2012/13

University of Saskatchewan
Annual Financial Report

University of Saskatchewan | usask.ca

U of S at a glance

OVER **20,000** STUDENTS FROM MORE THAN **100** COUNTRIES

A LOW **16:1** STUDENT TO FACULTY RATIO

ANNUAL REVENUE OF ALMOST **$1 BILLION**

15 HUSKIES ATHLETICS TEAMS AND OVER **120** CHAMPIONSHIPS

OVER **120** GRADUATE DEGREE PROGRAMS

NEARLY **200** UNDERGRADUATE PROGRAM OPTIONS

13 INTERDISCIPLINARY COLLEGES, **3** GRADUATE SCHOOLS AND **6** AFFILIATED OR FEDERATED COLLEGES

1,700 STUDENTS WHO SELF-IDENTIFY ABORIGINAL ANCESTRY

$37.5 MILLION IN ANNUAL SCHOLARSHIPS AND BURSARIES

About **us**

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

Historical **highlights**

- **1907**: University Act established the U of S
- **1908-1937**: First president Walter Murray
- **1912**: First convocation of seven students
- **1912**: First issue of *The Sheaf* published
- **1912**: First Huskies team
- **1917**: First Alumni Association formed
- **1952**: First PhD granted
- **2011:** U of S became a member of the prestigious UI5 research university group

Unique **centres**

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

Signature Areas of **Research**

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

Enrolment Snapshot

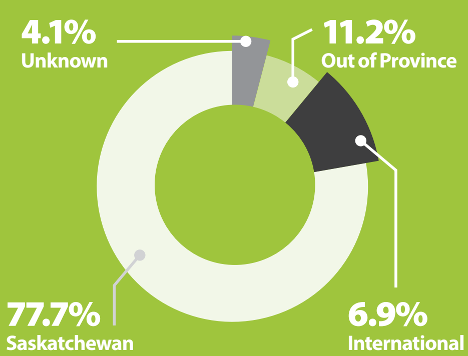
+22.7%
in new, first-time out of province students

Top 3 countries by enrolment

China*	789	(576 UG, 213 G)
Nigeria	142	(99 UG, 43 G)
India	139	(28 UG, 111 G)

+7.6%
increase in graduate Aboriginal Students

Undergraduate Direct-entry Programs and Open Studies Enrolment



International Enrolment

Overall
2,115 10.4%

Undergraduate and Non-degree
1,168 6.9%

Graduate
947 32.6%

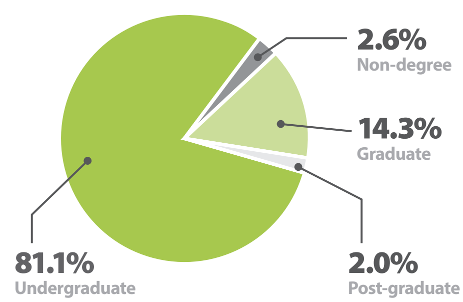
Aboriginal Enrolment

Overall
1,723 8.5%

Undergraduate, Non-degree and PGCL
1,581 9.1%

Graduate
142 4.9%

Overall Enrolment



Retention

Fall to winter term overall retention rate for direct-entry programs

93.6% Overall
90.1% International
92.1% Aboriginal

UNIVERSITY OF SASKATCHEWAN

Table of Contents

Messages 1

Management Discussion and Analysis 3

- Setting the Context 4
- Financial Overview 5
- Financial Performance 9
- Financial Flexibility 12
- Financial Sustainability 14
- Looking Ahead 18

Consolidated Financial Statements 19

Officers of the University 54

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Susan Milburn

Chair, Board of Governors

On behalf of the board of governors, I would like to extend my appreciation to all university employees for your commitment to bringing positive financial change to an already excellent university, and your dedication to this institution.

At the board, our focus is on the strategic and long-term direction of the university. It is important that we work with senior administration to ensure that the university is financially sustainable over generations, not just planning cycles.

Excellent progress has been made, beginning with a proactive and comprehensive four-year strategy to eliminate the mismatch between our revenues and our expenses. There is still a great deal to do in determining and implementing those changes needed to ensure our university's financial sustainability. Steps taken over the past year have already resulted in permanent reductions in operating budget expenses for future years. With the priorities outlined in our third integrated plan, *Promise and Potential*, and a process for change guided by our budgets, the University of Saskatchewan is uniquely positioned to capitalize on its strengths and achieve new heights.

We look forward to continued progress and are pleased to work alongside the university community to make that happen.

Ilene Busch-Vishniac

President

During the past year, I have gotten to know the university, the city of Saskatoon and much of our province. I have seen what the university contributes to the province and means to its people; it strengthens Saskatchewan and helps build our provincial reputation across Canada and around the world.

Our ability to achieve our goals and build an even stronger university is critically linked to finances. Our planning processes looking out to 2016 have allowed us to see and respond to some warning signs regarding our finances. Because we've had time to act, we are able to make strategic decisions and take steps to ensure our continued financial sustainability. TransformUS, our process of program prioritization, and workforce planning are two such steps. Under TransformUS, we will make decisions that reflect our goals, priorities and strategic directions. Workforce planning is necessary to ensure that as employees of the university we conduct ourselves efficiently, effectively and with a clear focus on our mandate to teach, learn and discover. Other strategies underway and planned to meet financial challenges are discussed in later sections of this report.

We can be certain that the U of S will look different in 2016 than it does today. However, I have great confidence that we are on the right path. We have earned our place among the U15, a group of the top research-intensive universities in Canada. This signals that we are one of the most distinguished universities in Canada and the world.

Recent achievements only add to my sense of confidence. Consider the establishment of the Global Institute for Food Security, which positions us as leaders to help feed a hungry world and create a sustainable future. As well, the Global Institute for Water Security, with its network of more than 150 U of S researchers working in various water-related areas, will provide answers to questions from around the planet about long-term quality and availability of water—not only for public consumption, but to support agriculture, energy production, industry and resource development.

Within the Vaccine and Infectious Disease Organization and International Vaccine Centre, we are working on global challenges related to emerging diseases that require scientific, public health and policy approaches that integrate human, animal and ecosystem health. And with the only synchrotron in Canada, we are leaders in synchrotron sciences and advancing innovation in health, environment and cutting-edge technologies.

I see a bright future for our university. A future built around our signature areas of Aboriginal people, agriculture and food, mineral and energy resources, human and animal health, synchrotron science and water security. We excel in these globally significant areas. The efforts and tough decisions around finances we are currently undertaking are essential to all we are striving to achieve.

All of this helps build the U of S' reputation nationally and internationally—when the spotlight shines on the university, it shines on the entire province.

Management Discussion and Analysis
2012/13

Setting the Context

In 2012/13 the University of Saskatchewan reported revenue of well over $0.9 billion from all sources. It is a major economic presence in the province and nationally as a member of the U15, a group of the most research-intensive universities in the country. The university is a complex organization with diverse activities and a variety of funding sources, including the province of Saskatchewan (comprising 48% of total 2012/13 revenue), the federal government (8%), which primarily supports research, tuition (13%) and sales of services and products (11% - primarily generated by ancillary operations).

To ensure accountability to funders and donors, the university follows restricted fund accounting for both its internal and external financial reporting. This means that funds provided to the university for a specific purpose, such as a research or capital project, are held and restricted for that purpose. During 2012/13, the university's total revenue by fund was comprised of:

- operating fund (70%) – primary activities relating to instruction and research, including the cost of most faculty salaries, and administrative and infrastructure support (for example, utilities)
- ancillary fund (5%) – includes sales-producing operations such as the bookstore, residences and food services
- student financial aid (2%) – includes the costs of scholarships and bursaries
- research fund (17%) – includes grants, contracts and donations for research activity
- capital fund (3%) – includes revenue restricted for capital and capital expenditures for sustaining and developing the campus' $5.1 billion (replacement cost) in infrastructure
- endowment fund (3%) – includes donations where the principal is to be retained in perpetuity

The university has a history of sound financial management and has developed a number of indicators of financial health which are highlighted in this annual report. In spite of challenges, the operating budget was balanced this year, with a modest surplus equivalent to half a per cent of operating budget expenses. Other signs of continued financial strength include growth in donation revenue to $35 million and growth in investment revenue to $55 million, contributing to an increase in Endowments to $248 million. Substantial capital expansion continued with completion of Health Sciences D Wing and InterVac, and resulting in improvements in the facilities condition index (deferred maintenance backlog) to better than the median for the U15 group.

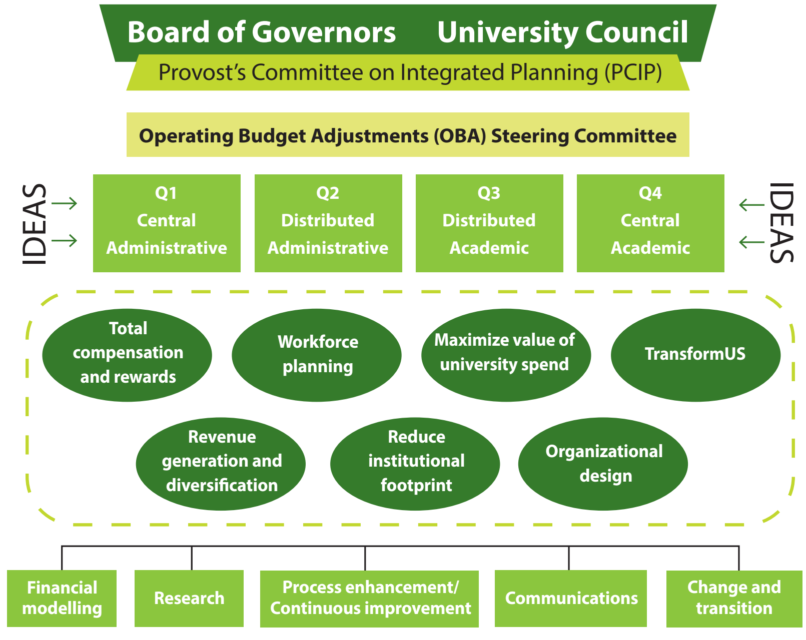
In spite of these positive indicators, there are areas of continuing concern. Capital expansion has placed a strain on debt capacity. At April 30, 2013, U of S debt reached capacity limits, with external debt of almost $200 million, which translates to $11,129 per full-time equivalent (FTE) student. Our U15 peers average much lower, at $7,515 per FTE student. The province provided cash grants for capital for 2013/14, which means that debt won't increase, but funding for annual principal and interest obligations of $15. 3 million remains a concern. Although endowment funds have increased ($13,553 per FTE student), they fall far short of our peer group ($18,700 per FTE student). Defined pension obligations continue to be a concern, with a deficit of $28 million, which increases to $55 million on a going-concern funding basis. Perhaps the area of most concern is the challenge to ensure financial sustainability of our operating budget activities.

Operating Budget Challenge

The university launched a comprehensive four-year strategy of financial, workforce, program and process review in 2012/13. Planning and budgetary projections in the development of *Promise and Potential*, our third integrated plan for 2012/13 to 2015/16, showed a widening gap between revenues and expenses leading to a projected $44.5 million deficit in our operating budget by 2016, if we took no action. Our expenditures have been growing at about five to six per cent annually. In recent years operating grant funding from the province has outpaced that of our comparators and was sufficient to fund this growth. Following a trend across Canada, the province needs to ensure its budget is balanced and looks to all sectors to manage funds more prudently. Operating budget support from the province for 2012/13 increased by 2.1 per cent (with further targeted funding of $9.7 million). Although this level is still higher than peer institutions, it prompted the university to look ahead and consider the widening gap between revenues and expenses projected for future years and to enact an ambitious operating budget adjustments strategy that is being carried out over the four-year planning timeframe.

