2020/21

Annual Financial Report

BE WHAT THE WORLD NEEDS

UNIVERSITY OF SASKATCHEWAN

ON THE COVER:

2021 Images of Research Winner

I've completed field work in all reaches from 6,800 m in the Andes to the outback of Australia. The camp in this image was used by me and my best friends collecting geophysical data in Northern Ontario last fall. The camp was affectionately named 'Camp Stew' due to a grocery flight not bringing the entire order. We vowed to live off an 'infinity stew' for the remainder of the project. We saw the seasons turn from fall to winter with many beautiful aurora displays and this will forever be my favorite field experience. Pickle Lake, Ontario will always be among my favorite places.

Photo by Mark Lepitzki,
Master's Student In Geological Sciences

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Shelley Brown

CHAIR, BOARD OF GOVERNORS

The pandemic has changed a great deal for all of us. For the University of Saskatchewan, the pandemic fundamentally changed the way that we teach, the way we learn, and the way we interact and connect with one another, locally and globally.

This fiscal year, everything essential to USask's operations had to change in a matter of days. With great effort and skill, our institution transitioned teaching, learning and working into an online environment to ensure the safety of our campus community and beyond.

Through these extraordinary times, we never lost sight of our mission, vision and values, and our ultimate goal to be the university the world needs us to be. We rose to the challenge, one of the biggest challenges in our history, and continued to deliver outstanding academic programming, and conduct vital research that has application around the world. And despite the challenges of the pandemic, the University of Saskatchewan has remained financially stable thanks to sound leadership and strategic financial planning.

Guiding our important work— developing local solutions with global applications—is the unwavering commitment of the members of the Board of Governors. The Board ensures that we steward the public investment in our institution to be the university the world and this province needs us to be. And that is a responsibility that will not be changed by the challenges a global health crisis brings.

Peter Stoicheff

PRESIDENT AND VICE-CHANCELLOR

The University of Saskatchewan is part of a bigger picture—a global community—with the ability to have world-wide impact with our work and our voices. The global health crisis we have endured this year has galvanized our institution's role to be a part of something bigger than ourselves, to be the University the World Needs through a commitment to the principles of sustainability and connectivity, and recognizing the importance of collaboration and innovation.

While the global health crisis created monumental challenges for all of us, it also brought out the best in our campus community, thanks to the resilience of our students, staff and faculty. This is exemplified by the vaccine research happening on our campus at the Vaccine and Infectious Disease Organization, where researchers developed a made-in-Saskatchewan vaccine candidate now in human trials. Other researchers across the university, from medicine, dentistry, pharmacy and nursing, to engineering, kinesiology and arts and science, are also working to develop everything from therapeutics and treatment programs to ventilation solutions to limit the spread of COVID-19 aerosols, and to provide mental health supports in a virtual environment.

Despite the challenges of the pandemic, our enrolment was steady at 26,000 students this year. It is a remarkable achievement and speaks to the reputation of our university and the accessible opportunities we offer. It is a testament to the quality of our academic programs, our research mission, our facilities and our faculty, and the dedication of our students.

Moving forward, we are on the path to emerge post-pandemic with renewed resilience and a renewed sense of responsibility. This year, we released an institutional sustainability strategy that will guide us as we strive to do our part in achieving the United Nations' 2030 Sustainable Development Goals. Our future will also be guided by our first-ever Indigenous Strategy at USask, created by students, faculty and staff at the university, in collaboration with Indigenous Elders, Traditional Knowledge Keepers, Language Keepers and other Indigenous community leaders. The strategy is the next important step on the path to being the best place we can be for Indigenous students, staff and faculty. Indeed, we have continued to expand our ability to reach and teach more students in more rural and northern areas than ever before, in particular to support more Indigenous students and communities. Our new Prince Albert campus—which was officially opened in fall 2020—is a major step in serving the people of the province.

Finally, as one of the top 15 research-intensive universities in the country, we are well-positioned to train the next generation of problem-solvers and community leaders, innovators and educators. That is our value proposition and our purpose as a post-secondary institution, as we strive to be the University the World Needs. We have the opportunity to harness the power of collaboration and innovation to re-emerge stronger, together. This is the focus of the University of Saskatchewan as we consider the challenges and opportunities that lie ahead, in the post-pandemic world.

Management Discussion and Analysis

2020/21

Fiscal 2020/21 Overview

The pandemic created uncertainty for the University of Saskatchewan's (USask) finances, with significant pressures on our revenues and expenditures. Our campuses have remained largely closed as we shifted to a primarily remote teaching, learning and working environment in March 2020. This has meant that most of our ancillary revenue was not realized this fiscal year. As well, in recognition of the unique challenges presented by the pandemic for our students and their families, we chose to freeze tuition for the 2020-21 year. All of this put enormous pressure on our revenue streams. However, the university's strong financial position and strategic focus, rebounding investment returns, as well as close collaboration with all levels of government, have enabled our institution to weather the pandemic. We worked hard to balance the needs of our students, faculty and staff with our financial realities and, like many others organizations, realigned our priorities to support our community. As we look beyond the pandemic, we continue to keep our institution's financial sustainability top of mind and will work to ensure our priorities enable USask to achieve its mission to be the University the World Needs.

Financial Risks and Strategy

FUNDING

As an institution, we continually evaluate our resource allocation processes and priorities to ensure our long-term financial sustainability. As a non-profit entity serving the public, our primary sources of funding remain our provincial operating grant—which has remained relatively stable in the Saskatchewan post-secondary sector—tuition, and investment income. Part of our financial strategy is to diversify our revenue streams, with a focus on land development, research commercialization, and philanthropy. As a research-intensive university, much of our revenue also comes in the form of research grants and contracts, but it is important to ensure the institution has sufficient funding to support the indirect costs of research and the flexibility to respond to emerging issues and opportunities.

REMOTE LEARNING AND WORK

During the 2020-21 fiscal year, USask's operations largely shifted online, with only essential services operating on campus, and a limited number of students, primarily in the health sciences. We made investments in technology and software to enable an effective teaching, learning and work environment and allowing the institution to continue offering quality programs and services. We have learned and adapted throughout the last year to improve the student experience in a remote environment and recognize the future opportunities to improve access to education that remote learning brings.

VACCINE AND INFECTIOUS DISEASE ORGANIZATION

USask's Vaccine and Infectious Disease Organization (VIDO) has been operating since 1975. Originally established as a small agricultural-focused research organization, VIDO has evolved into to a world-class research institute dedicated to the development of vaccines for the protection of human and animal health. This year, VIDO gained renewed national prominence as the first in Canada to isolate SARS-CoV-2 and the first in the country to establish an animal model for testing SARS-CoV-2 vaccines, antivirals and therapeutics. VIDO's vaccine candidate, COVAC-2, is currently in clinical trials. The strength of VIDO's research and leadership resulted in significant investment commitments from the federal and provincial governments to support the construction of a vaccine manufacturing facility, which is now underway and scheduled for completion in 2021. VIDO has also secured funding from all levels of government and private donors to create a national Centre for Pandemic Research that will see the facility upgrade to a level 4 containment lab, only the second such lab in Canada.

ENROLMENT

In the 2020-21 year, USask enrolment remained steady at 26,000, demonstrating that our programs continue to be in high demand and that students continue to recognize a degree from USask is a high value investment in their future. For many institutions in the post-secondary sector, the pandemic put significant pressure on international student enrolment, as borders closed all over the world. However, USask has relied less heavily on international students to grow our enrolment, and so we were able to absorb a small decrease in our international student enrolment. As restrictions begin to ease, we are working hard to ensure international students arrive, stay and study safely on our campus.

RESPONDING TO COVID-19

As a public institution, it is incumbent upon USask to support our community during a crisis. The COVID 19 pandemic has been a crisis like no other and our institution stepped up in many ways to help our province and our country respond. We donated personal protective equipment, personnel time, and space to help our health system respond to the COVID-19 threat. Notably, through an agreement with the Saskatchewan Health Authority, Merlis Belsher Place was transformed into a field hospital and subsequently into a mass immunization site. With the closure of our culinary services, excess perishable items were donated to community organizations. Through the generosity of our donors, and with support from the provincial government, USask was able to distribute $1.6 million in emergency funding to students to help them weather the challenges of the pandemic. USask also introduced the option to staff to allocate their collectively bargained professional development funds to student aid and, to date, staff have reallocated more than $500,000 in funding to help students.

Looking Ahead

Throughout the past year, the pandemic has changed our perspective on many things. USask established the Post-Pandemic Shift Project, an initiative designed to inform our change processes as we deliver on our mission to be the University the World Needs in a post-pandemic world. Through the insight and contributions of members of our community, we are building a shared understanding of how we can best emerge from this historic pandemic together. We have engaged in conversations with stakeholders about what the future looks like for them, and how USask can support them in the new post-pandemic world. We are also thinking carefully about the lessons learned over the last year and what opportunities are now before us to do things differently, to address the societal gaps laid bare by the pandemic.

We are not through the pandemic yet, but USask has weathered this crisis with resilience, a collaborative spirit, and with strong, focused financial management. As we incrementally begin to reopen our campus and move toward a more normal state of operations, USask will continue to provide high quality education and research outcomes that drive and grow our economy.

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 for the entire 2020-2021 fiscal year. In spite of this, total enrolment was slightly higher than the prior year, investment returns outperformed expectations, and operational expenditures were significantly less than anticipated. Offsetting these favorable financial results were the losses experienced in ancillary services and retail operations due to the physical closure of campus space.

The resumption of on-campus activities in 2021-22 will be staged in accordance with provincial public health directives, commencing in September 2021. As on-campus activities resume, the key financial impacts to the university, for the coming year, relate to the strong indicators of student enrolment and resumption of retail and ancillary operations including student residences, culinary services, bookstore and parking services.

