 students. The University of Saskatchewan will continue to follow its established principle-based approach in determining appropriate tuition rates for our colleges and schools.

Income from Investments

Investment income accounts for $9.0 million or 1% of total university revenues. These revenues decreased by $54.2 million from the previous year. Overall investment returns for the current year were 1.1% compared to the 7.5% in the prior year. Returns were also significantly below the budgeted 5.2% as the COVID-19 pandemic has dramatically impacted global monetary policy and markets, resulting in much lower investment income than budgeted for 2019-20 and increased uncertainty for the coming year.

Donations

Donations account for $39.1 million or 4% of total university revenues. These revenues decreased by $0.9 million over the previous year.

Sales of Services and Products

Sales of services and products account for $95.2 million or 9% of total university revenues. These revenues remained consistent with the prior 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, and utilities.

Due to COVID-19 pandemic, the university closed its campus in March 2020. Retail operations, including bookstore and food services, were closed during the final six weeks of the year. All university buildings are closed and remain closed until further notice.

Real Estate Income, Royalties, and Miscellaneous Income

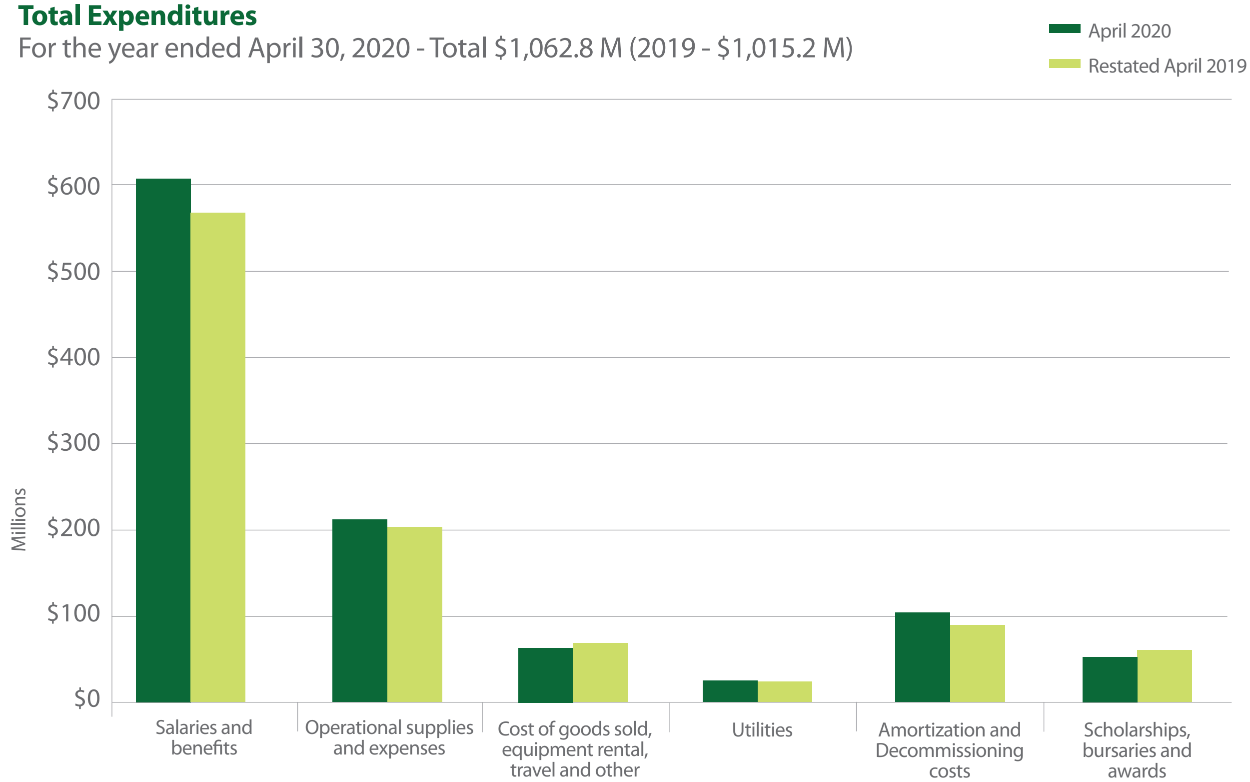
Real estate income, royalties and miscellaneous income account for $18.3 million or 2% of total university revenues. These revenues decreased by $4.7 million over the previous year. Out of the total decrease, the $3.4 million relates to the timing of royalty revenue on patents developed through VIDO-InterVac (the Vaccine and Infectious Disease Organization - International Vaccine Centre). The $1.2 million reduction resulted from the decreased usage of seed varieties in the Crop Development Centre. Commodity prices peaked in 2010-2012 and has been trailing in recent years.

Expenses

University expenses have increased by $47.6 million or 5% over the prior year to a total of $1,062.8 million.

Total Expenditures

For the year ended April 30, 2020 - Total $1,062.8 M (2019 - $1,015.2 M)



Salaries and Employee Benefits

Salaries and employee benefits account for $603.4 million or 57% of total university expenses. These costs increased by $35.8 million or 6% over the previous year. The increase of $8.2 million or 1% over the previous year reflects the impact of the January 25, 2019 ratification of the first collective agreement for Post Doc Fellows. Post Doc Fellows in scope of the agreement are considered employees and funding is no longer classified as scholarship. The net increase of $7.1 million or 1% over the previous year related to faculty salaries is primarily attributed to the July 2017-June 2022 USFA Collective Agreement ratified in June 2019. The agreement called for an increase to the base salary for all active employees (as of July 1, 2019) and to annual incremental salary increases. The increase of $6.7 million or 1% over the previous year is the result of the CUPE Collective Agreement, which was ratified in July 2019. The agreement specified two high-dollar compensation factors and consequently resulted in significant increases over the previous year. The $4.9 million increase or 1% over the previous year reflects the increased costs for Senior University Administration and Research Admin Support Staff. The increase of $7.8 million or 1% over the previous year is driven by the increases in various benefits costs.

Operational Supplies and Expenses

Operational supplies and expenses account for $210.7 million or 20% of total university expenses. These costs increased by $6.7 million or 3% compared to the previous year, as a result of protocols for handling internal sales (see cost of goods sold) and other activites within major research projects.

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

Travel, costs of goods sold, maintenance, rental, and renovations, interest and bad debt expenses account for $64.7 million or 6% of total university expenses. These costs decreased by $4.7 million or 7% over the previous year. This decrease is primarily attributable to the reclassification to lab and clinical supplies, within operational supplies and expenses account, of approximately $3.3 million due to the revision of the protocols for handling of the internal sales. This decrease was offset by the increase attributable to the change in the value of interest rate swaps held throughout the year and coupon interest on the bond issued in 2018. 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 decreased below the negotiated price in the swap agreement, which resulted in a cost to the university of $8.1 million, compared to the previous year cost of $2.6 million. The current year included $3.0 million in coupon interest.

Utilities

Utilities account for $26.3 million or 2% of total university expenses. These costs increased by $2.0 million or 8% over the previous year. The decrease is significantly attributable to the decline in the market price of the natural gas to be purchased compared to the price specified in the natural gas swap agreements. When natural gas prices decline, the university recognizes an increased expense as a result of comparison to market rates on natural gas swaps.

Amortization and Decommissioning Costs

Amortization accounts for $104.4 million or 10% of total university expenses. These costs increased by $15.1 million or 17% over the previous year. A large portion, approximately $8.5 million increase reflects the change in useful life for Beamlines and the CLSI Facility. Recent technological breakthroughs allowed the development of "generation 4" facilities. CLSI, a "generation 3" facility is expected to begin decommissioning in 2030.

Since the cost of an asset is allocated over its useful life, the remaining increase of approximately $6.6 million is attributable to the impact of new assets that were brought into use during recent years.

Scholarships, Bursaries and Awards

Scholarships, bursaries and awards account for $53.2 million or 5% of total university expenses. These costs decreased by $7.3 million or 12% over the previous year reflecting the impact of $8.2 million of the January 25, 2019 ratification of the first collective agreement for Post Doc Fellows. Post Doc Fellows in scope of the agreement are considered employees and funding is no longer classified as scholarship. When normalized for this change the level of support provided to students through these awards has decreased slightly from 37% of total tuition revenue in the previous year to 36% in the current year.