Actions taken in 2012/13 as part of the operating budget adjustments initiative have helped the university achieve a balanced budget for the year. Additionally, the actions taken are estimated to result in permanent operating budget expense reductions of $15 million—about one-third of the projected financial gap of $44.5 million.

Significant institutional effort was expended during 2012/13 to establish the operating budget adjustments governance structure and strategies with the goal of securing our future financial sustainability. Structure and strategy areas are identified in the following image.



as of May 5, 2013

A key initial step was securing one-time funds to facilitate change. Transition funding was secured by working with colleges and units across campus to access monies in contingency funds (one-time funds which have built up over a number of years from previous years' operating surpluses), supplemented by a portion of the university's reserve fund (with board approval). This supported our ability to begin work under seven strategy areas within operating budget adjustments. With salaries and benefits comprising the largest portion of the operating budget, all colleges, schools and units participated in workforce planning to ensure that our priorities are supported by our people resource and to find efficiencies where possible. TransformUS, a process of campus-wide program prioritization, was introduced and organized. Maximizing the value of the university spend is focused on getting the best value for dollars spent on goods and services; over the past year we began to implement an online travel and expense management system and initiated a number of process improvement activities in procurement.

Financial Overview

In the following discussion and analysis, through charts, graphs and explanatory text, we provide the "guided tour" of the university's finances for the fiscal year 2012/13. Sub-sections depicting our financial performance, flexibility and sustainability are enhanced with metrics that show the university's position relative to previous years, other institutions and relevant benchmarks.

Financial Operating Results (in millions) for the year ended April 30	2008/09	2009/10	2010/11	RESTATED 2011/12	2012/13
Revenue					
Grants and contracts: Government of Saskatchewan	$444.9	$352.8	$444.5	$420.3	$447.9
Student fees	90.6	96.5	103.0	111.3	120.6
Sales of services, products and other	86.0	83.9	90.3	94.4	99.3
Grants and contracts: Government of Canada	84.4	123.7	94.8	86.6	78.7
Other government and other grants	75.5	57.2	96.0	77.7	73.0
Investment income	(21.7)	51.2	42.7	18.0	54.7
Gifts, grants and bequests	20.5	27.7	31.7	32.1	35.8
Other income	13.3	15.1	16.2	20.4	25.4
Total Revenue	**$793.5**	**$808.1**	**$919.2**	**$860.8**	**$935.4**

Strong support from the Government of Saskatchewan continued, with provincial revenue comprising 48 per cent of total university revenue in 2012/13. Almost every provincial ministry provided funding to the university, with the operating grant from the Ministry of Advanced Education (AE) comprising the largest component ($305.2 million of total AE funding of $353.1 million). The 2012/13 operating grant approved by the province provided a 2.1per cent ($5.9 million) economic increase and a $9.7 million targeted funding increase for medicine and nursing program expansion. For 2012/13 provincial capital funding has increased to $28.0 million, representing a return to "cash grant" funding by the province and consisting of $13.4 million supplementary funding–facilities (which the university has directed to principal and interest payments on debt), a $10.6 million grant for sustaining capital and $4.0 million for estimated capital costs of the Health Sciences facility for the year. Provincial funding was also received from the Ministry of Health ($75.9 million), which supports the College of Medicine operations through the Clinical Services Fund, Northern Medical Services program and Saskatchewan Health Research Foundation projects.

Revenue from student fees has increased to $120.6 million due to both rising enrolment and tuition increases averaging 3.7 per cent and 4.4 per cent respectively for the year. Tuition and fee revenue comprises about 24 per cent of the operating budget (from a high of 30 per cent in 2004/05). University tuition rates are based on principles of comparability, affordability and accessibility and quality.

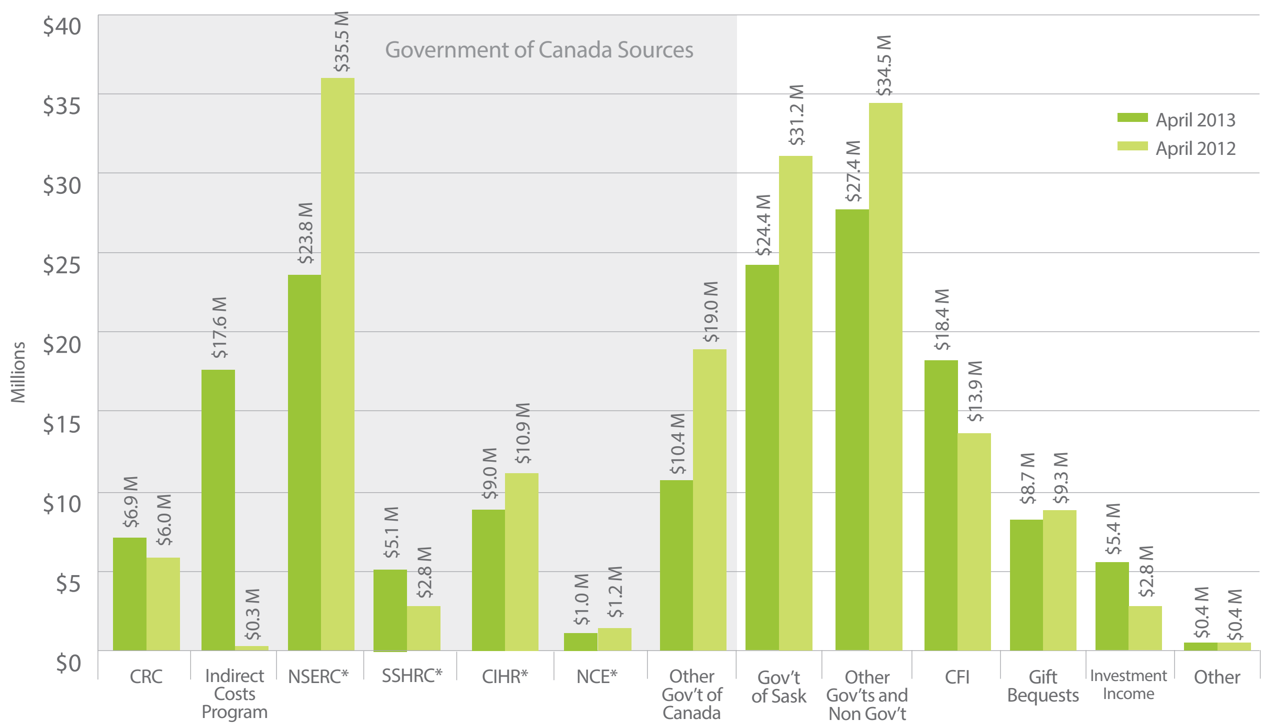
Investment performance was significantly improved in 2012/13 over the prior year, driven primarily by long-term pool returns of 13 per cent.

Research Revenue and Funding Achievements

Research revenue for 2012/13 of $158.5 million is lower than 2011/12 revenue of $168 million. Although this is a decline from recent years, areas of improvement include tri-agencies funding ($31.4 million in 2012/13, excluding Canadian Light Source Inc.), which is up from 2011/12 financial statement levels by about $4 million, bringing it back into the range of the 2008/09 and 2009/10 record high years.

Research Revenue by Source

for the year ended April 30, 2013 - Total $158.5 M (2012 $167.8 M)



**The U of S includes the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), the Canadian Institutes of Health Research (CIHR) and the Networks of Centres of Excellence (NCE) in tri-agency research funding.*

As well, funding from the Canada Research Chairs and Canada Excellence Research Chairs programs are up from 2011/12 financial statement levels by about $1 million. Most of the decreases in research funding in 2012/13 and 2011/12 reflect one-time funding or completion of funding for large scale capital projects, including InterVac, the cyclotron, the phytotron and the Brockhouse beam line at the CLSI.

The Government of Canada provides the majority of funding for research through tri-agency grants and contracts as well as Canada Foundation for Innovation (CFI) support.

Of note as well is significant growth in the federal research funding Indirect Costs Program (ICP) to about $9.0 million annually. Current year ICP revenue is unusually high at $17.6 million, because it includes $8.7 million in ICP funding that was awarded in May 2012 and as a result was recorded in 2012/13.

The Government of Saskatchewan also provides significant research funding, totaling $24.4 in 2012/13, and including: $3.5 million that supports core funding for VIDO; matching funding for Canadian Foundation for Innovation projects of $1.6 million (from the Innovation and Science Fund), and $9.8 million from the Ministry of Agriculture (primarily for projects in the College of Agriculture).

Funding achievements include:

- ours is one of eight universities in the country awarded a $10 million Canada Excellence Research Chair (Integrated Infectious Disease Mitigation) in the latest competition
- with $50 million over seven years from PotashCorp and the Saskatchewan government, the Global Institute for Food Security was launched on December 10, 2012
- total funding of $25.5 million from the Government of Saskatchewan and Western Economic Diversification Canada has enabled the university to begin construction of the province's first cyclotron and associated laboratory
- the U of S played a leadership role in developing the not-for-profit International Minerals Innovation Institute, formally announced in May, 2012
- license and royalty revenue managed by the U of S Industry Liaison Office rose to $9.9 million (up from $7.2M in 2011-2012)

The following two tables provide context to research revenue in relation to total revenue for the University of Saskatchewan and the U15.

University of Saskatchewan (in millions)	2008/09	2009/10	2010/11	2011/12	2012/13
Research Revenue	$177.1	$185.7	$206.6	$167.8	$158.5
Total Revenue	$793.5	$808.1	$919.2	$860.8	$935.5
Percentage of Total Revenue	22%	23%	22%	19%	17%

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

U15 (in millions)	2008/09	2009/10	2010/11	2011/12	2012/13*
Research Revenue	$329.7	$344.0	$344.8	$348.4	
Total Revenue	$1,038.4	$1,267.0	$1,281.6	$1,263.3	
Percentage of Total Revenue	32%	27%	27%	28%	

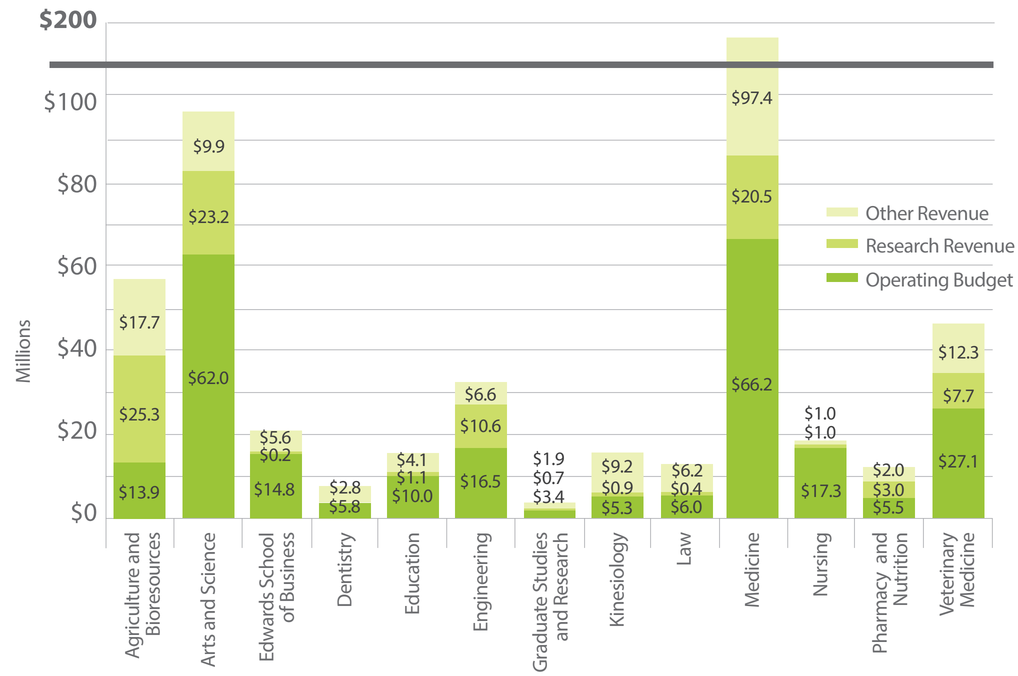
Canadian Research Universities (U15) data provided by CAUBO financial reports
** 2012/13 CAUBO information unavailable*

Medical research is a very significant research revenue contributor at most U15 universities. It is anticipated that with a number of initiatives underway to build greater research capacity in the university's health sciences—including the completion of the Health Sciences complex—research revenue as a percentage of total university revenue will move closer to the U15 average.