Overall, revenues increased $118.1 million or 11.7% over the prior year, expenses were down by $57.1 million or 5.4%, and fund balances increased by $140.5 million. Operational activities contributed $42.1 million to the increase in fund balances for the year while ancillary activities recorded a reduction of $7.2 million to the fund balances for the year.

REVENUES

Increase in grant and contract revenue and growth of investment returns contributed to an overall increase in the total revenues for the year, when compared to prior year.

EXPENSES

Total expenses for the university rose by 5.4% from prior year.

FUND BALANCES

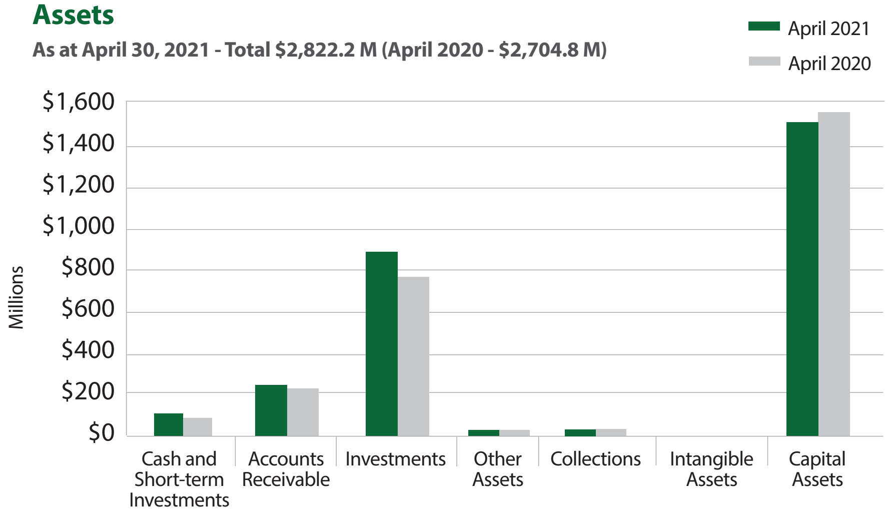
Of the $95.6 million general fund balance, $52.8 million is restricted for specific purposes, $48.7 million restricted by donors and $39.5 million in the operating fund (of which $12.0 million is unrestricted). Within the general fund balance the university also carries a $19.1 million deficit related to employee future benefits and a $26.3 million deficit in the ancillary fund.

ASSETS

Total assets increased by $117.4 million, or 4.3% over the prior year reflecting increase in project-related receivables, cash and long-term investments.

Assets

As at April 30, 2021 - Total $2,822.2 M (April 2020 - $2,704.8 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, 2021 cash and short-term investments were $113.3 million or 4% of total assets of the university. During the year this balances increased by $23.4 million or 26%.

Accounts Receivable

At April 30, 2020 accounts receivable were $248 million or 9% of total assets of the university. During the year this balance rose by $16.2 million or 7%. The increase 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, 2021 investment balances were $881.8 million or 31% of total assets of the university. During the year this balance increased by $117.2 million or 15%. Although the pandemic has continued to have longer-than-expected impacts on global markets, the introduction of successful treatments and vaccines has allowed markets to recover significantly after major crashes in Q4 last fiscal year. Overall investment returns for the year were 13.6%; fixed income returns of 2.5% and long-term pool returns of 16.9% and long-term diversified strategies pool returns of 11.0%, compared to expected returns of 1.7%, 0% and 0% respectively. These results are consistent with benchmark returns.

Other Assets Including Inventories, Prepaid Expenses and Risk Management Assets

At April 30, 2021, other assets were $32.8 million or 1% of total assets of the university. During the year this balance increased by $2.1 million or 6.7%.

Collections

At April 30, 2021, collections were $44.3 million or 2% of total assets of the university. During the year this balance increased by $0.1 million or 0.2%. The total cost of $44.3 million in collections is comprised of $21.1 million – University archives and Special collections, $16.8 million – Owned Art collections, $0.8 million – Museum of Antiquities, $5.6 million – Amati collections, and $1 (nominal value) – Diefenbaker Canada Centre.

Intangible assets

At April 30, 2021, intangible assets were $0.5 million or 0.02% of total assets of the university. 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, 2021, capital assets were $1,501.5 million or 53% of the total assets of the university. During the year, this balance decreased by $41.5 million or 3%. This decrease reflects the cost of work-in-progress during the year of $35.5 million, offset by current year amortization of $105.0 million; this activity is net of current year disposals. Significant construction, improvements and equipment capitalized during the year include:

- $8.3 million for Prince Albert Nursing site;
- $4.3 million for equipment related to the VIDO Vaccine Production capital project;
- $2.8 million for Griffiths Stadium Turf Replacement.

LIABILITIES

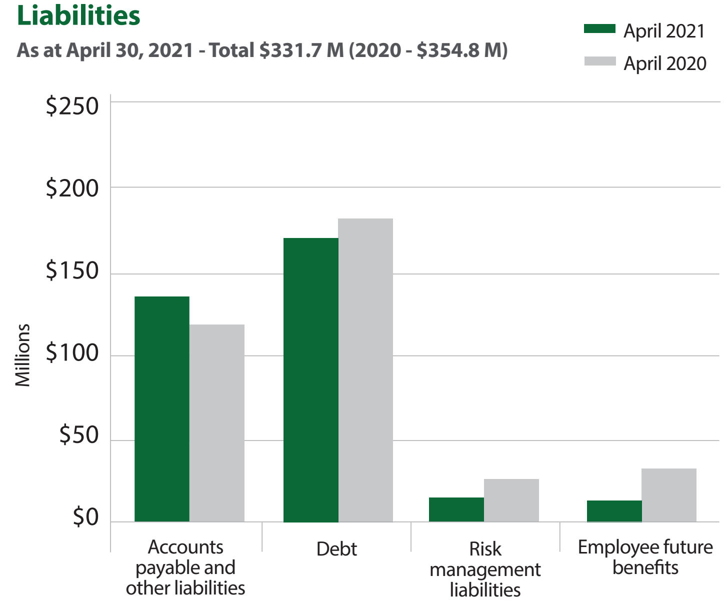
Total liabilities decreased by $23.1 million or 7% over the prior year, representing reduced risk management liabilities, with $11.2 million reflecting activity for long-term debt. The over-all reduction in total liabilities is inclusive of a $18.5 million decrease in liabilities for employee future benefits.

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

At April 30, 2021 accounts payable, deferred revenue, accrued decommissioning costs and other liabilities were $134.0 million or 40% of total liabilities of the university. During the year this balance increased by $17.0 million or 15%. This increase relates to increased vacation pay accrual and the timing of the payments.

Liabilities

As at April 30, 2021 - Total $331.7 M (2020 - $354.8 M)



Debt

At April 30, 2021 debt was $169.1 million or 51% of total liabilities of the university. During the year this balance decreased by $11.2 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, 2021 risk management liabilities were $15.5 million or 5% 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. Natural gas swaps expired on October 31, 2020 resulting in a $0.7 million decrease.

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

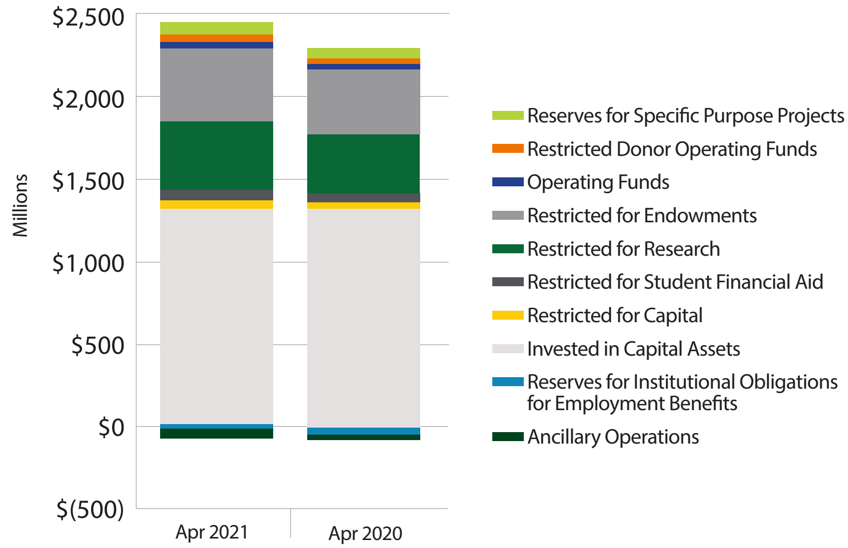
At April 30, 2021 employee future benefit liabilities were $13.0 million or 4% of the total liabilities of the university. The decrease in the net liability position for employee future benefits, $18.5 million, results from significant growth in investment markets (and therefore, increased values for pension plan assets). The university provided special going-concern payments of $1.5 million to the defined benefit pension plans in 2020/21.

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, 2021 the fund balances of the university were $2,490.5 million (including investments in capital assets of $1,389.5 million and investments in collections of $44.3 million). During the year, this balance increased by $140.5 million or 6%. Key drivers of this increase are increased restricted funding for research projects, significant investment returns, and the positive $18.7 million employee future benefit remeasurement adjustment that must be posted to equity per Canadian generally accepted accounting principles.