Comprehensive Budget

The 2019/20 comprehensive budget was approved by the Board of Governors in April of 2019. Overall, comprehensive 2019-20 financial results for the university were unfavorable as ending fund balances were $81.2 million lower than budgeted. A comparison of the 2019-20 comprehensive budget to actual results is as follows:

	Total for 2019-20		
	Budget	**Actual**	**Variance**
Revenues			
Grants and contracts	$ 649,614	$ 681,749	$ 32,135
Student fees	165,130	166,073	943
Gifts, grants and bequests	35,470	39,120	3,650
Income (loss) from investments	41,786	8,991	(32,795)
All other income	120,647	113,521	(7,126)
	1,012,647	1,009,454	(3,193)
Expenses			
Salaries & Benefits	583,970	603,382	19,412
Scholarships, bursaries and awards	49,042	53,242	4,200
Interest	5,024	15,452	10,428
Amortization	94,883	103,851	8,968
All other non-salary	267,331	286,885	19,554
	1,000,250	1,062,812	62,562
Net increase (decrease) in fund balances for year	12,397	(53,358)	(65,755)
Fund balances, beginning of year	2,418,887	2,418,887	-
Employee future benefits remeasurements and other items	-	(15,494)	(15,494)
Fund balances, end of year	**$ 2,431,284**	**$ 2,350,035**	**$ (81,249)**

Comprehensive revenues had an unfavorable variance of $3.2 million. Major contributing factors to the variance was lower than anticipated comprehensive investment income returns of $32.8 million, lower than budgeted Advanced Education funding grant of $6.3 million, and lower than expected other income. These unfavorable variances are partially offset by higher than anticipated all other grants and contracts of $38.4 million, which is primarily driven by incremental activity within the research fund that were not included in the initial budget. Additionally, in 2019-20, successful fundraising efforts led to higher gift, grant and bequest revenues than budgeted.

Comprehensive expenses had an unfavorable variance of $62.6 million. Overall expenditures in the research fund were $22.8 million higher than budgeted resulting from increased grants and contracts activity. Increases in salary and benefits, student scholarships, bursaries and awards, interest expense (recovery), due to decreases in the valuation of interest rate swaps, and other non-salary expenditures were also significant factors in the unfavorable variance.

Employee future benefits remeasurements of $15.5 million were recognized directly in fund balances as a separately identified line item and resulted in an unfavorable variance.

Consolidated Financial Statements
2019/20

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, 2020 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, 2020 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

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the consolidated financial statements of the University of Saskatchewan which comprise the consolidated statement of financial position as at April 30, 2020, and the consolidated statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Saskatchewan as at April 30, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the University of Saskatchewan in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the University of Saskatchewan Annual Report 2019-20, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 University's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities in the group audit to express an opinion on the University's consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We are solely responsible for the auditor's opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Judy Ferguson

Regina, Saskatchewan
July 29, 2020

Judy Ferguson, FCPA, FCA
Provincial Auditor
Office of the Provincial Auditor

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UNIVERSITY OF SASKATCHEWAN

Statement 1

Consolidated Statement of Financial Position
As at April 30 ($ thousands)

	General	Restricted	Endowment	Total 2020	Restated Total 2019 (Note 3)
Current Assets					
Cash and short-term investments (Note 5)	$ 35,717	$ 53,122	$ 1,069	$ 89,908	$ 91,187
Accounts receivable (Note 6)	31,184	177,785	29	208,998	216,746
Inventories (Note 7)	14,079	43	-	14,122	14,377
Prepaid expenses	12,830	112	-	12,942	12,411
Risk Management Assets (Note 16)	18	8	39	65	-
	93,828	231,070	1,137	326,035	334,721
Long-Term Assets					
Long-term accounts receivable (Note 8)	-	22,828	-	22,828	21,379
Long-term investments (Note 9)	53,148	306,035	405,433	764,616	792,703
Other assets	1,036	1,170	1,381	3,587	2,809
Collections (Note 10)	44,195	-	-	44,195	43,945
Intangible assets (Note 11)	-	499	-	499	435
Capital assets (Note 12)	-	1,542,991	-	1,542,991	1,579,531
	98,379	1,873,523	406,814	2,378,716	2,440,802
	$ 192,207	$ 2,104,593	$ 407,951	$ 2,704,751	$ 2,775,523
Current Liabilities					
Accounts payable and accrued liabilities (Note 13)	$ 60,497	$ 5,930	$ 400	$ 66,827	$ 75,317
Deferred revenue (Note 14)	36,341	5	-	36,346	38,646
Loans (Note 15)	87	-	-	87	101
Risk management liabilities (Note 16)	694	25,174	-	25,868	20,420
Current portion - long-term debt (Note 17)	-	11,137	-	11,137	11,506
Current portion - employee future benefits (Note 18)	1,242	-	-	1,242	1,300
Current portion - capital lease obligation (Note 19)	10	-	-	10	9
	98,871	42,246	400	141,517	147,299
Long-Term Liabilities					
Long-term debt (Note 17)	-	169,081	-	169,081	180,201
Long-term accrued liabilities	1,492	-	-	1,492	2,906
Employee future benefits (Note 18)	30,328	-	-	30,328	16,181
Capital lease obligation (Note 19)	34	-	-	34	44
Accrued decommissioning costs (Note 20)	-	11,493	-	11,493	9,291
Other long-term liabilities	771	-	-	771	714
	32,625	180,574	-	213,199	209,337
Fund Balances					
Externally restricted funds (Note 23)	-	433,456	207,788	641,244	622,305
Externally restricted permanent endowments (Note 23)	-	-	149,094	149,094	144,656
Internally restricted funds (Note 24)	33,109	37,320	50,669	121,098	175,654
Invested in collections	44,195	-	-	44,195	43,945
Invested in capital assets	-	1,410,997	-	1,410,997	1,446,273
Unrestricted funds (deficiency) (Note 25)	(16,593)	-	-	(16,593)	(13,946)
Commitments and Contingencies (Note 26)	60,711	1,881,773	407,551	2,350,035	2,418,887
See accompanying notes and schedules to consolidated financial statements	$ 192,207	$ 2,104,593	$ 407,951	$ 2,704,751	$ 2,775,523

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 2020	Restated Total 2019 (Note 3)
Revenues					
Grants and contracts					
Government of Canada	$ 3,454	$ 90,066	$ -	$ 93,520	$ 105,118
Government of Saskatchewan	410,745	67,150	-	477,895	480,115
Other governments	22,966	3,546	-	26,512	25,481
Non-government	5,296	78,526	-	83,822	89,760
Student fees	166,073	-	-	166,073	157,952
Donations	7,837	17,465	13,818	39,120	39,947
Sales of services and products	95,106	134	-	95,240	95,163
Income (loss) from investments	5,332	16,081	(12,422)	8,991	63,255
Real estate income	7,400	540	1	7,941	8,088
Royalties	3,552	270	211	4,033	8,442
Miscellaneous income	6,254	53	-	6,307	6,498
	734,015	273,831	1,608	1,009,454	1,079,819
Expenses					
Salaries	444,237	82,452	-	526,689	498,710
Employee benefits (Note 27)	67,418	9,275	-	76,693	68,908
Operational supplies and expenses	156,085	54,632	2	210,719	203,959
Travel	10,903	7,489	-	18,392	20,379
Cost of goods sold	11,869	2	-	11,871	16,810
Maintenance, rental and renovations	14,835	3,894	-	18,729	20,019
Utilities	24,281	1,976	1	26,258	24,274
Amortization	-	103,851	-	103,851	88,847
Scholarships, bursaries and awards	4,283	48,959	-	53,242	60,515
Interest (Note 28)	8	15,444	-	15,452	10,579
Bad debt expense	314	27	-	341	1,590
Decommissioning costs (Note 20)	-	575	-	575	621
	734,233	328,576	3	1,062,812	1,015,211
Excess (deficiency) of revenues over expenses	(218)	(54,745)	1,605	(53,358)	64,608
Interfund transfers (Note 30)	(31,027)	26,315	4,712	-	-
Net increase (decrease) in fund balances for year	(31,245)	(28,430)	6,317	(53,358)	64,608
Fund balances, beginning of year (Note 3)	107,450	1,910,203	401,234	2,418,887	2,373,192
Employee future benefits remeasurements and other items	(15,494)	-	-	(15,494)	(18,913)
Fund balances, end of year	**$ 60,711**	**$ 1,881,773**	**$ 407,551**	**$ 2,350,035**	**$ 2,418,887**