Revenue Summarized by College

Many university programs and initiatives are carried out at the college level. Revenues by type (operating, research and other) are shown in the following graph. "Other" includes, for example, targeted funding from government ministries, clinical practice revenue in the College of Medicine, and sales of service activity including through the Veterinary Teaching Hospital in the Western College of Veterinary Medicine.

Source of Revenue for Colleges
for the year ended April 30, 2013 – Total $525.0 M



Expenses (Deployment of Resources)

Financial Operating Results (in millions) for the year ended April 30	2008/09	2009/10	2010/11	RESTATED 2011/12	2012/13
Expenses					
Salaries and employee benefits	$429.3	$492.0	$478.7	$506.5	$517.5
Operational supplies and expenses	80.9	89.4	103.0	122.2	131.0
Costs of goods sold, equipment maintenance, rental, travel and other	57.9	45.0	52.9	72.8	59.7
Scholarships, bursaries and prizes	27.2	28.6	31.9	35.0	37.5
Utilities	20.4	20.3	21.6	21.3	23.2
Amortization	55.7	60.1	61.3	60.9	65.4
Total Expenses	**$671.4**	**$735.4**	**$749.4**	**$818.7**	**$834.3**

Total expenses increased overall by $15.6 million or 1.9 per cent over the prior year. The growth is lower in the current year largely because of the decrease in Employee Future Benefits Cost (mostly defined benefit pensions) from the level of previous years. The employee future benefit expense this year was $1.9 million, compared to the prior year of $25.5 million. Once this difference is taken into account the year-over-year increase is 4.9 per cent.

Salary and benefit expenses as a percentage of total expense comprise the largest portion of our expenses at 62 per cent ($517.5 million). This relates to about 8,000 staff in five bargaining units and exempt staff as well as honoraria expense (excluded in staff totals). Of the total compensation expense, salaries comprise $459.5 million, and benefits comprise $58 million. Salary expense from year-to-year reflects the results of collective bargaining agreements for the period, staff turnover and changes in staffing levels. The university's approach to collective bargaining is based on a board-approved strategy for compensation that takes into consideration the principles of market and merit with the goal of being competitive and fiscally responsible.

At year-end, all but the CUPE 1975 and PAIRS collective agreements were current.

- Faculty Association: July 1, 2010 – June 30, 2013 (ratified September 2010)
- Administrative and Supervisory Personnel (ASPA): May 1, 2011 – April 30, 2014 (ratified January 2012)
- CUPE 1975 (support staff): expired December 31, 2012
- CUPE 3287 (sessional lecturers): September 1, 2010 – August 31, 2014 (ratified May 2011)
- PAIRS (interns and residents): expired December 31, 2012

Benefit plan costs at $58 million have remained relatively constant at 11 per cent of salary cost.

Financial Performance

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

Metric 1 / Financial Performance / Annual operating surplus/deficit position compared to budget and operating reserve

While variances in revenues and expenses in the operating budget fund result in an operating surplus or deficit at year-end, variances in annual revenues and expenses in restricted funds are carried forward as either an increase or decrease in the fund balance. Increased revenue in restricted funds is available for those projects to which funding specifically relates. The university has a history of closely managing operating budgets with year-end variances generally between one and two per cent of annual operating expenditures. The following depicts the operating budget only.

Summary of Operating Budget Results and Operating Reserve Balance
for the period 2003/04 to 2012/13

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Budget										
Expenditure ($M)	260	263	274	294	311	337	367	389	420	453
Surplus/Deficit ($M)	0	(2.5)	0.1	2.4	0	0	(0.9)	0	0	(6.0)
Actuals*										
Variance ($M)	+4.7	+2.2	+3.1	+4.3	+8.7	+6.0	+18.6	+8.7	+7.8	+13.0
Variance (%)	**1.8%**	**0.8%**	**1.1%**	**1.5%**	**2.8%**	**1.8%**	**5.1%**	**2.2%**	**1.9%**	**2.9%**
Reserve**										
Opening Balance	5.7	5.7	3.2	3.3	6.1	6.7	10.8	15.5	15.5	18.1
Closing Balance	5.7	3.2	3.3	6.1	6.7	10.8	15.5	15.5	18.1	10.4
Reserve as % of Total Expenditure	**2.2%**	**1.2%**	**1.2%**	**2.1%**	**2.2%**	**3.2%**	**4.2%**	**4.0%**	**4.3%**	**2.3%**

**Before year-end allocations/appropriations*
***After year-end allocations/appropriations*

The operating reserve level of $10.4 million at April 30, 2013 is toward the lower end of the range (the board-approved level for the operating reserve is between one and four per cent of operating expenses). Determining the appropriate level is a delicate balance between ensuring sufficient funds to cushion against adverse events while allowing time to respond strategically and ensuring that public funds are used to their best advantage to support programs and operations. During 2012/13, $10 million of reserve funds was used to help fund transition costs for the operating budget adjustments initiative. For the long term, the reserve position is targeted at three per cent.

Metric 2 / Financial Performance / Dollars raised by the University of Saskatchewan

An important indicator of operational success is funds raised from donors.

Donations
for the year ended April 30

Donations are identified both from the financial statements as well as from University Advancement (UA) reports. There are timing differences between the two measures, and some gift-in-kind activity (Canada Foundation for Innovation) is not reported within UA totals. UA is working to achieve $40 million in reported donation revenue on an annual basis.

Major gifts, of $1-million or more, were provided by: **Potash Corporation of Saskatchewan** with $6.32 million towards establishing the *Global Institute for Food Security*, business student scholarships and programs, all Huskie teams and the U of S Space Design Team; **Norma Pyke**, with $2.25 million of her overall $5.5 million commitment to establish the *Murray W. Pyke Chair in Geological Sciences*; **Leslie and Irene Dubé**, with a $2 million donation from their foundation, the second installment of a $10 million pledge towards the Health Sciences project; **John and Bill Estey** with a gift of $2 million towards the *Estey Chair in Business Law*; **David Dubé and Heather Ryan**, and their foundation, with a $1.03 million investment towards the *Equine Performance Centre, Equine Research Grant Program* and Huskie football; **Olia Wang** with $1.03 million through her bequest disbursement towards the *Dalton & Olia Wang Trust Fund*; and **Sherrill Miller** with a $1 million in-kind gift of her late husband, Courtney Milne's complete photographic collection to the University Library.

Metric 3 / Financial Performance / Investment income compared to benchmark

Investment income was up substantially from the prior year. Overall income increased by $36.7 million (to $54.7 million) as a result of long-term pool returns of 13.2 per cent (1.3 per cent in the prior year), although fixed income pool returns were 3.4 per cent (4.2 per cent in the prior year). The university ensures that all available funds are invested primarily through the use of two pools (long-term pool and fixed income pool) which are managed by external professional investment managers. These investments are valued at market and influenced by market trends. Assessment of performance is ongoing with comparisons to benchmarks and peer universities.

Our university investment and spending policies (against endowment funds earnings) are aligned to ensure that investment returns, measured over the long term, support annual spending policies, with a goal of 4.5 per cent investment returns (after CPI). For the previous 10 years on average, earnings have not met expectations and accordingly the real investment return expectations and net spending amount for 2013/14 year have been reduced to 4.0 per cent.

Comparison of investment returns (provided by CAUBO; as at December *2012*) to peer universities is provided in the following:

Endowments	**1 year**	**4 year**	**10 year**
Univeristy of Saskatchewan	11.40%	7.60%	5.50%
Median (endowments > $100 million)	10.40%	9.10%	6.00%
Variance to median	**1.00%**	**(1.50%)**	**(0.50%)**

Pensions	**1 year**	**4 year**	**10 year**
University of Saskatchewan	8.90%	7.50%	5.80%
Median (pensions > $500 million)	10.00%	9.10%	7.10%
Variance to median	**(1.10%)**	**(1.60%)**	**(1.30%)**

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

Metric 4 / Financial Performance / Liquidity

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

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

Moody's Rating Methodology – public universities outside the United States

Score	1	3	5	7	9
Net cash and investments ÷ Net direct debt	**>1.5**	**1.2 - 1.5**	**0.9 - 1.2**	**0.6 - 0.9**	**<0.6**

At April 30, 2013, the university's liquidity position was in a category five ranking.

Net cash and investments in the General Fund	($295 million)	= ratio of 1.06
Net direct debt (external loans, internal loans and guarantees)	($279.5 million)	

Financial Flexibility

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

The university's fund balances, or "net worth," has increased by $101.1 million from the prior year to $2,006.7 million, with increases in the operating fund of $46.5 million, in the capital fund of $35.7 million and in the endowment fund of $33.9 million. As the university follows the restricted method for revenue recognition, most research revenue is recognized in advance as contracts are signed or as grants are awarded. A significant portion of the research fund balance relates to CFI funding, which will be accessed over the next few years as project expenditures are incurred.

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

Consolidated Statement of Operations and Changes in Fund Balance (millions) for the year ended	Revenue	Expenditures	Interfund Transfer	Net increase (decrease)	Fund Balance April 2012	Fund Balance April 2013
Fund						
General						
Operating	$ 648.7	$581.3	$(20.9)	$46.5	$199.9	**$246.4**
Ancillary	50.7	36.8	(22.7)	(8.8)	(21.0)	**(29.8)**
Restricted						
Capital	32.4	78.7	82.0	35.7	1,214.7	**1,250.4**
Research	158.5	115.9	(53.8)	(11.2)	261.6	**250.4**
Student Financial Aid	12.9	21.6	13.7	5.0	36.4	**41.4**
Endowment	32.2	-	1.7	33.9	214.0	**247.9**
	$935.4	**$834.3**	**$ –**	**$101.1**	**$1,905.6**	**$2,006.7**

Operating Fund opening balances have increased $125 million for the U of S transition to new accounting standards (Canadian Institute of Chartered Accountants (CICA) Handbook, Part III) and the adjustment to employee future benefits and $2.8 million for prepaid expenses related to the additional write-down of University Library electronic resources. The Capital Fund opening balance decreased $15.7 million for library electronic resources reclassified from assets to expenditures and $0.1 million for the net adjustment to ARO (accrued retirement obligation) related to the changes in CLSI's decommissioning asset and liability upon transition to the CICA Handbook, Part III.

Metric 1 / Financial Flexibility / Endowment fund balance position

Endowment funds are those for which the donor has requested the fund principal be maintained in perpetuity, with investment earnings used to support annual expenditures. Thus, endowment funds contain a mix of donations (contributed capital) and accumulated investment earnings (segregated capital). The following chart highlights the endowment fund balances over the past five years.

Endowment Fund Balance
(2008/09 - 2012/13)

Overall contributed capital increased by $9.8 million to $182.6 million as a result of donations. The segregated capital position increased from the prior year by $24.1 million, primarily because of investment returns which exceeded annual expectations, and is a healthy 35.8 per cent. Of 783 endowed funds where spending has commenced or will commence during 2013/14, all but three have a positive segregated capital.