Fund Balances

As at April 30, 2021 - $2,490.5 M (2020 - $2,350.0 M)



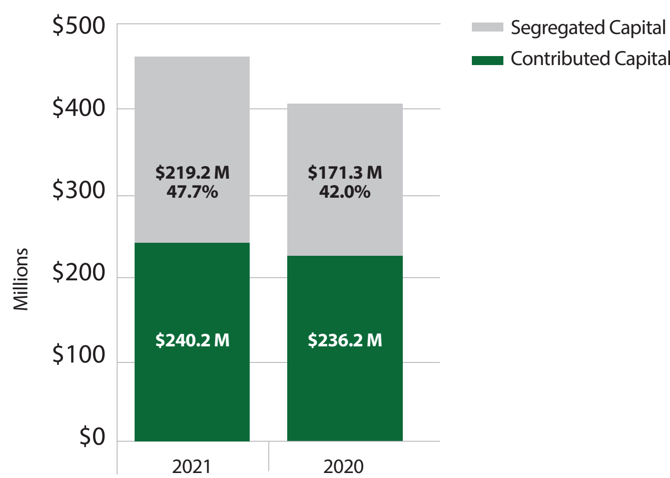
Endowment Fund Balance

At April 30, 2021 endowment fund balance was $459.4 million or 18% of the total fund balance of the university. During the year, this balance increased by $51.9 million or 13%. This majority of the increase is driven by the recapitalization of spendable income to endowment, $2.4 million as well as donations of $4.0 million, and investment income of $45.4 million.

Endowment Funds account for donations received where the donor's intent is that the principal will never be spent. A portion of the investment income earned on the endowment is directed to activities identified by the donor. In accordance with the university spending policy, the amount available to support current year activities was 3.75% of the endowment fund balance, increased by inflation for an effective rate of 3.91%. 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, 2021 - Total $459.4 M (2020 - $407.5 M)



Student Financial Fund Balance

At April 30, 2021 student financial aid fund balance was $68.7 million or 3% of the total fund balance of the university. During the year, this balance increased by $10.5 million or 18%. This increase is primarily due to the extraordinary investment income returns.

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, 2021 capital fund balance was $1,435.6 million or 58% of the total fund balance of the university. During the year, this balance decreased by $16.3 million or 1%. This decrease is due to current year amortization $103.0 million, decommissioning costs $0.8 million and non-capitalized expenditures of $0.6 million exceeding current year contributions of $85.4 million and net recovery of interest $2.7 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, 2021 research fund balance was $431.2 million or 17% of the total fund balance of the university. During the year, this balance increased by $59.5 million or 16%. This increase is due to current year revenues of $243.4 million (net of transfers) exceeding expenditures of $183.9 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, 2021 general fund balance was $95.6 million or 4% of the total fund balance of the university. The $95.6 million general fund balance consisted of: operating activities $39.5 million, funds received from donors $48.7 million and specific purpose projects $52.8 million offset by a deficit of $19.1 million for university obligations for employee benefits and a deficit of $26.4 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 $44.3 million in the fund balance.

During the year the general fund balance increased by $34.9 million or 57%. This increase is largely due to the current year operating contributions of $536.9 million exceeding operating expenditures of $523.9 million and a current year gain of $18.7 million for remeasurement values for employee future benefits. Net positive activity also occurred in donor funding for projects, $5.1 million and in net funding for specific purpose projects, $8.9 million, offset by net deficit in ancillary activity of $7.2 million.

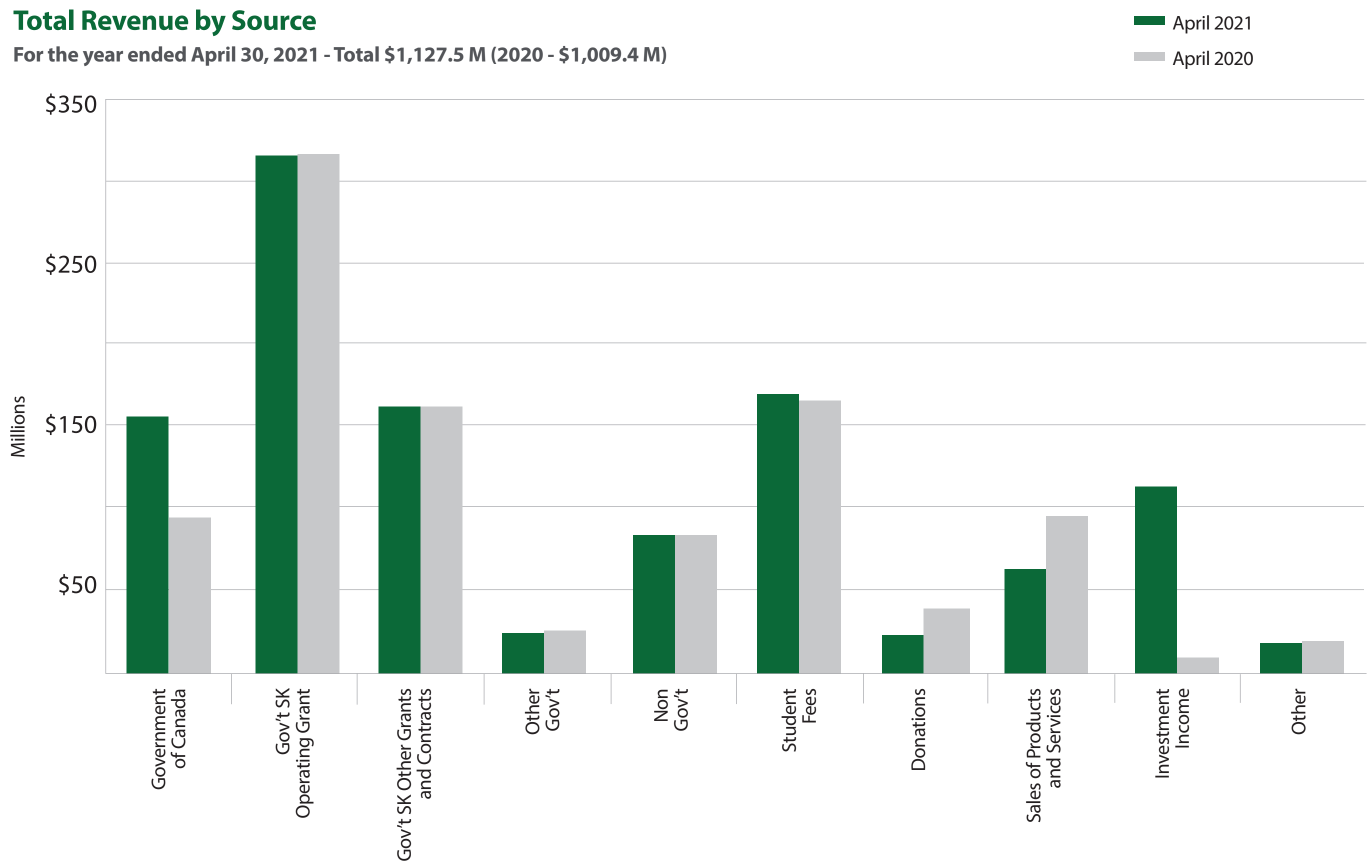
General Funds account for unrestricted activities of the university. This includes operating activities associated with teaching and learning, administration, plant maintenance, clinical activities, future employee benefits, non-credit instruction, fee for service activities, invested in collections, 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 increased by $118.1 million or 12% over the prior year to a total of $1,127.5 million. This increase is comprised of a $57.8 million increase in grants and contracts, a $104.8 million increase in investment returns, a $4.2 million increase in student fees and a $1.2 million increase in licensing and royalties income. These increases are offset by decrease in donations of $16.0 million, a $31.9 million decrease in sales of services and products and a $2.0 million decrease in real estate and other income.

Total Revenue by Source

For the year ended April 30, 2021 - Total $1,127.5 M (2020 - $1,009.4 M)



Grants and contracts account for $739.5 million or 66% of total university revenues. These revenues increased by $57.8 million over the previous year. Federal government grants increased by $62.7 million over the prior year and non-government grants increased by $0.5 million. Support from other governments decreased by $3.4 million and the funding from the Province of Saskatchewan decreased by $2.0 million.

One of the largest impacts increasing funding from the Federal Government is $38.4 million increase in funding from Western Economic Diversification Canada received by VIDO, $23.0 million of which relates to the COVID-19 vaccine prototype testing in animals and humans project and $15.4 million for establishment of a non-profit, good manufacturing practice facility. The second largest impact on federal funding related to the $15.2 million increase in funding from Tri-Agency which is mainly driven by the Canadian Light Source Inc. (CLSI) Major Resources Support Program – Infrastructure grant.
During 2020/21 the Province of Saskatchewan Ministry of Advanced Education invested $341.8 million in the university from April 1, 2020 to March 31, 2021.

The provinces of British Columbia, 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 new Western College of Veterinary Medicine Agreement effective May 1, 2020 increase the annual fee by 1%.

Student Fees

Student tuition and fees account for $170.3 million or 15% of total university revenues. These revenues increased by $4.2 million over the previous year. This increase is mainly attributable to an overall 1% increase in the total enrolment figures with a total headcount of 25,965 students in fiscal 2021. 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 $113.8 million or 10% of total university revenues. These revenues increased by $104.8 million from the previous year. Overall investment returns for the current year were 13.6% compared to the 1.1% in the prior year. Returns were also significantly above the budgeted 0.3% as with the successful development and continuing distribution of vaccines, markets have seen significant recovery since last fiscal year.

Donations

Donations account for $23.1 million or 2% of total university revenues. These revenues decreased by $16.0 million over the previous year.

Sales of Services and Products

Sales of services and products account for $63.3 million or 6% of total university revenues. These revenues decreased by $31.9 million from 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 throughout fiscal 2021. All university buildings are closed and remain closed with the expected re-opening in September 2021.