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 ($ thousands)

	General	Restricted	Endowment	Total 2020	Restated Total 2019 (Note 3)
Operating Activities					
Excess (Deficiency) of revenues over expenses	$ (218)	$ (54,745)	$ 1,605	$ (53,358)	$ 64,608
Add (deduct) non-cash items:					
Amortization of capital assets	-	103,851	-	103,851	88,847
Amortization of decommissioning costs	-	496	-	496	541
Amortization of bond issuance cost	-	16	-	16	12
Change in unrealized fair value of investments	1,291	(4,629)	20,256	16,918	34,632
Change in fair value of risk management asset/liability	(2,574)	8,080	(123)	5,383	638
Loss on disposal of capital assets	-	680	-	680	101
Employee future benefits expense	2,061	-	-	2,061	361
Contributions for endowments and other asset purchases	(967)	(2,855)	(12,959)	(16,781)	(12,323)
Decrease (increase) in collections	(250)	-	-	(250)	-
Decrease (increase) in non-cash working capital (Note 21)	(5,959)	1,634	391	(3,934)	(60,824)
Decrease (increase) in grants and contracts related to research and other project receivables	-	(1,449)	-	(1,449)	301
Employee future benefits contributions	(2,849)	-	-	(2,849)	(2,903)
	(9,465)	51,079	9,170	50,784	113,991
Investing Activities					
Sale (Purchase) of investments	207,389	(165,728)	(26,775)	14,886	58,765
(Increase) decrease in other assets	(70)	(9)	(699)	(778)	102
Purchase of intangible assets	-	(64)	-	(64)	(53)
Purchase of capital assets	-	(66,010)	-	(66,010)	(94,579)
Change in other long-term liabilities	(1,357)	-	-	(1,357)	(4,483)
	205,962	(231,811)	(27,474)	(53,323)	(40,248)
Financing Activities					
Contributions of cash for endowments	-	-	12,789	12,789	6,899
Proceeds from capital lease	-	-	-	-	54
Repayment of loans	(14)	-	-	(14)	(13)
Repayment of long-term debt	-	(11,506)	-	(11,506)	(11,316)
Repayment of capital lease obligation	(9)	-	-	(9)	(1)
	(23)	(11,506)	12,789	1,260	(4,377)
Net increase (decrease) in cash	196,474	(192,238)	(5,515)	(1,279)	69,366
Interfund transfers	(31,027)	26,315	4,712	-	-
Cash (bank indebtedness), beginning of year	(129,730)	219,045	1,872	91,187	21,821
Cash (bank indebtedness), end of year	**$ 35,717**	**$ 53,122**	**$ 1,069**	**$ 89,908**	**$ 91,187**

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, 2020
($ 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 to 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 accounting standards 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, 2019.
- 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, 2020.
- 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, 2019.
- 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, 2019.
- The University of Saskatchewan Alumni Association (Association), a volunteer-driven, non-profit organization incorporated in 1937, works with the University of Saskatchewan to strengthen the bond between Alumni and the university. With implementation of a new governance model, in conjunction with amendments to the Articles of the Corporation in June 2019, the university controls the Association. This entity's year end for consolidation purposes is April 30, 2019.
- 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, 2020.

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:

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

i) The General Fund accounts for the university's program delivery, service and administrative activities. This fund is classified as Operating and Ancillary, with the Operating Fund further delineated between Operating, Institutional Obligations for Employment Benefits, Donor Funded and Specific Purpose.

Operating funds account for the university's functions of instruction (including academic support services), administrative services, plant maintenance and other operating activities. These funds hold unrestricted resources and funds internally restricted by the university, such as faculty and department carryforwards. The Operating fund also houses the university's collections (see Note 10) held for education, research or public exhibition.

Institutional Obligations for Employment Benefits funds account for university commitments defined by the collective agreements or employment contracts. These requirements include the accrued pension benefit liability or asset, earned but unpaid vacation, and funding required by collective agreements or employment contracts for employment related activities such as professional expense funds.

Donor Funded Operating funds record the revenue from donations provided for institutional or college use.

Specific Purpose funds account for activities that complement institutional operations. These projects involve athletics, non-credit instruction, continuing professional education programs, medical clinical services, fee-for-service activities, etc.

The Ancillary Fund provides goods and services to the university community, which are supplementary to the functions of instruction and research. These essential supports, which include student residences, bookstores, food services, parking, utilities and other business services, are expected to operate on a self-sustaining 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 Fund 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.

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

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 and Restricted Fund resources are 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.

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 accounting standards for not-for-profit organizations 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) Collections

Collections are works of art, historical treasures or similar assets that are: held for public exhibition, education or research; protected, cared for and preserved; and subject to an organizational policy that requires any proceeds from their sale to be used to acquire other items to be added to the collection or for the direct care of the existing collection. Collections are recorded on the statement of financial position at cost, represented by fair market value, or nominal value where a reasonable estimate of fair market value is indeterminable. Collections are not subject to amortization due to the nature of collections, which requires the university to preserve these assets in perpetuity.

g) Intangible assets

Intellectual property was produced by CLSI. Intellectual property has a finite useful life and is carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization expense is reported in the Capital Fund. Intellectual property is amortized using the straight-line method over its estimated useful life of 20 years.

h) 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. 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 construction in progress until the assets are in use. Asset retirement obligations and associated asset retirement costs are discussed in k) Decommissioning obligation.

Effective May 1, 2019 the university prospectively implemented Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations. In accordance with this guidance, the university established the following material components for Buildings: building structure, roof coverings, exterior façade/construction, interior finishes, mechanical, lighting and electrical, elevator systems, and fixed equipment, inclusively reported as Buildings (post May 1, 2019).

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

Buildings (non-componentized)	40 years
Buildings (componentized)	20 to 50 years
Beamlines and CLSI Facility	to FY2029 - see Note 20
Leasehold improvements	Lease term
CLSI facility retirement costs	25 years
Fedoruk Centre facility retirement costs	40 Years
Site improvements	20 years
Computers and software	3 years
Equipment and furnishings	3 to 8 years
Library materials	10 years

i) 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.

j) 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 18. These benefits include post-retirement life insurance or spending accounts, retirement recognition benefit and benefit continuation for disabled employees.

The cost of non-pension post-retirement and post-employment benefits relating to 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.

k) 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.

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

l) 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
Risk management assets and liabilities (natural gas swaps, interest rate swaps and foreign exchange hedges)	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 principal 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.

m) Derivative financial instruments

The university uses derivative financial instruments, principally interest rate swap agreements on specific loans, natural gas commodity swap agreements, and foreign currency hedging agreements on specific foreign investments, in its management of exposure to fluctuations in interest rates, natural gas rates, and foreign exchange 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 16.

3. Adoption of Accounting Standards for Componentization and Collections and Restatement Associated with Accounting Policy Change and Correction of Error

a) Adoption of new accounting standards

Effective May 1, 2019 the university prospectively implemented the new accounting standards for componentization in accordance with Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations (under Part III of the CPA Canada Handbook - Accounting). Currently, the university has solely identified the need for componentization of buildings - see Note 2 h).

Additionally, effective May 1, 2019 the university retrospectively implemented Section 4441, Collections Held by Not-for-Profit Organizations (under Part III of the CPA Canada Handbook - Accounting), recording collections on the statement of financial position at fair market value or nominal value, where a reasonable estimate of fair market value is indeterminable.