Another measure of endowment sufficiency is comparison to the U15 group of leading research intensive universities in Canada. The University Investment Survey report as at December 31, 2012 (May 2013) issued by the Canadian Association of University Business Officers (CAUBO) provides a comparison of endowments per reported full-time equivalent (FTE) student by institution.

Market Value of Endowments per FTE Student CAUBO December 2012	**Endowment Funds at December 2012 (,000)**	**Fall 2012 headcount estimates AUCC**	**Endowment per FTE**
Average (U15)	$ 565,892	30,459	$18,741
University of Saskatchewan	**$ 231,670**	**17,094**	**$13,553**
University of Regina	$ 32,362	9,070	$3,568

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

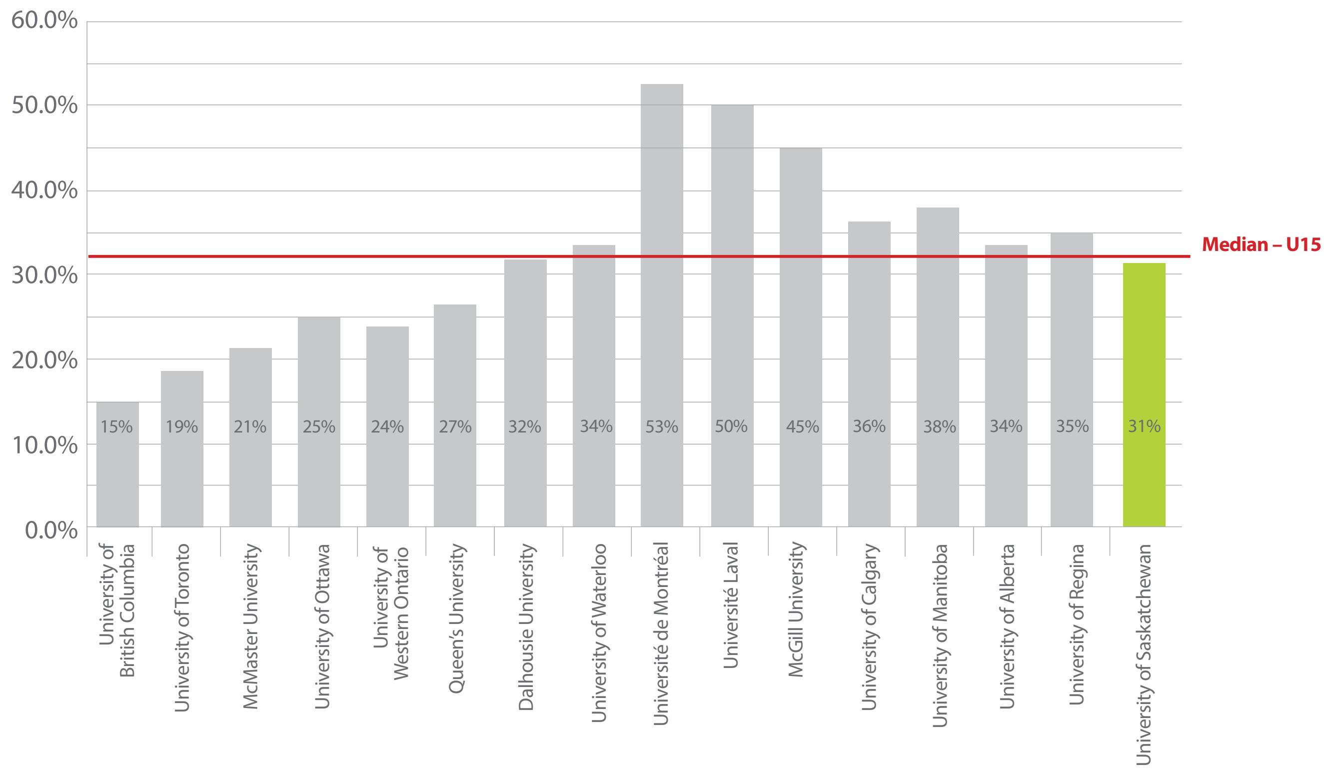
The University of Saskatchewan's Academic Priorities Fund (APF) integrates financial and institutional planning to provide additional support to areas of highest institutional priority. For 2012/13, it contains $4.4 million in permanent funding, which is about one percent of the university's operating budget of $453 million. This includes $3.5 million of accumulated permanent funding and about $0.9 million of remaining funding from the university's second integrated planning cycle that's being allocated to priorities identified in the third planning cycle. Funds have been committed to initiatives related to research intensiveness, strengthening links between research and teaching and enhancing the teaching and learning experience.

Metric 3 / Financial Flexibility / Scholarships and Bursaries

Scholarship and bursary spending increased from the prior year by $2.5 million, to $37.5 million, with $12.1 million for undergraduate support and $25.4 million for graduate support. Over the five-year period since 2008/09, scholarship support has grown by 38 per cent, from $27.2 million to $37.5 million in 2012/13.

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

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



University of Saskatchewan compared to U15 and University of Regina
(includes graduate student research scholarships and non-credit tuition and fees)
Data provided by CAUBO Financial Reports - 2011/12

Financial Sustainability

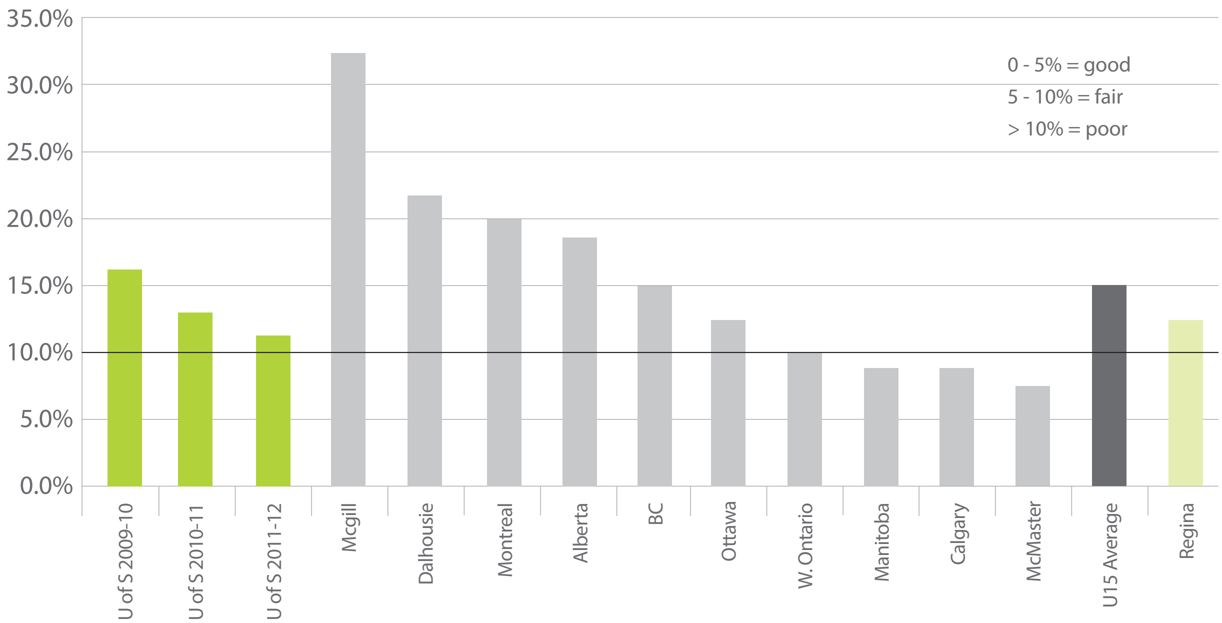
This section provides information about and measurements of our long-term financial health. These include non-financial statement measures: deferred maintenance backlog; debt and comparison to debt capacity; and comparative "best estimates" position of defined benefit pension plans.

Metric 1 / Financial Sustainability / Deferred Maintenance Backlog

The U of S main campus on College Drive in Saskatoon occupies 744 hectares and includes 164 buildings. Replacement cost of the campus infrastructure was estimated at $5.1 billion at April 30, 2013.

The Facilities Condition Index (FCI) measures the estimated deferred maintenance backlog as a percentage of total replacement value. APPA, an association for those engaged in the field of educational facilities management, conducts an annual survey and benchmarking of education facilities worldwide. The following graph shows the 2011/12 FCI for various Canadian universities.

Facilities Condition Index (FCI) 2011/12
(Cost of deferred maintenance backlog as a percentage of capital replacement value cost)



Source: APPA Facilities Performance Indicators Report 2011-2012.
The desired comparative group is the U15 plus Regina. Laval, Toronto, Queen's and Waterloo did not report sufficient data for this indicator.

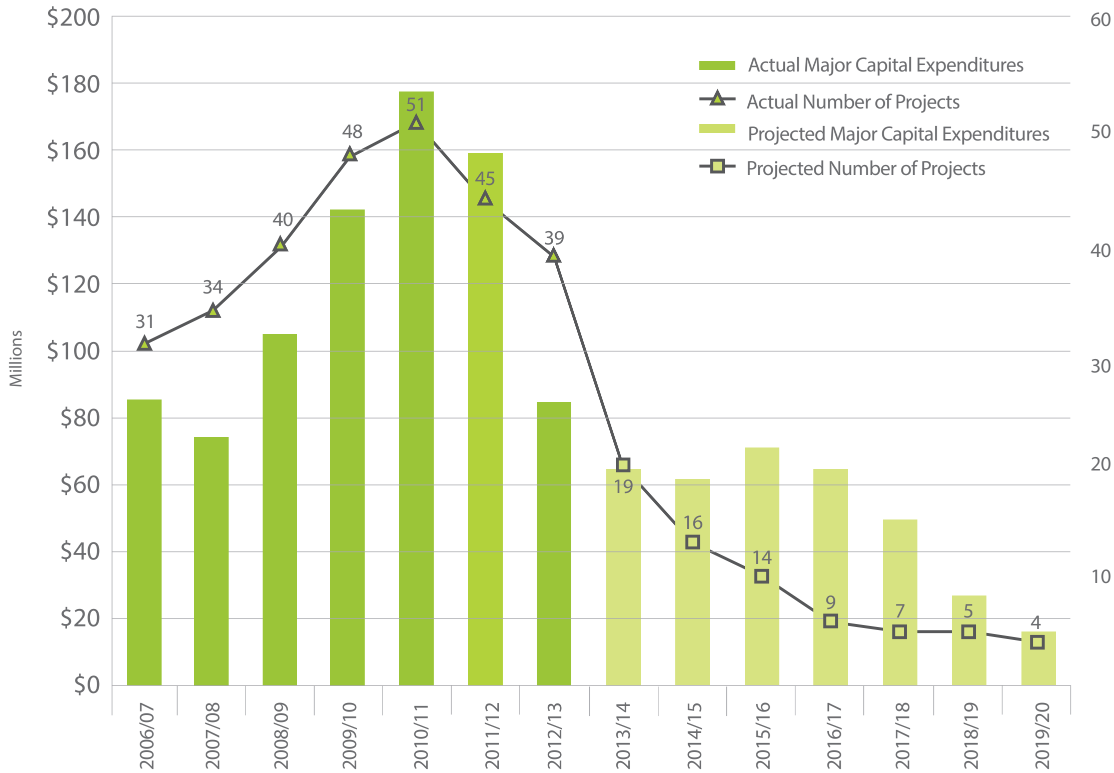
Although the current FCI for the U of S, at 11.6%, has improved from previous years and is comparable to peer universities, it remains a concern because it falls within the poor range. Based on APPA standards, it is desirable to fall *below* the 10 per cent line. The university's RenewUS program was developed to comprehensively address deferred maintenance, and planning is well underway in identifying necessary actions and required resources to reach program goals.