Real Estate Income, Royalties, and Miscellaneous Income

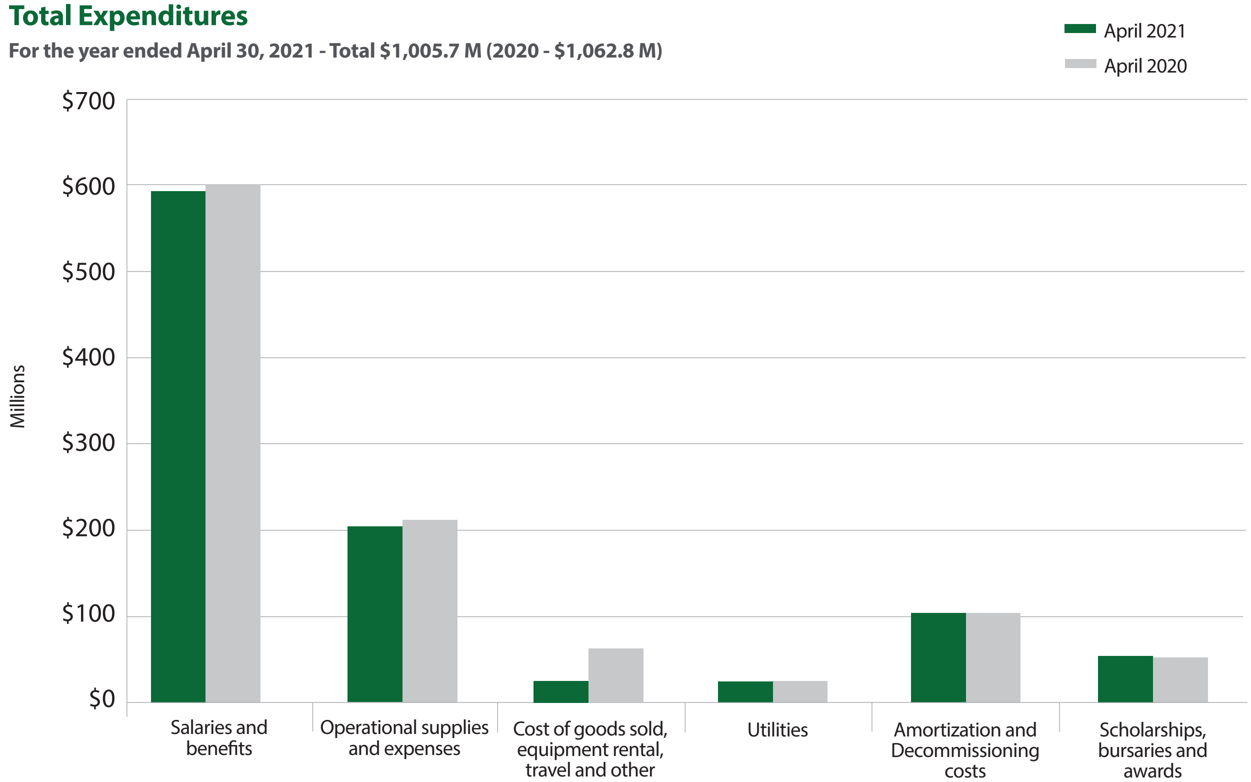
Real estate income, royalties and miscellaneous income account for $17.5 million or 2% of total university revenues. These revenues decreased by $0.8 million over the previous year.

EXPENSES

University expenses have decreased by $57.1 million or 5% over the prior year to a total of $1,005.7 million.

Total Expenditures

For the year ended April 30, 2021 - Total $1,005.7 M (2020 - $1,062.8 M)



Salaries and Employee Benefits

Salaries and employee benefits account for $593.5 million or 59% of total university expenses. These costs decreased by $9.9 million or 2% over the previous year. The decrease reflects $8.8 million associated with CUPE employees impacted by campus closure due to the COVID-19 pandemic. An additional $7.1 million decrease represents the impact in the previous year of two high-dollar compensation factors implemented with the CUPE Collective Agreement ratified in July 2019. These decreases were offset by a $5.3 million increase in ASPA employee group as a result of the accrued signing bonus based on the ASPA collective agreement ratified by the ASPA members and approved by the Board of Governors in October 2020. A higher parental and vacation leave accrual in Exempt employee group was the main driver for the additional $2.3 million increase in employee salaries and benefits.

Operational Supplies and Expenses

Operational supplies and expenses account for $205.6 million or 20% of total university expenses. These costs decreased by $5.1 million or 2% compared to the previous year.

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 $24.9 million or 2% of total university expenses. These costs decreased by $39.8 million or 62% over the previous year. Expenses on travel decreased by $16.0 million as a result of travel restrictions in place due to the COVID-19 pandemic. There was also a significant change in value of interest swap agreements of $17.8 million. The value of swap agreements fluctuate as the market interest rate differs from the price negotiated in the swap agreement. During the year, the market interest rate increased above the negotiated price in the swap agreement, which resulted in a recovery to the university of $9.7 million, compared to $8.1 million expense in the previous year. The current year included $2.9 million in coupon interest. Costs of goods sold decreased by $4.8 million as a result of reduced activity with ongoing campus closure due to COVID-19 pandemic.

Utilities

Utilities account for $23.8 million or 2% of total university expenses. These costs decreased by $2.5 million or 10% over the previous year. The decrease is significantly attributable to the campus closure as a result of the COVID-19 pandemic.

Amortization and Decommissioning Costs

Amortization accounts for $103.8 million or 10% of total university expenses. These costs decreased by $0.7 million or 1% over the previous year as a result of the large amounts of equipment reaching the end of their useful life in the prior year, resulting in a decrease in amortization expense in the current fiscal year.

Scholarships, Bursaries and Awards

Scholarships, bursaries and awards account for $54.1 million or 5% of total university expenses. These costs increased by $0.9 million or 2% over the previous year.

Comprehensive Budget

The emergence of the pandemic created an incomparable environment for the development of the 2020-21 comprehensive budget. The university, as was the case for post-secondary institutions across Canada, strived to understand the implications of the pandemic on student enrolment, ancillary services, investment markets, and general operations of the institution. This resulted in the application of significant assumptions in the development of the 2020-21 comprehensive budget. Overall, favorable trends emerged in the comparison of these budget assumptions to actual outcomes.

Total comprehensive 2020-21 financial results for the university were favourable as ending fund balances were $185.8 million higher than budgeted. A comparison of the 2020-21 comprehensive budget to actual results is as follows:

	Total for 2020-21		
	BUDGET	**ACTUAL**	**VARIANCE**
REVENUES			
Grants and contracts	$661,931	$739,476	$77,545
Student fees	162,058	170,302	8,244
Gifts, grants and bequests	37,026	23,126	(13,900)
Income (loss) from investments	3,949	113,763	109,814
All other income	76,847	80,854	4,007
	941,811	**1,127,521**	**185,710**
EXPENSES			
Salaries and Benefits	581,771	593,483	11,712
Scholarships, bursaries and awards	48,692	54,149	5,457
Interest	7,400	(2,664)	(10,064)
Amortization	96,937	102,960	6,023
All other non-salary	252,392	257,864	5,472
	987,192	**1,005,792**	**18,600**
Net increase (decrease) in fund balances for year	(45,381)	121,729	167,110
Fund balances, beginning of year	2,350,034	2,350,034	—
Employee future benefits remeasurements and other items	—	18,686	18,686
Fund balances, end of year	**$ 2,304,653**	**$2,490,449**	**$ 185,796**

Comprehensive revenues had a favourable variance of $185.7 million. Major contributing factors to the variance were significantly higher than anticipated comprehensive investment income returns of $109.8 million, higher than budgeted student fees of $8.2 million, and higher than expected other income. As well, an unbudgeted increase in other grants and contracts revenue of $79.6 million was realized and was primarily driven by incremental activity within the research fund (largely associated with pandemic related research). These favorable variances are partially offset by lower than anticipated gifts, grants and bequests of $13.9 million due to fundraising challenges during the pandemic and lower than budgeted Advanced Education funding grant of $2.1 million.

Comprehensive expenses had an unfavourable variance of $18.6 million. Overall expenditures in the research fund were $34.7 million higher than budgeted related to increased grants and contracts activity. All other funds realized favorable variances in expenditures due to reduced spending during the pandemic. Net increases in salary and benefits, student scholarships, bursaries and awards, amortization and other non-salary expenditures were all significant factors in the unfavourable variance. These unfavorable variances were partially offset by a favorable variance in interest expense (recovery) due to increases in the valuation of interest rate swaps.

Employee future benefits remeasurements of $18.7 million were recognized directly in fund balances as a separately identified line item and resulted in a favourable variance.

Consolidated Financial Statements
2020/21

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, 2021 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 & Finance Committee, which is a committee of the Board of Governors. The external and internal auditors have access to the Audit & Finance Committee, with or without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2021 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 financial statements of the University of Saskatchewan, which comprise the Consolidated Statement of Financial Position as at April 30, 2021, and the Consolidated Statements of Operations and Changes in Fund Balances, and Cash Flows for the year then ended, and notes to the 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, 2021, 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 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 2020-21, 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

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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.