3. Adoption of Accounting Standards for Componentization and Collections and Restatement Associated with Accounting Policy Change and Correction of Error (continued)

The accounting impact of this change is reflected in the table below:

	April 30, 2019		
	Balance as Previously Reported	Adjustments	Balance as Adjusted
Consolidated Statement of Financial Position			
Collections	$ -	$ 43,945	$ 43,945
Capital assets	1,574,834	-	1,574,834
Invested in collections	-	43,945	43,945
Invested in capital assets	1,441,576	-	1,441,576
Consolidated Statement of Operations and Changes in Fund Balances			
Revenues			
Donations	39,682	265	39,947
Expenses			
Operational supplies and expenses	206,499	(274)	206,225
Amortization	85,042	-	85,042
Interfund transfers - General	(37,775)	-	(35,775)
Interfund transfers - Restricted	34,518	-	34,518
Net increase (decrease) in fund balances for the year	65,608	539	66,147
Fund balances, beginning of year	2,323,550	43,406	2,366,956
Fund balances, end of year	2,370,245	43,945	2,414,190

b) Restatement Associated with Accounting Policy Change and Correction of Error

In light of the significant changes impacting capital assets, triggered through the adoption of the new Handbook sections noted above, the university standardized the pooling process for all high volume, lower dollar asset categories, expanding pooled asset categories to include Computers, Software, Equipment and Vehicles. Standardizing the accounting policy by removing the threshold for capitalization brings consistency to the accounting processes for all low dollar, high volume asset classes. Additionally, the thorough review of all leasehold improvements resulted in a write-down of assets where it was identified that the term of the lease had ended.

The financial impact of these changes are reflected in the table below:

	April 30, 2019			
	Balance as Adjusted	Accounting Policy Change	Correction of Prior Period Error	Restatement
Consolidated Statement of Financial Position				
Collections	$ 43,945	$ -	$ -	$ 43,945
Capital assets	1,574,834	8,790	(4,093)	1,579,531
Invested in collections	43,945	-	-	43,945
Invested in capital assets	1,441,576	8,790	(4,093)	1,446,273
Consolidated Statement of Operations and Changes in Fund Balances				
Revenues				
Donations	39,947	-	-	39,947
Expenses				
Operational supplies and expenses	206,225	(2,266)	-	203,959
Amortization	85,042	3,141	664	88,847

(chart continued on following page)

3. Adoption of Accounting Standards for Componentization and Collections and Restatement Associated with Accounting Policy Change and Correction of Error (continued)

Interfund transfers - General	(35,775)	(9,219)	-	(44,994)
Interfund transfers - Restricted	34,518	9,219	-	43,737
Net increase (decrease) in fund balances for the year	66,147	(875)	(664)	64,608
Fund balances, beginning of year	2,366,956	9,665	(3,429)	2,373,192
Fund balances, end of year	2,414,190	8,790	(4,093)	2,418,887

4. 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 university has no economic interest in the corporation.

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

5. Cash and Short-term Investments

	April 30	
	2020	**2019**
Cash	$ 89,079	$ 90,363
Short-term investments	829	824
	$ 89,908	**$ 91,187**

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.

6. Accounts Receivable

	April 30	
	2020	**2019**
General	$ 15,745	$ 17,283
Investment income	910	687
Grants and contracts related to general funds	6,695	6,819
Grants and contracts related to student financial aid	703	5,976
Grants and contracts related to research	123,011	127,328
Grants and contracts related to capital	26,311	26,471
Other restricted	27,513	29,328
Other unrestricted	3,538	3,978
Student fees	6,869	1,777
Student loans	325	255
Allowance for doubtful accounts	(2,622)	(3,156)
	$ 208,998	**$ 216,746**

7. Inventories

	April 30			
	2020			2019
	Beginning of Year	Net Change	End of Year	End of Year
College of Agriculture and Bioresources	$ 1,283	$ 269	$ 1,552	$ 1,283
College of Dentistry	442	276	718	442
Western College of Veterinary Medicine	556	76	632	556
Consumer Services	2,982	(251)	2,731	2,982
Facilities	2,105	5	2,110	2,105
Vaccine and Infectious Disease Organization (VIDO)	153	(53)	100	153
Livestock and Forage Centre of Excellence (LFCE)	2,692	(618)	2,074	2,692
Other	364	180	544	364
Subsidiaries				
Canadian Light Source Inc.	3,327	(71)	3,256	3,327
Prairie Swine Centre Inc.	473	(68)	405	473
	$ 14,377	**$ (255)**	**$ 14,122**	**$ 14,377**

8. Long-term Accounts Receivable

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

	April 30	
	2020	2019
2021	$ -	$ 12,481
2022	11,808	5,869
2023	7,545	2,529
2024	3,213	500
2025	262	-
	$ 22,828	**$ 21,379**

9. 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, 2020				
	FI	**LT**	**LTDS**	**Other**	**Total**
Government and corporate bonds	$ 117,494	$ -	$ -	$ 2,760	$ 120,254
Government and corporate bonds pooled funds	-	164,131	598	-	164,729
Canadian equities	-	67,396	-	738	68,134
Canadian equities pooled funds	-	20,405	1,023	-	21,428
Foreign equities	-	3,616	-	1,272	4,888
Foreign equities pooled funds	-	299,845	397	1,315	301,557
Real estate pooled funds	-	78,591	-	-	78,591
Cash, short-term investments and other assets	2,895	2,133	5	2	5,035
	$ 120,389	**$ 636,117**	**$ 2,023**	**$ 6,087**	**$ 764,616**

	April 30, 2019				
	FI	**LT**	**LTDS**	**Other**	**Total**
Government and corporate bonds	$ 110,589	$ -	$ -	$ 2,881	$ 113,470
Government and corporate bonds pooled funds	-	152,830	526	-	153,356
Canadian equities	-	74,523	-	948	75,471
Canadian equities pooled funds	-	22,813	880	-	23,693
Foreign equities	-	3,709	-	1,203	4,912
Foreign equities pooled funds	-	317,058	346	1,260	318,664
Real estate pooled funds	-	88,041	-	-	88,041
Cash, short-term investments and other assets	5,179	9,858	5	54	15,096
	$ 115,768	**$ 668,832**	**$ 1,757**	**$ 6,346**	**$ 792,703**

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. Other income includes interest from student and general accounts receivables, short-term investments and income earned on segregated investments. Segregated investments include investments in individual bonds and equities that are not pooled with the remaining investment assets due to the terms of reference of the individual funds. Segregated investments also include the Student Managed Portfolio Trust managed by Edwards School of Business students and faculty.

9. Long-term Investments (continued)

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.

10. Collections

The university's mission includes "discovering, teaching, sharing, integrating, preserving, and applying knowledge, including the creative arts, to build a rich cultural community". University collections, noted below, are integral to our status as an "outstanding institution of research, learning, knowledge-keeping, reconciliation, and inclusion".

- University Archives and Special Collections: The collections mandate for University Archives and Special Collections is focused on the acquisition, preservation, and accessibility of permanently valuable records of the University of Saskatchewan; and of books, journals, manuscripts, archival collections, and printed ephemera of a rare, valuable or regional nature. The collections predominantly include materials relating to Saskatchewan, Western Canada, and the University of Saskatchewan. The continued accessibility of these rare and unique materials provides vital support for learning and research.
- USask Art Galleries and Collection is the visual art hub linking the university's art galleries and the university's permanent art collection, preserving vital historic and artistic objects of interest for the Province of Saskatchewan and the university. The more than 6,000 works of art, including significant holdings by Canadian (and Saskatchewan) artists and modernist works from North America and Europe, provide opportunity for deeper engagement with Indigenous peoples, students and community.
- Museum of Antiquities: The Museum of Antiquities is unique in Canada housing of a collection of full-scale sculptural replicas of artworks from Greek, Roman, Egyptian, Near Eastern and medieval European cultures along with original coins, pottery and glass. The collections provide a rare opportunity for archaeological learning and research for people of all ages interested in the art and material culture of the ancient and medieval worlds.
- The Diefenbaker Canada Centre: The Diefenbaker Canada Centre's purpose is to help people make meaningful and personal connections with the ideas of citizenship, leadership, and Canada's role in the international community. Utilizing its significant core collection of personal artifacts bequeathed from the Right Honourable John G. Diefenbaker, the Diefenbaker Canada Centre designs and hosts exhibits and programming that are experiential, applicable, and relevant to today's society.
- The Amati collection is comprised of four rare seventeenth century instruments crafted by the Amati family of Cremona, Italy. These instruments were collected by the late Stephen Kolbinson and entrusted as a provincial treasure to the university in 1959 on the condition that they would be preserved and played from time to time for the benefit and enjoyment of the people of the province.