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

Metric 2 / Financial Sustainability / Major capital project expenditures

The following chart illustrates a decline in major capital activity in 2012/13 with $85 million in expenditures for 39 major projects. This is reflective of the very large capital expansion projects such as Health Sciences, student residences and InterVac, which are all nearly complete.

Major Capital Expenditures and Number of Projects



Note: The above graph includes all major university projects including construction, infrastructure, information technology and Canadian Light Source Inc. (CLSI) projects. Projected expenditures and number of projects are based on only those that are currently approved and/or in development. These projections will increase based on capital requirements, funding availability and new opportunities.

Major project expenditures include $25.1 million on the Health Sciences project and $20 million on new undergraduate and graduate residences.

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

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

Metric 3 / Financial Sustainability / Debt outstanding and comparison to debt capacity limit

The university's capital debt policy was developed in consideration of industry standards, comparator universities, fiscal prudence and the Saskatchewan context. The policy recognizes that the university will incur debt for projects that will produce incremental revenues or cost savings and that have a feasible repayment plan. However, the debt policy places limits on total university borrowing with reference to industry standards used by rating agencies. Current university debt of $198.7 million is at the upper limits of the debt capacity range and far exceeds debt compared to peer universities. This restricts the university's ability to respond to opportunities and unexpected changes impacting finances.

Measure	U of S Policy Metric	April 2012	April 2013	U15 Average (2011/12)*
Capital debt per policy ($ millions)		**$107.9**	$198.7	$243.0
Debt Affordability Total capital debt as % of total revenue	< 20%	**12.5%**	**21%**	n/a
Total Capital Debt as % of revenue available for repayment	< 33%	**16.5%**	28%	n/a
Debt Service Coverage Ratio of principal and interest as % of general revenue	< 20%	**12.5%**	**21%**	n/a
Resource Allocation Total debt per full-time equivalent (FTE) student	≤ 12,000/FTE	**6,223**	11,129	7,515

**Excludes Université Laval and Université de Montréal due to data discovery issues.*

The significant change from the prior year results from the student residence construction and $60 million in debt for the Health Sciences project (in addition to a further $34.8 million supported by internal capital borrowing). An increasing debt burden brings additional risk to the operating budget because of the need to support annual principal and interest payments of $15.3 million on outstanding capital debt obligations.

Metric 4 / Financial Sustainability / Pension plan comparative "best estimate" position

In response to the investment market crash of 2008/09, the university undertook a scenario analysis that demonstrated the largest and most immediate risk for the university was the potential annual payment obligation related to its three defined benefit pension plans. In addition, the university has two defined contribution plans, whereby the employer contributions are limited to the agreed contribution rates. For 2012, there were 6,250 employees and retirees participating in all five pension plans with total investment assets of $881 million.

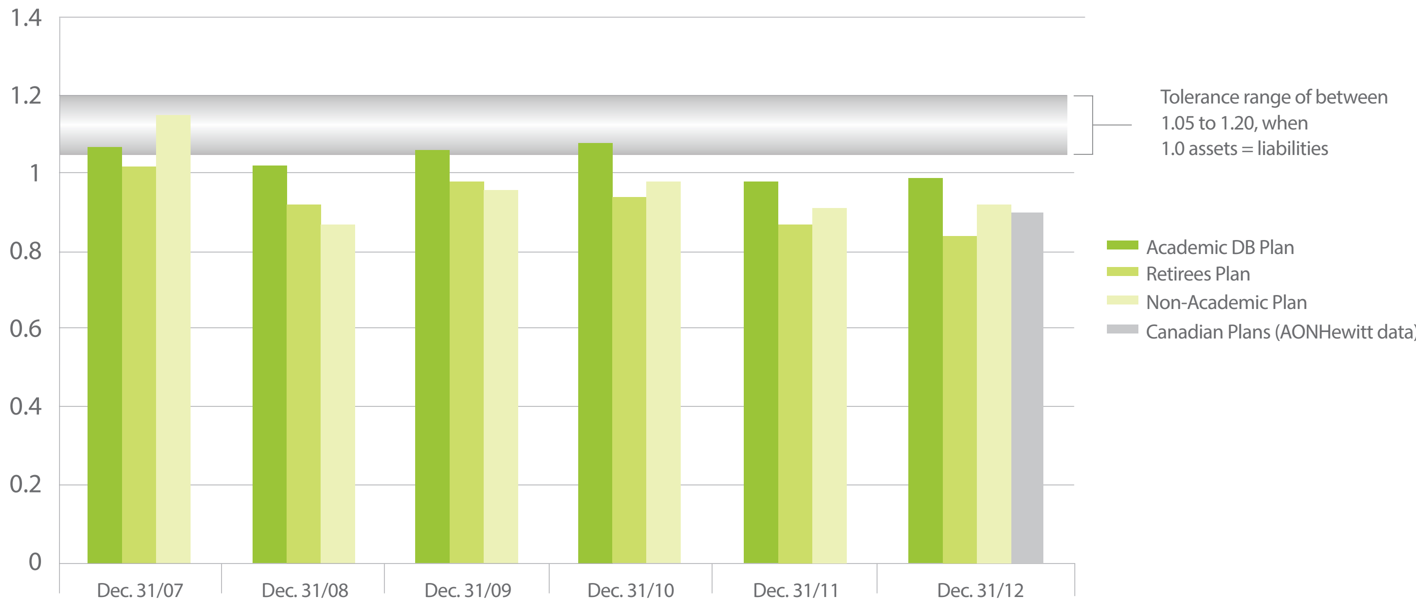
With the board's direction and through the work of a number of university departments, much has been accomplished to alleviate the pension plan payment risk. Measures undertaken include:

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

In spite of these measures, investment returns below expected levels coupled with very low discount rates have resulted in a deteriorating going-concern and solvency position for all three defined benefit pension plans. "Going-concern" and "solvency" are two valuation methods used to determine an employer's funding obligation. As a result of regulations approved by the Saskatchewan legislature in June 2013, the university along with many other public sector employers is exempt from solvency payment requirements. This is extremely welcome news, given a solvency deficit which exceeded $235 million at December 31, 2012.

Thus, focusing on the going-concern deficit, a funding challenge still remains with a deficit for all three plans of $28 million. Despite investment returns which exceeded plan expectations, the deficit improved only marginally from $30 million in the prior year.

Comparative "Best Estimate" Position - Defined Benefit Plans



The going-concern position for funding purposes, (including a five per cent margin above "best estimates") has remained almost constant with a combined deficit for the three defined benefit plans of $54.2 million at December 31, 2012 ($55.1 million deficit in the prior year). Funding policies for each plan establish an acceptable surplus range of 105 to 120 per cent of "best-estimates" liabilities. As highlighted in the graph above, at December 31, 2012, all three plans were outside of that range and were below 100 per cent.

In accordance with the recently approved pension payment regulations, annual payments based on the "enhanced going-concern" option can be amortized over a 10-year period and, with interest, annual payments would amount to $7.2 million (effective January 1, 2014).

Looking Ahead

Our university faces substantial financial challenges in the years immediately ahead. However, in 2012/13 significant progress was made both in terms of balancing the year's budget and achieving operating budget reductions with a projected $15 million impact going forward—one-third of the $44.5 million projected deficit by 2016 had we taken no action. The operating budget adjustments initiative launched during the year draws on our strengths: committed, creative and dedicated faculty and staff, mature planning processes and an emphasis on collaboration.

As we continue the work under this initiative going forward, TransformUS will enable informed decisions with regard to program prioritization. Workforce planning will continue as an ongoing process. In 2013/14 we aim to complete the implementation of the online travel and expense tool under maximizing the value of the university spend, and we will have completed and assessed a continuous improvement pilot project in procurement. As well, we will initiate the shared services project (looking at role clarity and structure of administrative services across the organization), renew principles for compensation and implement space rental review recommendations. Together, the results of these and other initiatives will ensure continued financial sustainability and that expenditures are aligned with revenue projections.

We have established our priorities in *Promise and Potential*, our four-year integrated plan, which will guide us as we continue on this period of challenge and opportunity in our university's history.

Consolidated Financial Statements
2012/13

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, 2013 and the results of its operations and the changes in its fund balances for the year then ended.

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

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

The consolidated financial statements for the year ended April 30, 2013 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.

Ilene Busch-Vishniac

Ilene Busch-Vishniac
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

I have audited the accompanying consolidated financial statements of the University of Saskatchewan, which comprise the consolidated statement of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011 and the consolidated statements of operations and changes in fund balances and cash flows for the years ended April 30, 2013 and April 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University of Saskatchewan as at April 30, 2013, April 30, 2012 and May 1, 2011, and the results of its operations and changes in fund balances and cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Saskatchewan
July 25, 2013

Bonnie Lysyk, MBA, CA
Provincial Auditor

1500 Chateau Tower - 1920 Broad Street Regina, Saskatchewan S4P 3V2
t 306.787.6398 f 306.787.6383 e info@auditor.sk.ca
www.auditor.sk.ca

UNIVERSITY OF SASKATCHEWAN

Statement 1

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

	General	Restricted	Endowment	Total 2013	Restated Total 2012 (Note 2)	Restated May 1 2011 (Note 2)
Current Assets						
Cash (Note 5)	$ (105,992)	$ 133,786	$ 5,702	$ 33,496	$ 4,280	$ 3,993
Accounts receivable (Note 6)	37,322	157,965	-	195,287	174,963	171,263
Inventories (Note 7)	13,535	-	-	13,535	14,112	12,788
Prepaid expenses	7,023	25	-	7,048	6,934	5,988
	(48,112)	291,776	5,702	249,366	200,289	194,032
Long-Term Assets						
Long-term accounts receivable (Note 8)	93	18,143	-	18,236	29,240	37,386
Long-term investments (Note 5)	401,331	42,651	241,549	685,531	597,802	623,976
Other assets	727	1,774	682	3,183	11,970	13,019
Capital assets (Note 9)	-	1,413,240	-	1,413,240	1,343,145	1,188,317
Employee future benefits (Note 15)	2,401	-	-	2,401	2,093	3,826
	404,552	1,475,808	242,231	2,122,591	1,984,250	1,866,524
	$ 356,440	**$ 1,767,584**	**$ 247,933**	**$ 2,371,957**	**$ 2,184,539**	**$ 2,060,556**
Current Liabilities						
Accounts payable and accrued liabilities (Note 10)	$ 69,869	$ 17,933	$ -	$ 87,802	$ 95,483	$ 89,524
Deferred revenue (Note 11)	28,024	24	-	28,048	30,029	33,102
Loans (Note 12)	-	113,740	-	113,740	80,665	44,328
Risk management liabilities (Note 13)	5,051	26,514	-	31,565	26,859	7,214
Current portion - long-term debt (Note 14)	20	6,180	-	6,200	191	144
Current portion - employee future benefits (Note 15)	770	-	-	770	749	736
Current portion - capital lease obligation (Note 16)	73	-	-	73	77	75
	103,807	164,391	-	268,198	234,053	175,123
Long-Term Liabilities						
Long-term debt (Note 14)	67	53,333	-	53,400	1,561	1,791
Employee future benefits (Note 15)	34,664	-	-	34,664	35,102	13,876
Capital lease obligation (Note 16)	112	-	-	112	126	194
Accrued decommissioning costs (Note 17)	-	7,681	-	7,681	7,253	5,623
Other long-term liabilities	1,215	-	-	1,215	841	379
	36,058	61,014	-	97,072	44,883	21,863
Fund Balances						
Externally restricted funds (Note 19)	-	300,963	87,607	388,570	310,872	359,480
Externally restricted permanent endowments (Note 19)	-	-	121,995	121,995	111,649	108,437
Internally restricted funds (Note 20)	241,445	35,424	38,331	315,200	257,121	251,699
Invested in capital assets	-	1,205,792	-	1,205,792	1,232,293	1,130,074
Unrestricted funds	(24,870)	-	-	(24,870)	(6,332)	13,880
	216,575	1,542,179	247,933	2,006,687	1,905,603	1,863,570
	$ 356,440	**$ 1,767,584**	**$ 247,933**	**$ 2,371,957**	**$ 2,184,539**	**$ 2,060,556**