T. Clemett

Regina, Saskatchewan
July 29, 2021

Tara Clemett, CPA, CA, CISA
Acting Provincial Auditor
Office of the Provincial Auditor

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UNIVERSITY OF SASKATCHEWAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30 ($ thousands)

STATEMENT 1

	GENERAL	RESTRICTED	ENDOWMENT	TOTAL 2021	TOTAL 2020
CURRENT ASSETS					
Cash and short—term investments (Note 4)	$59,012	$52,725	$1,594	$113,331	$89,908
Accounts receivable (Note 5)	28,572	199,614	19	228,205	208,998
Inventories (Note 6)	15,507	—	—	15,507	14,122
Prepaid expenses	12,779	111	—	12,890	12,942
Risk Management Assets (Note 15)	133	52	211	396	65
	116,003	**252,502**	**1,824**	**370,329**	**326,035**
LONG-TERM ASSETS					
Long—term accounts receivable (Note 7)	—	19,845	—	19,845	22,828
Long—term investments (Note 8)	63,981	361,569	456,212	881,762	764,616
Other assets	1,286	1,305	1,392	3,983	3,587
Collections (Note 9)	44,300	—	—	44,300	44,195
Intangible assets (Note 10)	—	458	—	458	499
Capital assets (Note 11)	—	1,501,452	—	1,501,452	1,542,991
	109,567	**1,884,629**	**457,604**	**2,451,800**	**2,378,716**
	$225,570	**$2,137,131**	**$459,428**	**$2,822,129**	**$2,704,751**
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (Note 12)	$70,938	$5,255	—	$76,193	$66,827
Deferred revenue (Note 13)	44,021	—	—	44,021	36,346
Loans (Note 14)	73	—	—	73	87
Risk management liabilities (Note 15)	—	15,523	—	15,523	25,868
Current portion — long—term debt (Note 16)	—	10,821	—	10,821	11,137
Current portion — employee future benefits (Note 17)	1,655	—	—	1,655	1,242
Current portion — capital lease obligation (Note 18)	11	—	—	11	10
	116,698	**31,599**	**—**	**148,297**	**141,517**
LONG—TERM LIABILITIES					
Long—term debt (Note 16)	40	158,276	—	158,316	169,081
Long—term accrued liabilities	1,255	—	—	1,255	1,492
Employee future benefits (Note 17)	11,266	—	—	11,266	30,328
Capital lease obligation (Note 18)	23	—	—	23	34
Accrued decommissioning costs (Note 19)	—	11,761	—	11,761	11,493
Other long—term liabilities	761	—	—	761	771
	13,345	**170,037**	**—**	**183,382**	**213,199**
FUND BALANCES					
Externally restricted funds (Note 22)	—	479,092	252,359	731,451	641,244
Externally restricted permanent endowments (Note 22)	—	—	150,712	150,712	149,094
Internally restricted funds (Note 23)	65,615	66,924	56,357	188,896	121,098
Invested in collections	44,275	—	—	44,275	44,195
Invested in capital assets	—	1,389,479	—	1,389,479	1,410,997
Unrestricted funds (deficiency) (Note 24)	(14,363)	—	—	(14,363)	(16,593)
	95,527	**1,935,495**	**459,428**	**2,490,450**	**2,350,035**
	$225,570	**$2,137,131**	**$459,428**	**$2,822,129**	**$2,704,751**

Commitments and Contingencies (Note 25)
See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the Year Ended April 30 ($ thousands)

STATEMENT 2

	GENERAL	RESTRICTED	ENDOWMENT	TOTAL 2021	TOTAL 2020
REVENUES					
Grants and Contracts					
Government of Canada	$2,080	$154,069	—	$156,149	$93,520
Government of Saskatchewan	410,001	65,909	—	475,910	477,895
Other governments	21,171	1,934	—	23,105	26,512
Non—government	7,929	76,383	—	84,312	83,822
Student fees	170,239	32	31	170,302	166,073
Donations	4,480	14,660	3,986	23,126	39,120
Sales of services and products	63,253	30	—	63,283	95,240
Income from investments	13,904	54,495	45,364	113,763	8,991
Real estate income	6,504	315	2	6,821	7,941
Royalties	5,147	102	—	5,249	4,033
Miscellaneous income	5,420	11	70	5,501	6,307
	710,128	**367,940**	**49,453**	**1,127,521**	**1,009,454**
EXPENSES					
Salaries	427,635	87,304	—	514,939	526,689
Employee benefits (Note 26)	68,818	9,726	—	78,544	76,693
Operational supplies and expenses	146,752	58,857	(11)	205,598	210,719
Travel	1,783	646	—	2,429	18,392
Cost of goods sold	7,125	5	—	7,130	11,871
Maintenance, rental and renovations	13,238	3,789	—	17,027	18,729
Utilities	21,806	2,037	—	23,843	26,258
Amortization	—	102,960	—	102,960	103,851
Scholarships, bursaries and awards	4,363	49,786	—	54,149	53,242
Interest (Note 27)	7	(2,671)	—	(2,664)	15,452
Bad debt expense	1,060	15	—	1,075	341
Decommissioning costs (Note 19)	—	762	—	762	575
	692,587	**313,216**	**(11)**	**1,005,792**	**1,062,812**
Excess (deficiency) of revenues over expenses	17,541	54,724	49,464	121,729	(53,358)
Interfund transfers (Note 29)	(1,411)	(1,002)	2,413	—	—
Net increase (decrease) in fund balances for year	16,130	53,722	51,877	121,729	(53,358)
Fund balances, beginning of year	60,711	1,881,773	407,551	2,350,035	2,418,887
Employee future benefits remeasurements and other items	18,686	—	—	18,686	(15,494)
Fund balances, end of year	**$95,527**	**$1,935,495**	**$459,428**	**$2,490,450**	**$2,350,035**

See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended April 30 ($ thousands)

STATEMENT 3

	GENERAL	RESTRICTED	ENDOWMENT	TOTAL 2021	TOTAL 2020
OPERATING ACTIVITIES					
Excess (Deficiency) of revenues over expenses	$17,541	$54,724	$49,464	$121,729	$(53,358)
ADD (DEDUCT) NON-CASH ITEMS:					
Amortization of capital assets	—	102,960	—	102,960	103,851
Amortization of decommissioning costs	—	703	—	703	496
Amortization of bond issuance cost	—	16	—	16	16
Change in unrealized fair value of investments	(9,518)	(41,570)	(36,388)	(87,476)	16,918
Change in fair value of risk management asset/liability	(809)	(9,695)	(172)	(10,676)	5,383
Loss on disposal of capital assets	—	64	—	64	680
Employee future benefits expense	2,487	—	—	2,487	2,061
Contributions for endowments and other asset purchases	(84)	(6,367)	(1,224)	(7,675)	(16,781)
Increase in collections	(105)	—	—	(105)	(250)
Decrease (increase) in non-cash working capital (Note 20)	18,426	(22,465)	(390)	(4,429)	(3,934)
Decrease (increase) in grants and contracts related to research and other project receivables	—	2,983	—	2,983	(1,449)
Employee future benefits contributions	1,520	—	—	1,520	(2,849)
	29,458	**81,353**	**11,290**	**122,101**	**50,784**
INVESTING ACTIVITIES					
Sale (Purchase) of investments	(4,271)	(10,625)	(15,928)	(30,824)	14,886
Increase in other assets	(250)	(135)	(11)	(396)	(778)
Purchase of intangible assets	—	—	—	—	(64)
Purchase of capital assets	—	(58,851)	—	(58,851)	(66,010)
Change in other long-term liabilities	(247)	—	—	(247)	(1,357)
	(4,768)	**(69,611)**	**(15,939)**	**(90,318)**	**(53,323)**
FINANCING ACTIVITIES					
Contributions of cash for endowments	—	—	2,761	2,761	12,789
Proceeds from issuance of long-term debt	40	—	—	40	—
Repayment of loans	(14)	—	—	(14)	(14)
Repayment of long-term debt	—	(11,137)	—	(11,137)	(11,506)
Repayment of capital lease obligation	(10)	—	—	(10)	(9)
	16	**(11,137)**	**2,761**	**(8,360)**	**1,260**
Net increase (decrease) in cash	24,706	605	(1,888)	23,423	(1,279)
Interfund transfers	(1,411)	(1,002)	2,413	—	—
Cash, beginning of year	35,717	53,122	1,069	89,908	91,187
Cash, end of year	**$59,012**	**$52,725**	**$1,594**	**$113,331**	**$89,908**

See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2021($ 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, 2021.
- 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, 2021.
- 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, 2020.
- 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, 2020.
- 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, 2020.
- 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, 2021.

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

b) Fund accounting

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

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

i) The General Fund 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 9) 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)

CAPITAL ASSETS	
Buildings (non-componentized)	40 years
Buildings (componentized)	20 to 50 years
Beamlines and CLSI Facility	to FY2029 - see Note 19
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 17. 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 15.

3. Disclosure of Other Significant Relationships

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

4. Cash and Short-term Investments

	APRIL 30	
	2021	2020
Cash	$112,237	$89,079
Short-term Investments	1,094	829
	$113,331	**$89,908**

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

5. Accounts Receivable

	April 30 2021	April 30 2020
General	$11,620	$15,745
Investment income	926	910
Grants and contracts related to general funds	9,566	6,695
Grants and contracts related to student financial aid	1,294	703
Grants and contracts related to research	148,385	123,011
Grants and contracts related to capital	26,053	26,311
Other restricted	23,605	27,513
Other unrestricted	3,035	3,538
Student fees	6,048	6,869
Student loans	363	325
Allowance for doubtful accounts	(2,690)	(2,622)
	$228,205	**$208,998**

6. Inventories

	April 30 2021			2020
	BEGINNING OF YEAR	NET CHANGE	END OF YEAR	END OF YEAR
College of Agriculture and Bioresources	$1,552	$(122)	$1,430	$1,552
College of Dentistry	718	266	984	718
Western College of Veterinary Medicine	632	3	635	632
Consumer Services	2,731	(1,168)	1,563	2,731
Facilities	2,110	381	2,491	2,110
Vaccine and Infectious Disease Organization (VIDO)	100	(32)	68	100
Livestock and Forage Centre of Excellence (LFCE)	2,074	1,465	3,539	2,074
Other	544	(63)	481	544
Subsidiaries				
• Canadian Light Source Inc.	3,256	655	3,911	3,256
• Prairie Swine Centre Inc.	405	—	405	405
	$14,122	**$1,385**	**$15,507**	**$14,122**

7. Long-term Accounts Receivable

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

	APRIL 30	
	2021	2020
2022	$—	$11,808
2023	12,174	7,545
2024	5,685	3,213
2025	1,588	262
2026	398	—
	$19,845	$ 22,828

8. Long-term Investments

The long-term investment portfolio includes endowment assets as well as the portion of non-endowment assets that will not be required for spending in the next fiscal year. The objective of the university's long-term investment policy is two-fold: 1) to ensure the safety and availability of assets for near term operating purposes; 2) to maximize earnings for endowment and non-endowment assets not required for near term operating purposes, at an acceptable risk level.