Acquisitions are donated as well as purchased. University collections are measured at fair value except for the Diefenbaker Canada Centre. Because of the unique nature of this collection fair value has not been determined and the collection is being held at nominal value. In the very rare event that an object from a collection is deaccessioned and sold, proceeds from the sale will be used to support collection management and development. There were no disposals of items from these collections (2019 - $NIL). There were no significant acquisitions for these collections during the period. The expenditures on collection items amounted to $129 (2019 - $89).

11. Intangible Assets

	April 30			
	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Intellectual property	$ 639	$ 140	$ 499	435

12. Capital Assets

	April 30			
	2020			Restated 2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings (pre - May 1, 2019)	$ 1,635,323	$ 574,633	$ 1,060,690	$ 1,097,105
Buildings (post - May 1, 2019)	27,517	340	27,177	-
Beamlines and CLSI Facility	228,360	77,629	150,731	133,011
Leasehold improvements	6,669	4,327	2,342	2,438
CLSI facility retirement costs	7,874	3,162	4,712	3,061
Fedoruk Centre facility retirement costs	745	63	682	627
Site improvements	212,449	95,443	117,006	119,752
Computers and software	159,980	143,885	16,095	14,123
Equipment and furnishings	494,296	395,089	99,207	101,389
Land	10,592	-	10,592	10,592
Construction in progress	41,278	-	41,278	84,528
Library materials	161,792	149,359	12,433	12,849
	2,986,875	1,443,930	1,542,945	1,579,475
Assets acquired under capital lease obligation				
Computers	47	47	-	–
Equipment and furnishings	798	752	46	56
	$ 2,987,720	**$ 1,444,729**	**$ 1,542,991**	**$ 1,579,531**

During fiscal 2020, it was confirmed that the Canadian Light Source Inc. (CLSI) facility and beamlines will have a useful life ending March 2029. This change in life results in a year-over-year estimated increase of $8,463 in amortization expense.

13. Accounts Payable and Accrued Liabilities

	April 30			
	2020		2019	
Non-governmental accounts payable and accrued liabilities	$	57,886	$	63,074
College of Medicine voluntary severance package		1,339		4,624
Government remittances				
Sales taxes		330		465
Payroll related taxes		7,272		7,154
	$	**66,827**	**$**	**75,317**

14. Deferred Revenue

	April 30			
	2020		2019	
Student fees	$	8,370	$	9,982
Unearned revenue—ancillary operations		6,107		6,529
Deferred contributions		21,869		22,135
	$	**36,346**	**$**	**38,646**

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.

15. Loans

On April 29, 2020, the Board of Governors authorized to negotiate a revolving demand credit facility not to exceed $50 million. An approval to borrow a line of credit of up to $50 million was approved in Order in Council 269/2020 on June 4, 2020. 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, 2020, there was no borrowing outstanding under the facility (2019 – $NIL).

Additionally, in 2016 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, 2020 $87 (2019 - $101) was drawn and outstanding on the term loan.

16. Risk Management Assets and Liabilities

	Assets April 30				Liabilities April 30			
	2020		2019		2020		2019	
Natural gas commodity swap agreements (a)	$	-	$	-	$	694	$	3,192
Interest rate swap agreements (b)		-		-		25,174		17,069
Foreign currency hedge agreements (c)		65		-		-		159
	$	**65**	**$**	**-**	**$**	**25,868**	**$**	**20,420**

16. Risk Management Assets and Liabilities (continued)

a) Natural gas commodity swap agreements

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

		April 30	
		2020	**2019**
Royal Bank of Canada - November 15, 2010 agreement	(i)	$ 526	$ 1,794
Royal Bank of Canada - December 16, 2010 agreement	(ii)	-	620
Bank of Montreal - April 23, 2015 agreement	(iii)	-	148
Royal Bank of Canada - April 23, 2015 agreement	(iii)	-	149
Canadian Imperial Bank of Canada - August 10, 2015 agreement	(iv)	168	481
		$ 694	**$ 3,192**

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, 2019 and October 31, 2020 at rates from $6.54/GJ.

ii) A natural gas commodity swap agreement entered into December 16, 2010 which fixed the natural gas rates on a notional quantity of 650 GJ of natural gas per day between November 1, 2017 and October 31, 2019 at rates from $5.87/GJ to $6.27/GJ.

iii) A natural gas commodity agreement entered into April 23, 2015 which fixed 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.

iv) 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 $(2,498) (2019 - $(2,684)).

b) Interest rate swap agreements

To manage the interest rate exposure associated with long-term loans (see Note 17) 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	
		2020	**2019**
Stadium parkade	(v)	$ 1,885	$ 1,663
Annual sustaining capital borrowing	(vi)	581	536
College Quarter undergraduate residence	(vii)	11,729	8,093
College Quarter graduate residence	(viii)	10,697	6,754
Academic Health Sciences	(ix)	282	23
		$ 25,174	**$ 17,069**

16. Risk Management Assets and Liabilities (continued)

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

v) Interest rate of 5.79%; agreement terminates September 2029.

vi) Interest rates vary from 2.77% to 5.30%; agreements terminate between September 2020 and November 2026.

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

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

ix) 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 28 Interest Expense (Recovery)) is $8,105 (2019 - $2,574).

c) Foreign currency hedge agreements

To manage the foreign exchange rate exposure associated with investments in the CBRE Global Investors – Pan European Core Fund the university actively enters into 3-month rolling foreign currency hedge agreements with RBC Investor Services Trust (RBC-IST). The following foreign currency hedge agreement was in place with RBC-IST at April 30:

	April 30 2020		April 30 2019	
	Notional value	Fair value	Notional value	Fair value
RBC Foreign Currency Hedge Agreement	$ 34,318	$ 65	$ 45,134	$ (159)

The fair value for the foreign currency hedge agreement is determined by mark-to-market valuations provided by RBC-IST. At April 30, 2020, 22,528 Euro were hedged per the agreement (2019 – 29,801 Euro) with a base foreign currency rate of 1.526 (2019 – 1.509). At April 30, 2020 this agreement had a notional value of $34,318 (2019 – $45,134), and its fair value approximated an unrealized gain of $65 (2019 – $(159)). The unrealized gain at April 30, 2020 has been reflected in investment income in the Statement of Operations and Changes in Fund Balances, as well as in Risk Management Assets or Liabilities presented on the Statement of Financial Position.

17. Long-term Debt

		April 30 2020	April 30 2019
Academic Health Sciences	(a)	$ 16,000	$ 22,000
Stadium Parkade	(b)	7,591	8,175
Annual Sustaining Capital Borrowing	(c)	8,820	11,761
College Quarter Undergraduate Residence	(d)	36,027	37,354
College Quarter Graduate Residence	(e)	27,388	28,042
Senior notes issued 2018	(f)	85,000	85,000
		180,826	192,332
Less: net unamortized debt issue costs		(608)	(625)
		180,218	191,707
Less: Current Portion		(11,137)	(11,506)
		$ 169,081	$ 180,201

17. Long-term Debt (continued)

a) 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.

b) 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 2025, at which time the agreement will be renewed.

c) 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 September 2020 to November 2026; repayable in full between October 2020 and October 2025, at which time the agreement will be renewed. 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.

d) 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 2021 and September 2025, at which time the agreement will be renewed. Subsequently, the university and bank updated the September 2021 credit facility to be repayable September 2025.

e) 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 2025, at which time the agreement will be renewed.

f) Unsecured debentures issued April 4, 2018, bearing interest at a rate of 3.472% payable in equal semi-annual payments, maturing in April 4, 2058; debt incurred to finance various capital projects. In accordance with Order-in-Council 37/2018, the university established an internally held and administered sinking fund within the Capital Fund that will be used exclusively for the purpose of the retirement of the securities upon maturity. The value of the fund at April 30, 2020 is $1,838 (2019 - $1,246). Included in interest expense is $16 (2019 - $16) for amortized debt issuance costs.