Commitments and Contingencies (Note 21)
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)

	General	Restricted	Endowment	Total 2013	Restated Total 2012 (Note 2)
Revenues					
Grants and contracts					
Government of Canada	$ 4,951	$ 73,791	$ -	$ 78,742	$ 86,589
Government of Saskatchewan	393,250	54,628	-	447,878	420,168
Other governments	20,352	3,150	-	23,502	24,428
Non-government	6,613	42,910	-	49,523	53,256
Student fees	120,614	-	-	120,614	111,309
Gifts, grants and bequests	7,964	17,739	10,065	35,768	32,062
Sales of services and products	99,265	101	1	99,367	94,484
Income from investments	21,360	11,136	22,166	54,662	18,015
Real estate income	4,799	59	-	4,858	4,426
Royalties	12,754	6	1	12,761	9,583
Miscellaneous income	7,529	268	0	7,797	6,391
	699,451	203,788	32,233	935,472	860,711
Expenses					
Salaries	395,523	64,053	-	459,576	427,691
Employee benefits (Note 22)	52,492	5,528	-	58,020	78,800
Operational supplies and expenses	101,590	29,361	-	130,951	122,158
Travel	11,415	6,757	-	18,172	17,105
Cost of goods sold	20,649	13	-	20,662	19,564
Maintenance, rental and renovations	9,649	1,037	-	10,686	12,971
Utilities	23,052	163	-	23,215	21,330
Amortization	-	65,399	-	65,399	60,921
Scholarships, bursaries and awards	3,788	33,763	-	37,551	35,030
Interest	(495)	9,706	-	9,211	22,294
Bad debt expense	450	5	-	455	372
Decommissioning costs (Note 17)	-	490	-	490	442
	618,113	216,275	-	834,388	818,678
Net revenues (expenses)	81,338	(12,487)	32,233	101,084	42,033
Interfund transfers (Note 26)	(43,611)	41,861	1,750	-	-
Net increase (decrease) in fund balances for year	37,727	29,374	33,983	101,084	42,033
Fund balances, beginning of year - Restated (Note 2)	178,848	1,512,805	213,950	1,905,603	1,863,570
Fund balances, end of year	**$ 216,575**	**$ 1,542,179**	**$ 247,933**	**$ 2,006,687**	**$ 1,905,603**

See accompanying notes and schedules to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

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

	General	Restricted	Endowment	Total 2013	Total 2012
Cash flows from operating activities					
Cash received from Government of Canada	$ 5,172	$ 84,879	$ -	$ 90,051	$ 85,925
Cash received from Government of Saskatchewan	390,403	34,666	-	425,069	427,816
Cash received from other governments	14,646	3,938	-	18,584	22,710
Cash received from non-government	6,291	46,244	-	52,535	48,239
Cash received from student fees	121,555	-	-	121,555	111,875
Cash received from gifts, grants and bequests	4,971	15,453	-	20,424	17,871
Cash received from sales of services and products	99,670	101	-	99,771	95,356
Cash received from royalties and licensing	10,259	6	-	10,265	9,171
Cash received from miscellaneous income	7,031	453	-	7,484	5,547
Cash paid for salaries and benefits	(447,234)	(68,980)	-	(516,214)	(479,753)
Cash paid for non-salary expenditures	(163,239)	(76,568)	-	(239,807)	(226,130)
Cash generated from operating activities	49,525	40,192	-	89,717	118,627
Cash flow from financing and investment activities					
Cash received from income from investments	10,316	3	9,390	19,709	19,976
Distribution of income from investments	1,608	3,316	(4,924)	-	-
Contributions of cash for endowments	-	-	7,765	7,765	6,779
Cash received from real estate income	4,874	83	-	4,957	4,426
Cash received from debt financing	46	153,000	-	153,046	44,700
Debt financing repayments	(78)	(62,077)	-	(62,155)	(8,610)
Purchase of capital assets	-	(137,198)	-	(137,198)	(207,717)
Sale (purchase) of investments	(37,442)	(1,313)	(7,870)	(46,625)	22,106
Cash generated from (used for) financing activities	(20,676)	(44,186)	4,361	(60,501)	(118,340)
Net increase (decrease) in cash	28,849	(3,994)	4,361	29,216	287
Interfund transfers	(43,611)	41,861	1,750	-	-
Cash (bank indebtedness), beginning of year	(91,230)	95,919	(409)	4,280	3,993
Cash (bank indebtedness), end of year	**$ (105,992)**	**$ 133,786**	**$ 5,702**	**$ 33,496**	**$ 4,280**

See accompanying notes and schedules to consolidated financial statements

THE UNIVERSITY OF SASKATCHEWAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2013
(THOUSANDS OF DOLLARS)

1. Authority and Purpose

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

2. Restatement and Adoption of a New Accounting Framework

a) Restatement

In view of findings in the 2011/12 fiscal year, the University of Saskatchewan Library reviewed its accounting practices for electronic resources and found that it had capitalized certain one-year electronic subscription resources. As a result, over $15 million in further reductions of previously capitalized items occurred and where the subscription for the electronic resource spanned the fiscal year-end, an increase in prepaid expenses resulted. May 1, 2011 opening balances have been restated in the tables below, with the cumulative effect carried through to the ending balances in the April 30, 2012 table.

May 1, 2011	Balance as reported in Apr-12 audited statements	Transition Adjustments	Balance as adjusted
Consolidated Statement of Financial Position			
Current assets			
Prepaid expenses	$ 3,356	$ 2,632	$ 5,988
Long-term assets			
Capital assets	1,202,759	(15,927)	1,186,832
Fund balances, end of year			
Internally restricted funds	206,505	2,632	209,137
Invested in capital assets	1,146,001	(15,927)	1,130,074

2. Restatement and Adoption of a New Accounting Framework (continued)

a) Restatement (continued)

April 30, 2012		Balance as reported in Apr-12 audited statements		Transition Adjustments		Balance as adjusted
Consolidated Statement of Financial Position						
Current assets						
Prepaid expenses	$	4,194	$	2,740	$	6,934
Long-term assets						
Capital assets		1,356,016		(15,712)		1,340,304
Fund balances, end of year						
Internally restricted funds		129,285		2,740		132,025
Invested in capital assets		1,248,082		(15,712)		1,232,370
Consolidated Statement of Operations and Changes in Fund Balances						
Expenses						
Operating supplies and expenses		118,596		3,563		122,159
Amortization		64,807		(3,886)		60,921
Fund balances, beginning of year		1,834,303		(13,295)		1,821,008
Fund balances, end of year		1,793,556		(12,972)		1,780,584

b) Adoption of a New Accounting Framework

May 1, 2012, the university adopted the new accounting standards for not-for-profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants (CICA) as Part III of the CICA Handbook. In accordance with Section 1501 of the CICA Handbook, *First Time Adoption by Not-for-Profit Organizations*, the date of transition to the new standards is May 1, 2011 and the university has prepared and presented an opening balance sheet at the date of transition to the new standards. The opening balance sheet is the starting point for the university's accounting under the new standards. In its opening balance sheet, under the recommendations of Section 1501, the university:

i) recognized all assets and liabilities as required by the new standards;

ii) did not recognize items as assets or liabilities, if the new standards did not permit such recognition;

iii) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented. The adjustments resulting from the adoption of the new standards have been applied retrospectively.

Of the exemptions available under Section 1501, the university elected to use the immediate recognition approach for employee future benefits, recognizing unamortized past service costs in net assets at the date of transition. As a result, at May 1, 2011 employee future benefits obligations decreased $(42,561) with a corresponding increase in fund balances. In fiscal 2012 employee benefit expense decreased $(82,532) for a total cumulative decrease in obligation of $(125,093), with an offsetting increase to fund balances. These adjustments caused the university's Long-term Disability Plan to be reclassified from liability to asset - **see (a)** in the tables below for all adjustments.

2. Restatement and Adoption of a New Accounting Framework (continued)

b) Adoption of a New Accounting Framework (continued)

Canadian Light Source Inc. (CLSI), a subsidiary of the university (see Note 3), also adopted the new standards, electing to apply the exemption available under Section 1501 relating to asset retirement obligations. This election allows any differences between the change in obligation and the change in the carrying value of the asset to be charged to the fund balance (in this case, invested in capital assets) at the date of transition to the new standards.

The changes in the method of calculating these items under the new standards resulted in adjustments of $1,485 to capital assets-deferred decommissioning costs, and to the accrued decommissioning costs of $1,485, as at May 1, 2011 and cumulative adjustments of $2,841 and $2,918 (to capital assets-deferred decommissioning costs, and to the accrued decommissioning costs, respectively), by the end of April 2012 – **see (b)** in the following tables. The change in the calculation method also resulted in a $77 adjustment to the decommissioning costs for the 2012 fiscal year.

For the year ended April 30, 2012 Agricoll Research Investments Inc. (Agricoll), a subsidiary of the university (see Note 3), adopted Part II of the CICA Handbook. As a result, the company measured and recognized investments quoted in an open market, at fair market value. The accounting impact of this change is reflected in the tables below – **see (c)**.

May 1, 2011	**Balance as reported in 2012 audited statements or as restated in Note 2 (a)**	**Transition Adjustments**	**Balance as adjusted**
Consolidated Statement of Financial Position			
Long-term assets			
(c) Long-term investments	$ 623,975	$ 1	$ 623,976
(b) Capital assets - transition adjustment to deferred decommissioning costs	1,186,832	1,485	1,188,317
(a) Employee future benefits	-	3,826	3,826
Current liabilities			
Accounts payable and accrued liabilities: (a) Employee future benefits $94 Reclassification-other long-term liabilities $(379)	89,809	(285)	89,524
Long-term liabilities			
(a) Employee future benefits	52,705	(38,829)	13,876
(b) Accrued decommissioning costs	4,138	1,485	5,623
Other long-term liabilities (reclassification)	-	379	379
Fund balances, end of year			
Internally restricted funds	209,137	42,562	251,699

2. Restatement and Adoption of a New Accounting Framework (continued)

b) Adoption of a New Accounting Framework (continued)

April 30, 2012	Balance as reported in 2012 audited statements or as restated in Note 2 (a)	Transition Adjustments	Balance as adjusted
Consolidated Statement of Financial Position			
Long-term assets			
(c) Long-term investements	$ 597,799	$ 3	$ 597,802
(b) Capital assets - transition adjustment to CLSI deferred decommissioning costs	1,340,304	2,841	1,343,145
(a) Employee future benefits	-	2,093	2,093
Current liabilities			
Accounts payable and accrued liabilities (Reclassification-other long-term liabilities)	96,324	(841)	95,483
Long-term liabilities			
(a) Employee future benefits	158,102	(123,000)	35,102
(b) CLSI accrued decommissioning costs	4,335	2,918	7,253
Other long-term liabilities (reclassification)	-	841	841
Fund balances, end of year			
Internally restricted funds	132,025	125,096	257,121
Invested in capital assets	1,232,370	(77)	1,232,293
Consolidated Statement of Operations and Changes in Fund Balances			
Revenue			
(c) Investement income	18,014	1	18,015
Expenses			
(a) Employee benefits expense	161,332	(82,532)	78,800
(b) Decommissioning costs	365	77	442
Fund balances, beginning of year	1,821,008	42,562	1,863,570
Fund balances, end of year	1,780,584	125,019	1,905,603

3. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The following accounting policies and reporting practices are considered significant:

a) Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- Agricoll Research Investments Inc., a wholly owned subsidiary of the university incorporated under the *Business Corporations Act of Saskatchewan,* which promotes and participates in research, education and technology transfer related to the agriculture industry. As of April 30, 2013, Agricoll ceased operations and was dissolved.