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

	APRIL 30, 2021				
	FI	LT	LTDS	OTHER	TOTAL
Government and corporate bonds	$123,082	$—	$—	$2,095	$125,177
Government and corporate bonds pooled funds	—	161,667	1,706	—	163,373
Canadian equities	—	95,398	—	975	96,373
Canadian equities pooled funds	—	32,623	2,902	—	35,525
Foreign equities	—	4,211	—	1,776	5,987
Foreign equities pooled funds	—	373,761	1,120	1,682	376,563
Real estate pooled funds	—	74,968	—	—	74,968
Cash, short-term investments and other assets	535	2,700	8	553	3,796
	$123,617	$745,328	$5,736	$7,081	$881,762

8. Long-term Investments (Continued)

	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

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.

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.

9. 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.

9. Collections (Continued)

- **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 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 programing 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 (2020 - $NIL). There were no significant acquisitions for these collections during the period. The expenditures on collection items amounted to $114 (2020 - $129).

10. Intangible Assets

	APRIL 30			
	2021			2020
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Intellectual property	$639	$181	$458	$499

11. Capital Assets

	APRIL 30			
	2021			2020
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Buildings (pre–May 1, 2019)	$1,640,905	$612,885	$1,028,020	$1,060,690
Buildings (post–May 1, 2019)	40,209	1,392	38,817	27,177
Beamlines and CLSI Facility	232,054	94,408	137,646	150,731
Leasehold improvements	7,605	5,073	2,532	2,342
CLSI facility retirement costs	7,911	3,686	4,225	4,712
Fedoruk Centre facility retirement costs	818	82	736	682
Site improvements	220,138	105,414	114,724	117,006
Computers and software	168,185	153,046	15,139	16,095
Equipment and furnishings	522,799	421,212	101,587	99,207
Land	10,593	—	10,593	10,592
Construction in progress	35,506	—	35,506	41,278
Library materials	163,719	151,838	11,881	12,433
	3,050,442	1,549,036	$1,501,406	$1,542,945
ASSETS ACQUIRED UNDER CAPITAL LEASE OBLIGATION				
Computers	47	47	—	—
Equipment and furnishings	798	752	46	46
	$3,051,287	**$1,549,835**	**$ 1,501,452**	**$1,542,991**

12. Accounts Payable and Accrued Liabilities

	APRIL 30	
	2021	2020
Non-governmental accounts payable and accrued liabilities	$67,946	$57,886
College of Medicine voluntary severance package	228	1,339
Government remittances		
Sales taxes	368	330
Payroll related taxes	7,651	7,272
	$76,193	**$66,827**

13. Deferred Revenue

	APRIL 30 2021	2020
Student fees	$11,988	$8,370
Unearned revenue - ancillary operations	5,900	6,107
Deferred contributions	26,133	21,869
	$44,021	$36,346

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.

14. Loans

In accordance with Order in Council 269/2020, the university maintains a $50 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, 2021, there was no borrowing outstanding under the facility (2020 – $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, 2021 $73 (2020 - $87) was drawn and outstanding on the term loan. PSCI also has available an operating line of credit with a limit of $300, bearing interest at prime plus 1.50% and secured by an assignment of grants to PSCI. At April 30, 2021, there was no borrowing outstanding under the facility (2020 - $NIL).

15. Risk Management Assets and Liabilities

		ASSETS		LIABILITIES	
		APRIL 30			
		2021	2020	2021	2020
Natural gas commodity swap agreements	a)	$—	$—	$—	$694
Interest rate swap agreements	b)	—	—	15,523	25,174
Foreign currency hedge agreements	c)	396	65	—	—
		$396	$65	$15,523	$25,868

15. 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	
		2021	2020
Royal Bank of Canada - November 15, 2010 agreement	(i)	$—	$526
Canadian Imperial Bank of Canada - August 10, 2015 agreement	(ii)	—	168
		$—	$694

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 a rate of $6.54/GJ.

ii) 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 $694 (2020 - $(2,498)).

b) Interest rate swap agreements

To manage the interest rate exposure associated with long-term loans (see Note 16) 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	
		2021	2020
Stadium parkade	(iii)	$1,330	$1,885
Annual sustaining capital borrowing	(iv)	317	581
College quarter undergraduate residence	(v)	7,454	11,729
College quarter graduate residence	(vi)	6,306	10,697
Academic Health Sciences	(vii)	116	282
		$15,523	$25,174

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

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

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

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

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

vii) 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 27 Interest Expense (Recovery)) is $(9,651) (2020 - $8,105).

15. Risk Management Assets and Liabilities (Continued)

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, 2021		APRIL 30, 2020	
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
RBC Foreign Currency Hedge Agreement	$33,588	$396	$34,318	$65

The fair value for the foreign currency hedge agreement is determined by mark-to-market valuations provided by RBC-IST. At April 30, 2021, 22,648 Euro were hedged per the agreement (2020 – 22,528 Euro) with a base foreign currency rate of 1.483 (2020 – 1.526). At April 30, 2021 this agreement had a notional value of $33,588 (2020 – $34,318), and its fair value approximated an unrealized gain of $396 (2020 – $65). The unrealized gain at April 30, 2021 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.

16. Long-term Debt

		APRIL 30	
		2021	2020
Academic Health Sciences	(a)	$10,000	$16,000
Stadium Parkade	(b)	6,972	7,591
Annual Sustaining Capital Borrowing	(c)	6,380	8,820
College Quarter Undergraduate Residence	(d)	34,635	36,027
College Quarter Graduate Residence	(e)	26,702	27,388
Senior notes issued 2018	(f)	85,000	85,000
Canada Emergency Business Account (CEBA) - PSCI	(g)	40	—
		169,729	180,826
Less: net unamortized debt issue costs		(592)	(608)
		169,137	180,218
Less: Current Portion		(10,821)	(11,137)
		$158,316	$169,081

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.

16. Long-term Debt (Continued)

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 June 2021 to November 2026; repayable in full between June 2021 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 2025, at which time the agreement will be renewed.

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, 2021 is $2,817 (2020 - $1,838). Included in interest expense is $16 (2020 - $16) for amortized debt issuance costs.

g) Canada Emergency Business Account (CEBA) loan administered by Leroy Credit Union for PSCI. The loan is non-interest bearing without fixed terms of repayment until December 31, 2022. The loan is secured by the Government of Canada through the CEBA program. The remaining balance is then converted to a 3-year term loan at an interest rate of 5% per annum. If the loan is repaid prior to December 31, 2022 then 25% of the loan will be forgivable.

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

2022	$11,396
2023	9,171
2024	4,988
2025	4,733
2026	4,505
	$34,793

17. 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 are enrolled in the Colleges of Applied Arts and 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 annual expense for the CAAT DBplus plan and other defined contribution plans to which the university and employees contribute in equal amounts is $30,591 (2020 - $28,820).

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, 2019 (the next required actuarial valuation filing is December 31, 2022). The most recently filed actuarial valuation for the Retirees and Academic defined benefit pension plan for funding purposes was as of December 31, 2019 (the next required actuarial valuation filing is December 31, 2022).

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, 2020 (extrapolated to April 30, 2021). The measurement date of the actuarial valuations for the accrued benefit obligations for the other post-retirement benefits is April 30, 2021.

17. Employee Future Benefits (Continued)

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

	2021			2020		
	DEFINED PENSION PLANS	OTHER POST RETIREMENT BENEFITS	TOTAL	DEFINED PENSION PLANS	OTHER POST RETIREMENT BENEFITS	TOTAL
PLAN ASSETS						
Fair value at beginning of year	$564,066	$—	$564,066	$559,729	$—	$559,729
Actual return on plan assets	94,132	—	94,132	38,816	—	38,816
Employer contributions	2,072	1,655	3,727	5,291	1,242	6,533
Employee contributions	492	—	492	2,356	—	2,356
Benefits paid	(40,559)	(1,655)	(42,214)	(42,126)	(1,242)	(43,368)
Fair value at end of year	$620,203	$—	$620,203	$564,066	$—	$564,066
ACCRUED BENEFIT OBLIGATIONS						
Accrued benefit obligation at beginning of year	$577,825	$13,710	$591,535	$558,458	$10,872	$569,330
Current service cost	1,520	2,152	3,672	4,998	2,463	7,461
Interest cost	30,210	378	30,588	31,419	335	31,754
Benefits paid	(40,559)	(1,655)	(42,214)	(42,126)	(1,242)	(43,368)
Actuarial (gains) losses	20,572	2	20,574	25,076	(340)	24,736
Past service cost	—	(1,389)	(1,389)	—	1,622	1,622
Accrued benefit obligation at end of year	$589,568	$13,198	$602,766	$577,825	$13,710	$ 591,535

17. Employee Future Benefits (Continued)

	2021			2020		
	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	$620,203	$—	$620,203	$564,066	$—	$564,066
Accrued benefit obligation, end of year	589,568	13,198	602,766	577,825	13,710	591,535
Valuation allowance	(30,358)	—	(30,358)	(4,101)	—	(4,101)
Accrued benefit asset (liability), net of valuation allowance	**$277**	**$(13,198)**	**$(12,921)**	**$(17,860)**	**$(13,710)**	**$(31,570)**
Current portion	$—	$(1,655)	$(1,655)	$—	$(1,242)	$(1,242)
Long-term portion	277	(11,543)	(11,266)	(17,860)	(12,468)	(30,328)
	$277	**$(13,198)**	**$(12,921)**	**$(17,860)**	**$(13,710)**	**$(31,570)**

	2021			2020		
BENEFIT PLAN EXPENSE (INCOME):						
Current service cost, net of employee contributions	$1,028	$2,152	$3,180	$2,642	$2,463	$5,105
Interest on benefit obligation	30,210	378	30,588	31,419	335	31,754
Interest on asset (liability) obligation	(29,384)	—	(29,384)	(31,519)	—	(31,519)
	$1,854	**$2,530**	**$4,384**	**$2,542**	**$2,798**	**$5,340**