Principal and voluntary sinking fund payments due over the next five years are as follows:

2021	$	11,814
2022		11,536
2023		8,851
2024		5,210
2025		5,000
	$	**42,411**

18. Employee Future Benefits

The university sponsors both defined benefit and defined contribution pension 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. On July 9, 2019 the university Board of Governors approved an amendment to close the University of Saskatchewan and Federated Colleges Non-Academic pension plan (the Non-Ac Plan) effective September 1. As of that date, existing active members and all new eligible entrants enrolled in the Colleges of Applied Arts & Technology (CAAT) DBplus pension plan, a multi-employer pension plan to which the university is not a sponsor. Moving forward, previously enrolled Non-Ac plan members' pensionable earnings will continue to accrue towards their highest 4-year average in the Non-Ac plan, however, all future service goes to the CAAT DBplus plan. The university's obligation to the CAAT DBplus plan is limited to semi-monthly contributions. Total expense for the CAAT DBplus plan for the September 2019 - April 2020 period, together with annual expense for other defined contribution plans to which the university and employees contribute in equal amounts is $28,820 (2019 - $23,906).

18. Employee Future Benefits (continued)

The university continues with administration associated with the closed Non-Ac plan and remains responsible for the plan's accrued benefit obligation. The most recently filed actuarial valuation for the Non-Ac pension plan for funding purposes was as of December 31, 2017 (the next required actuarial valuation filing is December 31, 2020). The most recently filed actuarial valuation for the Retirees and Academic defined benefit pension plan for funding purposes was as of December 31, 2018 (the next required actuarial valuation filing is December 31, 2021).

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

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

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

The benefit continuation for disabled employees' liability accrues the university's obligation to provide health care and dental coverage to eligible long-term disability claimants.

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, 2019 both normally extrapolated to April 30, 2020. However, due to the significant volatility in financial markets as a result of the COVID-19 pandemic actual market value of assets at April 30, 2020 have been used. The measurement date of the actuarial valuations for the accrued benefit obligations for the other post-retirement benefits is April 30, 2020.

Information about the university's benefit plans are as follows:

	2020			2019		
	Defined Pension Plans	Other Post Retirement Benefits	Total	Defined Pension Plans	Other Post Retirement Benefits	Total
Plan assets						
Fair value at beginning of year	$ 559,729	$ -	$ 559,729	$ 594,488	$ -	$ 594,488
Actual return on plan assets	38,816	-	38,816	(13,462)	-	(13,462)
Employer contributions	5,291	1,242	6,533	10,475	1,300	11,775
Employee contributions	2,356	-	2,356	5,920	-	5,920
Benefits paid	(42,126)	(1,242)	(43,368)	(37,692)	(1,300)	(38,992)
Fair value at end of year	**$ 564,066**	**$ -**	**$ 564,066**	**$ 559,729**	**$ -**	**$ 559,729**
Accrued benefit obligations						
Accrued benefit obligation at beginning of year	$ 558,458	$ 10,872	$ 569,330	$ 568,426	$ 12,071	$ 580,497
Current service cost	4,998	2,463	7,461	14,437	685	15,122
Interest cost	31,419	335	31,754	31,406	419	31,825
Benefits paid	(42,126)	(1,242)	(43,368)	(37,692)	(1,300)	(38,992)
Actuarial (gains) losses	25,076	(340)	24,736	(18,119)	(1,003)	(19,122)
Past service cost	-	1,622	1,622	-	-	-
Accrued benefit obligation at end of year	**$ 577,825**	**$ 13,710**	**$ 591,535**	**$ 558,458**	**$ 10,872**	**$ 569,330**

(chart continued on following page)

18. Employee Future Benefits (continued)

	2020			2019		
	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	$ 564,066	$ -	$ 564,066	$ 559,729	$ -	$ 559,729
Accrued benefit obligation, end of year	577,825	13,710	591,535	558,458	10,872	569,330
Valuation allowance	(4,101)	-	(4,101)	(7,880)	-	(7,880)
Accrued benefit asset (liability), net of valuation allowance	**$ (17,860)**	**$ (13,710)**	**$ (31,570)**	**$ (6,609)**	**$ (10,872)**	**$ (17,481)**
Current portion	$ -	$ (1,242)	$ (1,242)	$ -	$ (1,300)	$ (1,300)
Long-term portion	(17,860)	(12,468)	(30,328)	(6,609)	(9,572)	(16,181)
	$ (17,860)	**$ (13,710)**	**$ (31,570)**	**$ (6,609)**	**$ (10,872)**	**$ (17,481)**

	2020			2019		
Benefit plan (income) expense:						
Current service cost, net of employee contributions	$ 2,642	$ 2,463	$ 5,105	$ 8,517	$ 685	$ 9,202
Interest on benefit obligation	31,419	335	31,754	31,406	419	31,825
Interest on asset (liability) obligation	(31,519)	-	(31,519)	(32,751)	-	(32,751)
	$ 2,542	**$ 2,798**	**$ 5,340**	**$ 7,172**	**$ 1,104**	**$ 8,276**

	2020			2019		
Remeasurements and other items:						
Actual return on plan assets	$ -	$ -	$ -	$ 13,462	$ -	$ 13,462
Actuarial (gain) loss on accrued benefit obligation	25,076	(340)	24,736	(18,119)	(1,003)	(19,122)
Interest on asset (liability) obligation	(38,816)	-	(38,816)	32,751	-	32,751
Past service cost	-	1,622	1,622	-	-	-
Assumed interest on assets at assumed discount rate	31,519	-	31,519	-	-	-
Increase (decrease) in valuation allowance	(3,779)	-	(3,779)	(8,017)	-	(8,017)
	$ 14,000	**$ 1,282**	**$ 15,282**	**$ 20,077**	**$ (1,003)**	**$ 19,074**

18. Employee Future Benefits (continued)

Actuarial assumptions (weighted average as of April 30)

	2020		2019	
	Defined Pension Plans	Other Post Retirement Benefits	Defined Pension Plans	Other Post Retirement Benefits
Discount rate	5.4%	2.8%	5.8%	3.1%
Compensation increase	2.7%	-	2.7%	-
Health care cost trend rate	0.0%	4.0%	-	4.0%
Inflation	2.2%	2.2%	2.2%	2.2%

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

	2020		2019	
	Defined Pension Plans	Other Post Retirement Benefits	Defined Pension Plans	Other Post Retirement Benefits
Fixed income	42.5%	-	36.6%	-
Equities	56.5%	-	62.5%	-
Other	1.0%	-	0.9%	-
Total	100.0%	-	100.0%	-

19. Capital Lease Obligation

Prairie Swine Centre Inc. has entered into a lease with National Feeders, payable in equal instalments of $1 including interest of 7.12% implicit in the lease, due May 2023, with the feeders having a net book value of $41 (2018 - $47), pledged as collateral.

	April 30 2020	April 30 2019
Capital lease	$ 44	$ 53
Less: current portion	(10)	(9)
	$ 34	**$ 44**

This agreement is recognized in the financial statements of the university as an asset acquired under capital lease obligations. Future minimum lease payments are as follows:

2020	$ 13
2021	13
2022	13
2023	11
	50
Less: imputed interest	(6)
	44
Less: current portion	(10)
	$ 34

20. Decommissioning Costs

		April 30	
		2020	2019
CLSI	(a)	$ 10,682	$ 8,567
The Fedoruk Centre	(b)	811	724
		$ 11,493	**$ 9,291**

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, 2020 the university provided a guarantee of $10,549 through a non-revolving demand facility with the Royal Bank of Canada. This amount is amended every 5 years with the last amendment occurring on May 1, 2017.

The university, through CLSI, accrues the liability for future decommissioning site restoration costs. The university expects to begin decommissioning the facility in fiscal 2030 and anticipates the future cash flows required for decommissioning activities to be $12,063.