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

a) Basis of consolidation (continued)

- 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.
- CLSI, a not-for-profit corporation incorporated under the *Non-profit Corporations Act of Saskatchewan* whose sole member is the University of Saskatchewan. The company's mandate is to advance Canadian scientific and industrial capabilities in synchrotron science and technical applications. The company is responsible for the operation and conduct of all activities related to the university's synchrotron light facility, its operation and performance.
- Prairie Swine Centre Inc., a not-for-profit corporation incorporated under the *Non-profit Corporations Act of Saskatchewan* whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.
- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the university incorporated under the *Business Corporations Act of Saskatchewan*, participates in real estate investment activities.
- University of Saskatchewan Crown Foundation, a not-for-profit entity incorporated under *The Crown Foundation Act of Saskatchewan*. The foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan.
- 7541457 Canada Inc., a wholly owned subsidiary of the university incorporated under the *Canada Corporations Act* for the commercialization of technology developed by researchers in the University of Saskatchewan Toxicology Centre.
- The Journal of History Company Ltd., a wholly owned subsidiary of the university incorporated under the *Business Corporations Act of Saskatchewan*, prints and publishes The Canadian Journal of History.
- The Sylvia Fedoruk Canadian Centre for Nuclear Innovation (SFCCNI), a not-for-profit corporation incorporated under the *Canada Not-for-profit Corporations Act* whose sole member is the University of Saskatchewan. The mandate of the company is to place Saskatchewan among global leaders in nuclear research, development and training through investment in partnerships with academia and industry, for maximum societal and economic benefit.

b) Fund accounting

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

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

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

The Operating Fund accounts for the university's function of instruction, including academic support services, administrative services, plant maintenance and other operating activities.

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

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

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

The Research Fund accounts for activities in support of research.

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

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

b) Fund accounting (continued)

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 market value on the date of receipt or at nominal value when fair market value cannot be reasonably determined. Pledges from fundraising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection.

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

Investment returns are recorded as revenue when reasonable assurance exists regarding measurement and collectability. Unrestricted investment income is recognized as revenue of the General Fund. Investment income earned on Endowment Fund resources is recorded in the appropriate fund according to the restrictions mandated.

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

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

d) Contributed services and materials

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

e) Use of estimates

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

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

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

f) Capital assets

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

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

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

g) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the average cost method, with the exception of livestock, poultry and other farm products which are stated at market value. Market is defined as market quotations for livestock and replacement cost for other farm products.

h) Employee future benefits

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, when future salary levels or cost escalation affect the amount of the benefit. 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 balance sheet, with actuarial gains and losses included in the cost of the plan in the year they arise.

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

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

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

i) Decommissioning obligation

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

j) Financial instruments

The university's financial instruments are measured as follows:

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

k) Derivative financial instruments

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

l) Valuation of real estate assets held for resale

The university follows the industry established and accepted methods for real estate valuation. Upon acquisition, and every three to five years thereafter (depending on market conditions), an external appraisal establishes the fair value of the real estate asset for financial statement purposes. For years where an appraisal is not performed the university assesses the fair value of real estate assets using cash flow analysis and current real estate market conditions. In some cases, where there is an alternative use, other methods such as the direct sales comparison approach could be used as part of the annual assessment.

4. Disclosure of Other Significant Relationships

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

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

4. Disclosure of Other Significant Relationships (continued)

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

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

5. Cash and Investments

Short-term investments are invested in high quality Canadian money market instruments.

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 primary objective of the university's investment policy is to ensure the safety of principal, maintain sufficient liquidity for operating purposes and maximize earnings for the funds, at an acceptable risk level.

	April 30		May 1
	2013	**2012**	**2011**
Cash	$ 33,496	$ 4,280	$ 3,993
Fixed income	443,063	391,463	419,861
Canadian equities	70,500	64,551	68,266
Foreign equities	153,858	123,840	126,847
Real estate	18,110	17,948	9,002
	719,027	602,082	627,969
Less amounts reported as:			
Cash	33,496	4,280	3,993
	$ 685,531	**$ 597,802**	**$ 623,976**

6. Accounts Receivable

Accounts receivable are comprised of the following:

	April 30		May 1
	2013	**2012**	**2011**
General	$ 24,124	$ 15,227	$ 12,315
Investment income	2,843	2,214	3,320
Grants and contracts related to general funds	3,140	3,253	22,275
Grants and contracts related to student financial aid	2,085	2,106	902
Grants and contracts related to research	123,612	128,319	111,297
Grants and contracts related to capital	29,011	10,225	7,497
Other restricted	3,148	3,091	2,673
Other unrestricted	4,766	6,494	8,254
Student fees	4,546	5,956	4,675
Student loans	95	71	32
Allowance for doubtful accounts	(2,083)	(1,993)	(1,977)
	$ 195,287	**$ 174,963**	**$ 171,263**

7. Inventory

	April 30 2013			April 30 2012	May 1 2011
	Beginning of Year	Net Change	End of Year	End of Year	End of Year
College of Agriculture and Bioresources	$ 1 ,552	$ 583	$ 2,135	$ 1,552	$ 1,008
College of Dentistry	235	(3)	232	235	267
Western College of Veterinary Medicine	705	(34)	671	705	640
Other Units					
Consumer Services	4,878	(676)	4,202	4,878	4,618
Facilities Management Division	2,758	(660)	2,098	2,758	2,374
Vaccine and Infectious Disease Organization (VIDO)	138	(31)	107	138	117
Other	273	169	442	273	420
Subsidiaries					
CLSI	3,196	19	3,215	3,196	3,082
Prairie Swine	377	56	433	377	262
	$ 14,112	**$ (577)**	**$ 13,535**	**$ 14,112**	**$ 12,788**

8. Long-Term Accounts Receivable

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

	April 30 2013	April 30 2012	May 1 2011
2013	$ -	$ -	$ 18,172
2014	-	18,497	12,675
2015	11,604	8,245	5,755
2016	3,850	2,128	451
2017	1,545	261	205
2018	417	89	108
2019	210	10	10
2020	210	10	10
2021	200	-	-
2022	200	-	-
	$ 18,236	**$ 29,240**	**$ 37,386**

9. Capital Assets

	April 30 2013			April 30 2012	May 1 2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Buildings [a]	$ 1,219,779	$ 371,404	$ 848,375	$ 818,332	$ 748,118
CLSI facility retirement costs	6,295	1,015	5,280	5,286	4,041
Site improvements	107,985	41,624	66,361	60,129	51,121
Computers	110,270	100,004	10,266	11,804	10,647
Equipment and furnishings	338,201	251,638	86,563	85,762	76,449
Land [a]	6,028	-	6,028	5,873	2,538
Construction in progress	371,584	-	371,584	335,618	275,069
Library materials	144,550	126,128	18,422	19,926	20,060
	2,304,692	891,813	1,412,879	1,342,730	1,188,043
Assets acquired under capital lease obligation					
Equipment and furnishings	778	417	361	415	274
	$ 2,305,470	$ 892,230	$ 1,413,240	$ 1,343,145	$ 1,188,317

[a] In the current year, real estate property was reclassified from "held for sale" (Other Asset) to "held and used" (Capital Assets). The property no longer qualified to be classified "held for sale" because it did not meet the criterion of a probable sale expected to be completed within one year. On reclassification the property was valued at $8.0 million (buildings $7,804, equipment and furnishings $41 and land $155) with a write-off of $1.0 million recorded as a loss in the Consolidated Statement of Operations and Changes in Fund Balances.

10. Accounts Payable and Accrued Liabilities

	April 30 2013	April 30 2012	May 1 2011
Non-governmental accounts payable and accrued liabilities	$ 86,851	$ 93,764	$ 88,135
Government remittances	951	1,719	1,389
	$ 87,802	$ 95,483	$ 89,524

11. Deferred Revenue

	April 30 2013	April 30 2012	May 1 2011
Student fees	$ 5,844	$ 6,177	$ 4,063
Unearned revenue-ancillary operations	629	553	387
Unearned revenue-clinical services	173	3,225	9,738
Deferred contributions	21,402	20,074	18,914
	$ 28,048	$ 30,029	$ 33,102

11. Deferred Revenue (continued)

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

Unearned revenue-ancillary operations relates to fees received prior to April 30 for student residences, parking, food services, hospitality services and the bookstore for services after that date.

Unearned revenue-clinical services relates to unspent externally restricted funding received prior to April 30 for services provided subsequent to that date.

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

12. Loans

	April 30		May 1
	2013	**2012**	**2011**
Stadium parkade (a)	$ 11,034	$ 11,419	$ 11,782
Annual sustaining capital borrowing (b)	27,243	29,441	26,701
College Quarter undergraduate residence (c)	44,083	19,805	5,845
College Quarter graduate residence (d)	31,380	-	-
College Quarter student residence construction loans (e)	-	20,000	-
	$ 113,740	**$ 80,665**	**$ 44,328**

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

a) Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate (CDOR) + spread of 0.21%, revolves monthly at progressively smaller amounts based on 25-year amortization until September 2029; repayable in full August 2013.

b) Royal Bank Banker's Acceptance Loans - CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 15-year amortization, with end dates between January 2020 to November 2026; repayable in full between August and September 2013. Debt outstanding reflects the obligation incurred as a result of annual borrowing (since 2004/05) to fund ongoing capital requirements, net of principal payments to date.

c) Royal Bank Banker's Acceptance Loans - CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 25-year amortization until October 2036 and September 2037; repayable in full August 2013.

d) Royal Bank Banker's Acceptance Loan - CDOR + spread of 0.21%, revolving monthly at progressively smaller amounts based on 30-year amortization until January 2043; repayable in full August 2013.

e) Royal Bank Non-revolving Construction Loans:

   i. Non-revolving $25,000 term facility at CDOR plus 0.40% repayable in full August 2012 (for the undergraduate residences)

   ii. Non-revolving $31,500 term facility at CDOR plus 0.40% repayable in full January 2013 (for the graduate residences).

12. Loans (continued)

The university maintains a $15 million revolving demand facility with the Royal Bank of Canada to manage general operating requirements. Borrowings are at RBC Prime minus 0.5%. As of April 30, 2013, there was no borrowing outstanding under the facility.

13. Risk Management Liabilities

	April 30 2013	April 30 2012	May 1 2011
Natural gas commodity swap agreements (a)	$ 5,051	$ 5,566	$ 723
Interest rate swap agreements (b)	26,514	21,293	6,491
	$ 31,565	**$ 26,859**	**$ 7,214**

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

a) Natural Gas Commodity Swap Agreements	April 30 2013	April 30 2012	May 1 2011
November 15, 2010 agreement (i)	$ 3,349	$ 4,030	$ 554
December 16, 2010 agreement (ii)	1,560	1,418	169
January 17, 2012 agreement (iii)	142	118	-
	$ 5,051	**$ 5,566**	**$ 723**

i. A natural gas commodity swap agreement entered into November 15, 2010 which fixes the natural gas rates on a notional quantity of 1,200 GigaJoules (GJ) of natural gas per day between November 1, 2012 and October 31, 2015 and 650 GJ of natural gas per day between November 1, 2015 and October 31, 2020 at rates from $4.58/GJ to $6.54/GJ.
ii. A natural gas commodity swap agreement entered into December 16, 2010 which fixes the natural gas rates on a notional quantity of 650 GJ of natural gas per day between November 1, 2015 and October 31, 2019 at rates from $5.23/GJ to $6.27/GJ.
iii. A natural gas commodity swap agreement entered into January 17, 2012 which fixes the natural gas rates on a notional quantity of 725 GJ of natural gas per day between November 1, 2015 and October 31, 2016 at a rate of $4.25/GJ.