	2021			2020		
REMEASUREMENTS AND OTHER ITEMS:						
Experience (gain) loss on accrued benefit obligation	$20,573	$2	$20,575	$25,076	$(340)	$24,736
Interest on asset (liability) obligation	(94,132)	—	(94,132)	(38,816)	—	(38,816)
Past service cost	—	(1,389)	(1,389)	—	1,622	1,622
Assumed interest on assets at assumed discount rate	29,384	—	29,384	31,519	—	31,519
Increase (decrease) in valuation allowance	26,257	—	26,257	(3,779)	—	(3,779)
	$(17,918)	**$(1,387)**	**$(19,305)**	**$14,000**	**$1,282**	**$15,282**

17. Employee Future Benefits (Continued)

ACTUARIAL ASSUMPTIONS (WEIGHTED AVERAGE AS OF APRIL 30)

	2021		2020	
	DEFINED PENSION PLANS	OTHER POST RETIREMENT BENEFITS	DEFINED PENSION PLANS	OTHER POST RETIREMENT BENEFITS
Discount rate	5.1%	2.8%	5.4%	2.8%
Compensation increase	2.7%	0.0%	2.7%	0.0%
Health care cost trend rate	0.0%	4.0%	0.0%	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

Fixed income	32.7%	—	37.4%	—
Equities	56.8%	—	49.7%	—
Other	10.5%	—	12.9%	—
Total	**100.0%**	**—**	**100.0%**	**—**

18. Capital Lease Obligation

Prairie Swine Centre Inc. has entered into a lease with National Leasing for feeders, payable in equal monthly installments of $1 including interest of 7.12% implicit in the lease, due May 2023, with the feeders having a net book value of $34 (2019 - $41), pledged as collateral.

	APRIL 30	
	2021	2020
Capital lease	$34	$44
Less: current portion	(11)	(10)
	$23	**$34**

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:

2021	$13
2022	13
2023	12
	38
Less: imputed interest	(4)
	34
Less: current portion	(11)
	$23

19. Decommissioning Costs

		APRIL 30 2021	APRIL 30 2020
CLSI	(a)	$10,863	$10,682
The Fedoruk Centre	(b)	898	811
		$11,761	**$11,493**

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, 2021 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 $12,287.

The present value of the liability for decommissioning costs has been calculated using a credit-adjusted risk free interest rate of 1.6% (2020 – 1.4%) and an inflation rate estimate of 1.1% (2020 – 0.8%). The change in cost estimate resulted in a $36 increase to both the accrued decommissioning costs and the deferred decommissioning costs. The current year decommissioning costs of $728 (2020 – $543) include amortization of deferred decommissioning costs of $524 (2020 – $306) and costs associated with a financial guarantee to the CNSC of $59 (2020 - $80). A reconciliation of the accrued decommissioning costs is as follows:

	APRIL 30 2021	APRIL 30 2020
Accrued decommissioning costs, beginning of year	$10,682	$8,567
Accretion expense	145	158
Adjustment due to changes in assumptions	36	1,957
Accrued decommissioning costs, end of year	**$10,863**	**$10,682**

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 acknowledgment of liability with respect to the safe termination of licensed activities under the Class II license in the fiscal year 2020. 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 1.47% (2020 – 1.84%) and an inflation rate estimate of 0.8% (2020 – 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 $34 (2020 - $32) include amortization of deferred decommissioning costs of $19 (2020 - $17). A reconciliation of the accrued decommissioning costs is as follows:

	APRIL 30 2021	APRIL 30 2020
Accrued decommissioning costs, beginning of year	$811	$724
Accretion expense	15	15
Adjustment due to changes in assumptions	72	72
Accrued decommissioning costs, end of year	**$898**	**$811**

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

	APRIL 30				
	GENERAL	RESTRICTED	ENDOWMENT	TOTAL 2021	TOTAL 2020
Accounts receivable	$2,612	$(21,829)	$10	$(19,207)	$7,748
Inventories	(1,428)	43	—	(1,385)	255
Prepaid Expenses	51	1	—	52	(531)
Accounts payable and accrued liabilities	9,511	(675)	(400)	8,436	(9,106)
Deferred revenue	7,680	(5)	—	7,675	(2,300)
	$18,426	**$(22,465)**	**$(390)**	**$(4,429)**	**$(3,934)**

21. 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.

22. 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	
	2021	2020
RESTRICTED FUND		
Capital Fund	$34,653	$38,754
Student Financial Aid Fund	56,522	49,830
Research Fund	387,917	344,872
	479,092	**433,456**
ENDOWMENT FUND		
Endowed contributions - term	61,965	59,612
Capitalized endowment earnings	190,394	148,176
	252,359	**207,788**
	731,451	**641,244**
ENDOWMENT FUND		
Endowed contributions - permanent	150,712	149,094
Total externally restricted fund balances	**$882,163**	**$790,338**

23. 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	
	2021	2020
GENERAL FUND		
Operating	$(16,789)	$(20,229)
Institutional Obligations for Employment Benefits	(19,066)	(34,256)
Donor Funded	48,710	43,627
Specific Purpose	52,760	43,967
	65,615	**33,109**
RESTRICTED FUND		
Capital Fund - Other	8,632	296
Capital Fund - Sinking Fund	2,817	1,838
Capital Fund	11,449	2,134
Student Financial Aid Fund	12,144	8,310
Research Fund	43,331	26,876
	66,924	**37,320**
ENDOWMENT FUND		
Endowed contributions	27,572	27,525
Capitalized endowment earnings	28,785	23,144
	56,357	50,669
Total internal restricted fund balances	**$188,896**	**$121,098**

As per CLSI Board of Governors approval and as agreed upon with CNSC, beginning in fiscal 2021 the university, through CLSI, allocates $1 million annually over the next five years to internally restricted capital fund to fund future decommissioning costs for CLSI facility. The remaining amount will be re-assessed in fiscal 2026 and will be allocated until the CLSI facility decommissioning date of fiscal 2029. At April 30, 2021, the balance of these funds is $1,366 (2020 - $NIL)

As provided for under the Fedoruk Centre's policy for funding cyclotron decommissioning liability, Fedoruk Centre allocates $25,000 annually to internally restricted capital fund to fund future decommissioning costs. At April 30, 2021, the balance of these funds is $125 (2020 - $100).

24. Unrestricted Funds (Deficiency)

	APRIL 30	
	2021	2020
GENERAL FUND		
Operating Fund	$11,993	$2,515
Ancillary Fund	(26,356)	(19,108)
Total unrestricted funds (deficiency)	$(14,363)	$(16,593)

25. Commitments and Contingencies

a) Capital projects

With significant commitments relating to projects such as the VIDO Vaccine Manufacturing Facility, Murray Library and Thorvaldson Building Renewal Projects, and the Dental Clinic Building Renovation, the estimated cost of contractual commitments to complete capital projects as of April 30, 2021 is approximately $17,743 (2020 - $13,172).

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:

2022	$4,541
2023	3,188
2024	2,436
2025	1,953
2026	1,701

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, 2021 totaled $15,213 (2020 - $15,601) and expires May 2021. 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 $9,988 terminating in June 2040 and $5,225 terminating in January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust at April 30, 2021 was $4,067 (2020 - $6,461).

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) 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, 2021, 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.

25. Commitments and Contingencies (Continued)

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 is ongoing but has not yet been resolved. The University was ordered to reinstate the complainant; some compensation is owing, but the amount is in dispute and not determinable at this time.

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.

e) 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, 2020 CURIE had an accumulated surplus of $99,449 (2019 - $90,185) of which the university's pro-rata share is approximately 4.13% (2019 – 4.10%).

f) 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.

26. Employee Benefits

	APRIL 30	
	2021	2020
Pension expense - defined benefit (Note 17)	$1,854	$2,542
Pension expense - defined contribution (Note 17)	30,591	28,820
Employee future benefits (Note 17)	2,530	2,798
All other employee benefits	43,569	42,533
	$78,544	$76,693

27. Interest Expense

	APRIL 30	
	2021	2020
Interest expense	$6,987	$7,347
Increase (decrease) in fair value of interest rate swap agreements (Note 15 b)	(9,651)	8,105
	$(2,664)	$15,452

28. Gifts-in-kind and Donation Pledges

Gifts-in-kind consist of the following:

	APRIL 30 2021	APRIL 30 2020
Works of art	$278	$159
Equipment and furnishings	24	67
Investments	6,437	3,792
Library Holdings	7	—
Research project contributions	4,931	4,671
Other	166	839
	$11,843	$9,528

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, 2021 totaled $33,591 (2020 - $31,166). These pledges are expected to be honoured during the subsequent five-year period and will be recorded as revenue when received.

29. 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	$223	$(112)	$2	$(155)	—	$42
Loan and interest payments	713	(6,752)	—	—	—	6,039
Capital acquisition and related funding	(17,157)	(2,842)	(35)	(21,612)	—	41,646
Scholarships, bursaries and awards	(16,602)	—	16,602	—	—	—
Fund transfers for Endowment	—	—	(40)	50	(10)	—
Funding for Research	42,869	—	(573)	(42,241)	—	(55)
Funding for General operating expenses	2,050	(2,916)	427	(41)	—	480
Contingency transfers	(7)	7	—	—	—	—
Recapitalized spending to Endowment Funds	(885)	—	(141)	(1,397)	2,423	—
APRIL 30, 2021	$11,204	$(12,615)	$16,242	$(65,396)	$2,413	$48,152
APRIL 30, 2020	$(14,405)	$(16,622)	$14,493	$(40,032)	$4,712	$51,854

30. 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	
	2021	2020
Sales of service and products – physicians' billings	$—	$2,141
Expenses		
Utilities	18,653	20,206
Various	26,057	33,591
Accounts receivable	47,656	44,086
Long-term investments	65	69
Accounts payable and accrued liabilities	4,631	4,616
Deferred revenue	$6,963	$8,865

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. On April 30, 2020, CLSI exchanged a loan receivable, accrued interest and amount receivable from CIIC for preferred shares with a face value of $6,321 and a fair market value of $NIL. 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 7.0% commencing January 1, 2024.