The present value of the liability for decommissioning costs has been calculated using a credit-adjusted risk free interest rate of 1.4% (2019 – 1.8%) and an inflation rate estimate of 0.8% (2019 – 0.9%). The change in cost estimate resulted in a $1,957 increase to both the accrued decommissioning costs and the deferred decommissioning costs. The current year decommissioning costs of $543 (2019 - $587) include amortization of deferred decommissioning costs of $306 (2019 - $316) and costs associated with a financial guarantee to the CNSC of $80 (2019 - $80). A reconciliation of the accrued decommissioning costs is as follows:

	April 30	
	2020	2019
Accrued decommissioning costs, beginning of year	$ 8,567	$ 8,482
Accretion expense	158	191
Adjustment due to changes in assumptions	1,957	(106)
Accrued decommissioning costs, end of year	**$ 10,682**	**$ 8,567**

b) The Fedoruk Centre

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 in the current year. The Fedoruk Centre expects the facility to operate for a 40 year period, and the future cash flows required to decommission the facility are expected to be $1,132.

The present value of the liability for decommissioning costs has been calculated using a credit-adjusted risk free interest rate of 1.84% (2019 – 2.13%) and an inflation rate estimate of 0.9% (2019 – 0.9%). The change in cost estimate resulted in a $72 increase to both the accrued decommissioning costs and deferred decommissioning costs. The current year decommissioning costs of $32 (2019 - $35) include amortization of deferred decommissioning costs of $17 (2019 - $16). A reconciliation of the accrued decommissioning costs is as follows:

	April 30	
	2020	2019
Accrued decommissioning costs, beginning of year	$ 724	$ 671
Accretion expense	15	18
Adjustment due to changes in assumptions	72	35
Accrued decommissioning costs, end of year	**$ 811**	**$ 724**

21. Decrease (Increase) in Non-cash Working Capital

		April 30			
	General	Restricted	Endowment	Total 2020	Total 2019
Accounts receivable	$ 848	$ 6,909	$ (9)	$ 7,748	$ (20,986)
Inventories	298	(43)	-	255	(371)
Prepaid Expenses	(553)	22	-	(531)	(907)
Accounts payable and accrued liabilities	(4,247)	(5,259)	400	(9,106)	(36,917)
Deferred revenue	(2,305)	5	-	(2,300)	(1,643)
	$ (5,959)	**$ 1,634**	**$ 391**	**$ (3,934)**	**$ (60,824)**

22. 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 its strategic priorities.

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

23. 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	
	2020	2019
Restricted Fund		
Capital Fund	$ 38,754	$ 37,530
Student Financial Aid Fund	49,830	50,863
Research Fund	344,872	328,100
	433,456	416,493
Endowment Fund		
Endowed contributions - term	59,612	50,304
Capitalized endowment earnings	148,176	155,508
	207,788	205,812
	641,244	**622,305**
Endowment Fund		
Endowed contributions - permanent	149,094	144,656
Total externally restricted fund balances	**$ 790,338**	**$ 766,961**

24. 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	
	2020	**2019**
General Fund		
Operating	$ (20,229)	$ 1,219
Institutional Obligations for Employment Benefits	(34,256)	(17,285)
Donor Funded	43,627	45,651
Specific Purpose	43,967	47,866
	33,109	77,451
Restricted Fund		
Capital Fund - Other	296	4,435
Capital Fund - Sinking Fund	1,838	1,246
Capital Fund	2,134	5,681
Student Financial Aid Fund	8,310	9,395
Research Fund	26,876	32,361
	37,320	47,437
Endowment Fund		
Endowed contributions	27,525	27,452
Capitalized endowment earnings	23,144	23,314
	50,669	50,766
Total internal restricted fund balances	**$ 121,098**	**$ 175,654**

25. Unrestricted Funds (Deficiency)

	April 30	
	2020	**2019**
General Fund		
Operating Fund	$ 2,515	$ 6,851
Ancillary Fund	(19,108)	(20,797)
Total unrestricted funds (deficiency)	**$ (16,593)**	**$ (13,946)**

26. Commitments and Contingencies

a) Capital projects

With significant commitments relating to projects such as the Prince Albert Campus renovation and Optimizing Energy Efficiency project, the estimated cost of contractual commitments to complete capital projects as of April 30, 2020 is approximately $13,172 (2019 - $14,203).

b) Lease commitments

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

26. Commitments and Contingencies (continued)

2021	$	3,446
2022		2,848
2023		1,531
2024		950
2025		490

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 credit facilities with TD Canada Trust and the First Nations Bank of Canada utilizing floating rate financing that, at April 30, 2020 totaled $15,601 (2019 - $15,962) and expired May 2020. Subsequently, the USSU renegotiated another one-year term on the credit facilities. The floating interest rate is managed through interest rate swap agreements with notional amounts of $10,240 terminating in June 2040 and $5,361 terminating in January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust at April 30, 2020 was $6,461 (2019 - $4,392).

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 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, 2020 is $1,227 (2019 - $4,371).

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, 2020, 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.

On February 24, 2020 a Human Rights Commission complaint was updated to include compensation for lost income and damage to dignity, feelings and self-respect. The university filed a response to the claim disputing the amount being claimed. The claim has not proceeded further due to pandemic restrictions. The university was ordered to reinstate the complainant so some compensation is owing, but the amount is in dispute and not determinable at this time.

26. Commitments and Contingencies (continued)

On September 18, 2018 ASPA filed a grievance on behalf of three employees who had been laid off. ASPA claimed the lay-offs were not handled in accordance with the Collective Agreement. The matter proceeded to arbitration and the arbitrator ruled the lay-offs violated the Collective Agreement and ordered the employees reinstated. The issue of retroactive pay remains outstanding but is expected to be between $80 and $100.

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 64 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, 2019 CURIE had an accumulated surplus of $90,185 (2018 - $79,338) of which the university's pro-rata share is approximately 4.10% (2018 – 4.09%).

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.

27. Employee Benefits

	April 30	
	2020	**2019**
Pension expense - defined benefit (Note 18)	$ 2,542	$ 7,172
Pension expense - defined contribution (Note 18)	28,820	23,906
Employee future benefits (Note 18)	2,798	1,104
All other employee benefits	42,533	36,726
	$ 76,693	**$ 68,908**

28. Interest Expense

	April 30	
	2020	**2019**
Interest expense	$ 7,347	$ 8,005
Increase in fair value of interest rate swap agreements (Note 16 b)	8,105	2,574
	$ 15,452	**$ 10,579**

29. Gifts-in-kind and Donation Pledges

Gifts-in-kind consist of the following:

	April 30	
	2020	**2019**
Works of art	$ 159	$ 189
Equipment and furnishings	67	56
Investments	3,792	4,533
Library holdings	-	40
Research project contributions	4,671	8,762
Other	839	550
	$ 9,528	**$ 14,130**

29. Gifts-in-kind and Donation Pledges (continued)

As a result of COVID-19 pandemic and its economic impact, the university performed a re-assessment of its pledged donations and no changes were required to be made. Donations pledged but not received as at April 30, 2020 totaled $31,166 (2019 - $33,578). These pledges are expected to be honoured during the subsequent five-year period and will be recorded as revenue when received.

30. 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	Endowment	Capital
Salary and benefits	$ (672)	$ (109)	$ (22)	$ 803	$ -	$ -
Loan and interest payments	(5,706)	(6,863)	762	5,594	-	6,213
Capital acquisition and related funding	(21,798)	(4,289)	(11)	(20,409)	-	46,507
Scholarships, bursaries and awards	(14,756)	-	14,697	59	-	-
Fund transfers for Endowment	(1,008)	-	7	-	1,001	-
Funding for Research	24,491	-	(452)	(23,944)	-	(95)
Funding for General operating expenses	4,128	(5,358)	(14)	(41)	-	1,285
Contingency transfers	2,053	(3)	75	-	-	(2,125)
Recapitalized spending to Endowment Funds	(1,137)	-	(549)	(2,094)	3,711	69
April 30, 2020	**$ (14,405)**	**$ (16,622)**	**$ 14,493**	**$ (40,032)**	**$ 4,712**	**$ 51,854**
April 30, 2019	**$ (27,545)**	**$ (17,449)**	**$ 14,596**	**$ (31,545)**	**$ 1,257**	**$ 60,686**

31. 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	
	2020	2019
Sales of services and products—physicians' billings	$ 2,141	$ 3,685
Expenses		
Utilities	20,206	18,242
Various	33,591	41,641
Accounts receivable	44,086	45,607
Long-term investments	69	-
Accounts payable and accrued liabilities	4,616	3,507
Deferred revenue	8,865	7,819

31. Related Party Transactions (continued)

Canadian Light Source Incorporated (CLSI), a subsidiary of the university, is related to Canadian Isotope Innovations Corporation (CIIC), a medical isotope production company, through representation on its governing body. CLSI has a loan agreement to finance CIIC for a total amount of $5,260. As at April 30, 2020, the loan has been fully advanced. No interest income was recognized on loan receivable outstanding balance in the year ended April 30, 2020 and 2019. On April 30, 2020, CLSI exchanged the loan receivable, accrued interest and amount receivable from CIIC for preferred shares from CIIC. The preferred shares were valued at a nominal value of one dollar at April 30, 2020. The shares are redeemable by CIIC, retractable by CLSI after December 31, 2024, non-voting and dividend bearing at a rate equal to the lesser of the average prime rate plus 0.5% and 7% commencing January 1, 2024.