The university held $65 of long-term investments in Province of Saskatchewan bonds that belongs to Kernen Foundation.

31. 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.

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 15.

31. Financial Instruments(Continued)

iii) Interest rate risk

Interest rate swap agreements are utilized on the Royal Bank Banker's Acceptance Loans to reduce interest rate risk arising from fluctuations in interest rates and to manage the floating interest rates of these loans – see Note 15. 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 counter-parties. Since government agencies compose a significant portion of the receivable arising from the university's diverse client base, possibility of default is believed to be low. Credit risk from tuition is managed through restricted enrolment activities for students with uncollected balances and maintaining standard collection procedures.

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

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

v) Liquidity risk

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

To address liquidity concerns triggered by the COVID-19 pandemic, the Ministry of Advanced Education provided a $10 million advance of a monthly grant payment and the university increased its bank line of credit from $15 million to $50 million. As a result, the university experienced sufficient short-term liquidity throughout the fiscal year, allowing invested assets to remain invested while the markets were volatile. Liquidity continues to be monitored closely and risk mitigated with monthly cash flow projections.

b) Fair value of financial instruments

The carrying values of all financial instruments approximate fair value as at April 30, 2021.

32. COVID-19

The World Health Organization declared the spread of the coronavirus (COVID-19) a pandemic in March 2020. In response, to inhibit spread of the virus, Canadian federal and provincial governments enacted emergency measures including travel restrictions and limitations on gatherings of people. The impact on the university was immediate with the suspension of the majority of on-campus operations, resulting in significant reductions or stoppages of work in many areas of our institution, where work could not be done remotely. The university quickly adapted the majority of educational offerings to on-line methods of delivery and implemented strict safety protocols for any remaining on-campus activity. For all of fiscal 2021 the level of on-campus activity continued to be significantly restricted with ancillary services (residences, food services and parking) especially negatively affected.

Governments responded with monetary and fiscal programs such as the Canada Research Continuity Emergency Fund to support research projects in weathering the unexpected negative impacts of the COVID-19 pandemic on research activity. The university has received approximately $6.7 million through these programs which has helped to retain research-related personnel and has provided funding for extraordinary costs associated with the slow-down, maintenance and ramp-up of research projects.

Although the long-term impact on students, staff and university operations is unclear at this time, the university continues to monitor and adapt to the operational and economic impacts of the pandemic.

33. Comparative Figures

Certain comparative figures may 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 FUND

For the Year Ended April 30, 2021 ($ thousands)

	OPERATING	INSTITUTIONAL OBLIGATIONS FOR EMPLOYMENT BENEFITS	DONOR FUNDED OPERATING	SPECIFIC PURPOSE	SUBTOTAL OPERATING	ANCILLARY	TOTAL
REVENUES							
Grants and contracts							
Government of Canada	$(163)	$—	$—	$2,243	$2,080	$—	$2,080
Government of Saskatchewan	322,460	—	—	87,541	410,001	—	410,001
Other governments	21,003	—	—	168	21,171	—	21,171
Non—government	2,084	—	88	5,757	7,929	—	7,929
Student fees	166,018	—	12	4,209	170,239	—	170,239
Donations	246	—	3,637	597	4,480	—	4,480
Sales of services and products	19,478	1	85	16,258	35,822	27,431	63,253
Income from investments	4,589	30	9,008	263	13,890	14	13,904
Real estate income	1,251	—	132	59	1,442	5,062	6,504
Royalties	1	—	2	5,144	5,147	—	5,147
Miscellaneous income	(9,297)	3,591	205	10,852	5,351	69	5,420
	527,670	3,622	13,169	133,091	677,552	32,576	710,128
EXPENSES							
Salaries	350,969	4,195	3,677	64,285	423,126	4,509	427,635
Employee benefits (Note 26)	55,602	3,950	501	8,009	68,062	756	68,818
Operational supplies and expenses	91,827	1,777	1,216	47,558	142,378	4,374	146,752
Travel	524	117	(9)	1,150	1,782	1	1,783
Cost of goods sold	3,053	2	—	248	3,303	3,822	7,125
Maintenance, rental and renovations	7,730	8	685	2,566	10,989	2,249	13,238
Utilities	10,104	—	16	220	10,340	11,466	21,806
Amortization	—	—	—	—	—	—	—
Scholarships, bursaries and awards	3,097	143	276	847	4,363	—	4,363
Interest (Note 27)	7	—	—	—	7	—	7
Bad debt expense	1,020	—	—	9	1,029	31	1,060
Decommissioning costs (Note 19)	—	—	—	—	—	—	—
	523,933	10,192	6,362	124,892	665,379	27,208	692,587
Excess (deficiency) of revenues over expenses	3,737	(6,570)	6,807	8,199	12,173	5,368	17,541
Interfund transfers (Note 29)	9,195	3,075	(1,719)	653	11,204	(12,615)	(1,411)
Net increase (decrease) in fund balances for year	12,932	(3,495)	(5,088)	8,852	23,377	(7,247)	16,130
Fund balances, beginning of year	26,546	(34,257)	43,622	43,908	79,819	(19,108)	60,711
Employee future benefits remeasurements and other items	—	18,686	—	—	18,686	—	18,686
Fund balances, end of year	**$39,478**	**$(19,066)**	**$48,710**	**$52,760**	**$121,882**	**$(26,355)**	**$95,527**

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, 2021 ($ thousands)

	STUDENT FINANCIAL AID	RESEARCH	CAPITAL	TOTAL
REVENUES				
Grants and contracts				
Government of Canada	$—	$153,567	$502	$154,069
Government of Saskatchewan	1,610	35,518	28,781	65,909
Other governments	54	1,880	—	1,934
Non—government	83	75,465	835	76,383
Student Fees	32	—	—	32
Donations	4,294	7,335	3,031	14,660
Sales of services and products	—	30	—	30
Income from investments	15,582	34,796	4,117	54,495
Real estate income	108	207	—	315
Royalties	99	3	—	102
Miscellaneous income	1	1	9	11
	21,863	**308,802**	**37,275**	**367,940**
EXPENSES				
Salaries	1,299	85,913	92	87,304
Employee benefits (Note 26)	74	9,645	7	9,726
Operational supplies and expenses	241	58,076	540	58,857
Travel	8	637	1	646
Cost of goods sold	—	5	—	5
Maintenance, rental and renovations	1	3,748	40	3,789
Utilities	2	2,035	—	2,037
Amortization	—	—	102,960	102,960
Scholarships, bursaries and awards	25,939	23,847	—	49,786
Interest (Note 27)	—	—	(2,671)	(2,671)
Bad debt expense	15	—	—	15
Decommissioning costs (Note 19)	—	—	762	762
	27,579	**183,906**	**101,731**	**313,216**
Excess (deficiency) of revenues over expenses	(5,716)	124,896	(64,456)	54,724
Interfund transfers (Note 29)	16,242	(65,396)	48,152	(1,002)
Net increase (decrease) in fund balances for year	10,526	59,500	(16,304)	53,722
Fund balances, beginning of year	58,140	371,748	1,451,885	1,881,773
Fund balances, end of year	**$68,666**	**$431,248**	**$1,435,581**	**$1,935,495**

See accompanying notes to consolidated financial statements

Officers of the University

The Board of Governors

Members Ex Officio
Peter Stoicheff (President)
Grit McCreath (Chancellor)

Members Appointed by Government
Shelley Brown (Chair)
Grant Devine
Keith Martell
Ritu Malhotra
Darrel Monette

Members Elected By Senate
Allan Adam
Joy Crawford

Faculty Member
Dr. Jay Kalra

Student Member
Autumn LaRose-Smith

Senior Administrative Group

President and Vice-Chancellor
Peter Stoicheff

Provost and Vice-President (Academic)
Airini

Vice-President (Finance and Resources)
Greg Fowler

Vice-President (Research)
Baljit Singh

Vice-President (University Relations)
Debra Pozega Osburn

University Secretary and Chief Governance Officer
Chelsea Willness

Vice-Provost, Faculty Relations
Ken Wilson

Vice-Provost, Health
Adam Baxter-Jones

Vice-Provost, Teaching, Learning and Student Experience
Patti McDougall

Vice-Provost, Indigenous Engagement
Jacqueline Ottmann

Associate Provost, Health
Jim Basinger (Interim)

Associate Provost, Institutional Planning and Assessment
Dena McMartin

Associate Vice-President Advancement and Chief Development Officer
Danielle Dunbar

Associate Vice-President (People and Resources)
Cheryl Carver

Associate Vice-President (Research–Health)
Darcy Marciniuk

Associate Vice-President Strategic Communications and Chief Communications Officer
Gord Hunchak

Associate Vice-President (Services)
Wade Epp

Associate Vice-President (Information and Communications Technology) and Chief Information Officer
Shari Baraniuk

Associate Vice-President (Government Relations)
Sara Daniels

Deans and Executive Directors of Colleges and Academic Units

Agriculture and Bioresources
Angela Bedard-Haughn

Arts and Science
Peta Bonham-Smith

Dentistry
Doug Brothwell

Education
Beth Bilson (Interim)

Edwards School of Business
Keith Willoughby

Engineering
Suzanne Kresta

Graduate and Postdoctoral Studies
Debby Burshtyn

Kinesiology
Chad London

Law
Martin Phillipson

Medicine
Preston Smith

Nursing
Cindy Peternelj-Taylor (Interim)

Pharmacy and Nutrition
Jane Alcorn

School of Environment and Sustainability
Karsten Liber (Interim)

School of Public Health
George Mutwiri (Interim)

Johnson-Shoyama Graduate School of Public Policy
Loleen Berdahl

University Library
Charlene Sorensen (Interim)

Western College of Veterinary Medicine
Gillian Muir

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