The $69 long-term investments is held in Province of Saskatchewan bonds that belongs to Kernen Foundation.

32. 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 16.

Market risk has significantly increased due to COVID-19's unprecedented effect on the economy. The severe decline in the investment markets is reflected in the return losses for the year, as the university records its investments at market value.

ii) Foreign currency risk
The university has foreign currency risk from its foreign currency denominated cash and investment accounts and exposure to foreign currency denominated 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. The university also manages foreign currency risk associated with the university through the use of foreign currency hedge agreements – see Note 16.

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 16. The university is subject to interest rate risk as a result of market fluctuations in interest rates and the degrees of volatility of these rates.

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

32. Financial Instruments (continued)

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

In the current unstable economic environment as a result of COVID-19 pandemic, liquidity is being monitored closely and risk mitigated with monthly cash flow projections, as request to the Ministry of Advanced Education to advance a monthly grant payment, increase in bank line of credit, and strategies are being developed for replenishment and maintenance of reserve levels.

b) Fair value of financial instruments
The carrying values of all financial instruments approximate fair value as at April 30, 2020.

33. COVID-19 Impact

The COVID-19 pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. The current COVID-19 pandemic situation has significantly affected the day-to-day operations of the University of Saskatchewan and our employees. The suspension of the majority of on-campus operations has resulted in significant reductions or stoppages of work in many areas of our institution, including work that cannot be done remotely. In circumstances where work is unavailable, some employees were transitioned to temporary layoffs. Temporarily laid off employees eligible for the Canada Emergency Response Benefit (CERB) were provided a top up to 85% of salary. Those temporarily laid off employees not eligible for the CERB were provided 85% of their salary.

The University of Saskatchewan continues to assess and monitor the impact of COVID-19 on its financial condition. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential impact on the university's financial position and operations.

34. 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, 2020 ($ thousands)

	Operating	Institutional Obligations for Employment Benefits	Donor Funded Operating	Specific Purpose	Subtotal Operating	Ancillary	Total
Revenues							
Grants and contracts							
Government of Canada	$ 357	$ -	$ 16	$ 3,081	$ 3,454	$ -	$ 3,454
Government of Saskatchewan	323,175	-	-	87,470	410,645	100	410,745
Other governments	22,801	-	-	165	22,966	-	22,966
Non-government	1,156	-	124	4,016	5,296	-	5,296
Student fees	158,161	-	17	7,895	166,073	-	166,073
Donations	3,568	-	3,556	713	7,837	-	7,837
Sales of services and products	21,154	-	186	20,258	41,598	53,508	95,106
Income from investments	1,151	77	3,748	340	5,316	16	5,332
Real estate income	1,218	-	143	136	1,497	5,903	7,400
Royalties	22	-	5	3,525	3,552	-	3,552
Miscellaneous income	(9,317)	4,445	49	10,976	6,153	101	6,254
	523,446	4,522	7,844	138,575	674,387	59,628	734,015
Expenses							
Salaries	358,032	2,037	3,569	69,953	433,591	10,646	444,237
Employee benefits (Note 27)	54,294	3,031	486	7,932	65,743	1,675	67,418
Operational supplies and expenses	91,851	1,998	2,089	53,432	149,370	6,715	156,085
Travel	4,305	1,637	676	4,238	10,856	47	10,903
Cost of goods sold	3,545	-	-	365	3,910	7,959	11,869
Maintenance, rental and renovations	9,576	12	733	2,337	12,658	2,177	14,835
Utilities	12,045	-	26	196	12,267	12,014	24,281
Scholarships, bursaries and awards	3,118	61	513	591	4,283	-	4,283
Interest (Note 28)	8	-	-	-	8	-	8
Bad debt expense	214	-	-	16	230	84	314
	536,988	8,776	8,092	139,060	692,916	41,317	734,233
Excess (deficiency) of revenues over expenses	(13,542)	(4,254)	(248)	(485)	(18,529)	18,311	(218)
Interfund transfers (Note 30)	(11,957)	2,749	(1,783)	(3,414)	(14,405)	(16,622)	(31,027)
Net increase (decrease) in fund balances for year	(25,499)	(1,505)	(2,031)	(3,899)	(32,934)	1,689	(31,245)
Fund balances, beginning of year (Note 3)	51,980	(17,258)	45,659	47,866	128,247	(20,797)	107,450
Employee future benefits remeasurements and other items	-	(15,494)	-	-	(15,494)	-	(15,494)
Fund balances, end of year	**$ 26,481**	**$ (34,257)**	**$ 43,628**	**$ 43,967**	**$ 79,819**	**$ (19,108)**	**$ 60,711**

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, 2020 ($ thousands)

	Student Financial Aid	Research	Capital	Total
Revenues				
Grants and contracts				
Government of Canada	$ -	$ 89,059	$ 1,007	$ 90,066
Government of Saskatchewan	1,415	38,055	27,680	67,150
Other governments	186	3,360	-	3,546
Non-government	90	77,233	1,203	78,526
Donations	3,699	9,843	3,923	17,465
Sales of services and products	-	134	-	134
Income from investments	6,309	6,674	3,098	16,081
Real estate income	91	449	-	540
Royalties	267	3	-	270
Miscellaneous income	7	(12)	58	53
	12,064	224,798	36,969	273,831
Expenses				
Salaries	1,132	81,311	9	82,452
Employee benefits (Note 27)	69	9,205	1	9,275
Operational supplies and expenses	432	47,672	6,528	54,632
Travel	110	7,379	-	7,489
Cost of goods sold	-	2	-	2
Maintenance, rental and renovations	-	3,880	14	3,894
Utilities	-	1,976	-	1,976
Amortization	-	-	103,851	103,851
Scholarships, bursaries and awards	26,905	22,054	-	48,959
Interest (Note 28)	-	-	15,444	15,444
Bad debt expense	27	-	-	27
Decommissioning costs (Note 20)	-	-	575	575
	28,675	173,479	126,422	328,576
Excess (deficiency) of revenues over expenses	(16,611)	51,319	(89,453)	(54,745)
Interfund transfers (Note 30)	14,493	(40,032)	51,854	26,315
Net increase (decrease) in fund balances for year	(2,118)	11,287	(37,599)	(28,430)
Fund balances, beginning of year (Note 3)	60,258	360,461	1,489,484	1,910,203
Fund balances, end of year	**$ 58,140**	**$ 371,748**	**$ 1,451,885**	**$ 1,881,773**

See accompanying notes to consolidated financial statements

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Grit McCreath (Chancellor)

Members Appointed by Government
Shelley Brown (Chair)
Grant Devine
Ritu Malhotra

Members Elected By Senate
Allan Adam
Joy Crawford

Faculty Member
Jay Kalra

Student Member
Autumn LaRose-Smith

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Provost and Vice-President (Academic)
Melissa Just (Interim)

Vice-President (Finance and Resources)
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Vice-President (Research)
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Vice-President (University Relations)
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School of Environment and Sustainability
Karsten Liber (Interim)

School of Public Health
Doug Brothwell (Interim)

Johnson-Shoyama Graduate School of Public Policy
Doug Moen

University Library
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