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

b) Interest Rate Swap Agreements	April 30 2013	April 30 2012	May 1 2011
Stadium Parkade-see Note 12, Note 13 (iv)	$ 3,353	$ 3,170	$ 2,206
Annual Capital Borrowing-see Note 12, Note 13 (v)	3,187	3,071	1,984
College Quarter Undergraduate Residence-see Note 12, Note 13 (vi)	11,115	9,034	2,301
College Quarter Graduate Residence-see Note 12, Note 13 (vii)	8,180	6,018	-
Academic Health Sciences-see Note 14, Note 13 (viii)	679	-	-
	$ 26,514	**$ 21,293**	**$ 6,491**

13. Risk Management Liabilities (continued)

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

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

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

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

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

viii. Interest rate of 1.93%; agreement terminates in December 2022.

14. Long-term Debt

	April 30 2013	April 30 2012	May 1 2011
Canada Mortgage and Housing Corp. (CMHC) - 6.875% debentures due May 1 and September 1, 2020. These loans are repayable in equal semi-annual installments of $123 blended principal and interest and recovered in their entirety from revenues of the Ancillary Fund.	$ 1,420	$ 1,522	$ 1,656
Loan payable to the Government of Saskatchewan - General Revenue Fund - 5.125%, due December 1, 2015. These loans are repayable in equal semi-annual installments of $17 blended principal and interest.	92	119	146
Loan payable to Farm Credit Canada with interest at FCC personal property variable rate less .75%, payable in blended monthly principal repayments of $2, secured by a general security agreement, due July 2016.	88	111	133
BMO Banker's Acceptance Loan (re: Academic Health Sciences) - 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.	58,000	-	-
	59,600	1,752	1,935
Less: current portion	**(6,200)**	**(191)**	**(144)**
	$ 53,400	**$ 1,561**	**$ 1,791**

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

2014	$ 6,200
2015	6,213
2016	6,213
2017	6,226
2018	6,207
	$ 31,059

15. Employee Future Benefits

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

The total expense for the university's defined contribution plans for the year is $19,098 (2012 - $17,868).

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

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

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

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

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

The measurement date of plan assets and the actuarial valuation of the accrued benefit obligations for the defined benefit pension plans and the long-term disability plan is December 31, 2012 (extrapolated to April 30, 2013). The measurement date of the actuarial valuations for the accrued benefit obligations for the other post-retirement benefits is April 30, 2013.

15. Employee Future Benefits (continued)

a) Funded status of plans

	2013	2012	2013			2012
	Long-Term Disability Plan		Defined Pension Plans	Other Post Retirement Benefits	Total	Total
Plan assets						
Fair value at beginning of year	$ 21,130	$ 23,998	$ 413,593	$ -	$ 413,593	$ 416,949
Actual (loss) return on plan assets	2,492	(317)	35,027	-	35,027	7,879
Employer contributions	-	-	9,037	770	9,807	9,916
Employee contributions	-	-	6,962	-	6,962	6,736
Benefits paid	(2,478)	(2,551)	(27,249)	(770)	(28,019)	(27,887)
Fair value at end of year	21,144	21,130	437,370	-	437,370	413,593
Accrued benefit obligations						
Accrued benefit obligation at beginning of year	19,037	20,172	439,731	9,713	449,444	420,196
Current service cost	4,326	2,691	13,257	1,216	14,473	13,039
Interest cost	774	971	28,243	369	28,612	27,510
Benefits paid	(2,478)	(2,551)	(27,249)	(770)	(28,019)	(27,887)
Actuarial (gains) losses	(2,916)	(2,246)	7,049	1,924	8,973	16,963
Plan amendments	-	-	-	(679)	(679)	(377)
Accrued benefit obligation at end of year	18,743	19,037	461,031	11,773	472,804	449,444
Accrued benefit asset (liability)						
Fair value - plan assets at end of year	21,144	21,130	437,370	-	437,370	413,593
Accrued benefit obligation, end of year	18,743	19,037	461,031	11,773	472,804	449,444
Accrued benefit asset (liability), net of valuation allowance	**$ 2,401**	**$ 2,093**	**$ (23,661)**	**$ (11,773)**	**$ (35,434)**	**$ (35,851)**

b) Net benefit plan expense

	2013	2012	2013			2012
	Long-Term Disability Plan		Defined Pension Plan	Other Post Retirement Benefits	Total	Total
Current service cost, net of employee contributions	$ 4,326	$ 2,691	$ 6,295	$ -	$ 6,295	$ 5,688
Interest on benefit obligation	774	971	28,243	1,216	29,459	27,630
Actual return on plan assets	(2,492)	317	(35,027)	369	(34,658)	(7,384)
Actuarial (gain) loss on accrued benefit obligation	(2,916)	(2,246)	7,049	-	7,049	16,641
Recognition of plan amendment	-	-	-	(679)	(679)	(377)
Increase (decrease) in valuation allowance	-	-	-	1,924	1,924	(11,137)
Net benefit plan (income) expense	**$ (308)**	**$ 1,733**	**$ 6,560**	**$ 2,830**	**$ 9,390**	**$ 31,061**

15. Employee Future Benefits (continued)

Actuarial assumptions (weighted average as of April 30)	2013			2012		
	Defined Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits	Defined Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits
Discount rate	6.4%	3.3 %	3.5%	6.5 %	3.5%	4.0%
Compensation increase	3.0%	-	-	3.4%	-	-
Health care cost trend rate	-	-	5.0%	-	-	5.0%
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Percentage of fair value of total plan assets held at measurement date by category	2013			2012		
	Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits	Pension Plans	Long-Term Disability Plan	Other Post Retirement Benefits
Fixed income	38.4%	14.8%	-	42.0%	15.0%	-
Equities	60.6%	85.2%	-	57.5%	85.0%	-
Other	1.0%	-	-	0.5%	-	-
Total	**100.0%**	**100.0%**	**-**	**100.0%**	**100.0%**	**-**

16. Capital Lease Obligation

The university has entered into leases with GE Capital Fleet Services for 14 vehicles that are used to support maintenance and operating activities. The lease contracts cover various periods of time, with expiry dates between 2014 and 2017.

These agreements are recognized in the financial statements of the university as an asset acquired under a capital lease and as a capital lease obligation. The minimum future lease payments are as follows:

Year Ending April 30	2013	2012	2011
2012	$ -	$ -	$ 75
2013	-	77	74
2014	82	71	68
2015	71	66	61
2016	21	16	15
2017	27	-	-
Total mimimum lease payments	201	230	293
Less: amount representing interest at 3% per annum	(16)	(27)	(24)
Present value of net minimum capital lease payments	185	203	269
Less: current portion of capital lease obligation	(73)	(77)	(75)
Long-term portion of capital lease obligation	**$ 112**	**$ 126**	**$ 194**

17. Decommissioning Costs

The university is required to decommission the CLSI facility when operations cease in accordance with a Particle Accelerator Operating License issued by the Canadian Nuclear Safety Commission (CNSC). The licensing agreement requires a letter of guarantee, in favour of CNSC, equivalent to estimated decommissioning costs. At April 30, 2013 the university provided a guarantee of $7,510 through a non-revolving demand facility with the Royal Bank of Canada. This amount is amended every five years with the last amendment occurring April 2010.

The university, through CLSI, accrues the liability for future decommissioning site restoration costs. The university expects the facility to operate for a 30-year period from commencement of operations and anticipates the future cash flows required to decommission the facility to be $12,875.

The present value of the liability for decommissioning costs has been calculated using a credit-adjusted risk-free interest rate of 2.49% (2012 – 2.67%). The change in risk-free interest rate resulted in a $235 increase to both the accrued decommissioning costs and the deferred decommissioning costs. The current year decommissioning costs of $490 (2012 - $442) include amortization of deferred decommissioning costs of $240 (2012 - $176) and costs associated with a financial guarantee to the Canadian Nuclear Safety Commission of $57 (2012 - $57). A reconciliation of the accrued decommissioning costs is as follows:

	April 30	
	2013	**2012**
Accrued decommissioning costs, beginning of year	$ 7,253	$ 5,623
Accretion expense	193	209
Adjustment due to change in discount rate	235	1,421
Accrued decommissioning costs, end of year	**$ 7,681**	**$ 7,253**

18. Capital Disclosures

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

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

19. Externally Restricted Fund Balances

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

19. Externally Restricted Fund Balances (continued)

	April 30 2013	April 30 2012	May 1 2011
Restricted Fund			
Capital Fund	$ 44,635	$ (17,519)	$ 53,447
Student Financial Aid Fund	35,864	31,286	27,004
Research Fund	220,464	229,126	217,562
Endowment Fund			
Endowed Contributions-permanent	121,995	111,649	108,437
Endowed Contributions-term	28,113	23,967	19,204
Capitalized endowment earnings	59,494	44,012	42,263
	$ 510,565	**$ 422,521**	**$ 467,917**

20. Internally Restricted Fund Balances

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

	April 30 2013	April 30 2012	May 1 2011
General Fund *	$ 241,445	$ 185,179	$ 178,178
Restricted Fund			
Student Financial Aid Fund	5,519	5,122	4,989
Research Fund	29,905	32,498	32,861
Endowment Fund			
Endowed Contributions	32,504	32,708	32,989
Capitalized endowment earnings	5,827	1,614	2,682
	$ 315,200	**$ 257,121**	**$ 251,699**

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

21. Commitments and Contingencies

a) Capital projects

With commitments relating to the Academic Health Sciences building, the estimated cost of contractual commitments to complete major capital projects in progress as at April 30, 2013 is approximately $13,257 (2012 - $59,410).

b) Lease commitments

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

21. Commitments and Contingencies (continued)

b) Lease commitments (continued)

2014	$	1,559
2015		1,558
2016		1,558
2017		1,548
2018		1,538

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 capital project was approved by the university's Board of Governors and has been completed with the official opening in August 2011.

The USSU holds five-year credit facilities with TD Canada Trust and the First Nations Bank of Canada utilizing floating-rate financing totaling $18,300 which expires in May 2014. At April 30, 2013, draws on the facility totaled $17,717 (2012 - $17,954). The floating interest rate risk is managed through interest rate swap agreements with notional amounts of $11,604 terminating in June 2040 and $6,113 terminating in January 2041. The fair value of the interest rate swaps as determined by TD Canada Trust, Toronto at April 30, 2013 was $5,327 (2012 - $4,486).

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

d) Utility purchases

To manage the price of natural gas, the university has entered into long-term contracts and natural gas commodity swap agreements (see Note 13) that expire at varying dates until October 2020, in accordance with the university's Derivatives Policy Guidelines, as follows:

Year	Gas Year	Target Range % Booked per Derivatives Policy	Approximate Consumption Needs Booked * %	Weighted Average Price/GJ
0	Nov 12 / Oct 13	75-100	100	6.30
1	Nov 13 / Oct 14	50-100	100 **	6.29
2	Nov 14 / Oct 15	50-75	72	6.25
3	Nov 15 / Oct 16	50-75	75	4.92
4	Nov 16 / Oct 17	25-50	48	5.65
5	Nov 17 / Oct 18	0-50	48	5.89
6	Nov 18 / Oct 19	0-50	48	6.29
7	Nov 19 / Oct 20	0-50	24	6.54

* Note - percentage booked is approximate; consumption needs require confirmation, particularly in years further out.
** In order to take advantage of historically low natural gas prices, the university engaged in a series of forward contracts, one of which resulted in consumption booked which exceeded the normal parameters suggested in the guidelines. This decision was approved by senior administration and reported to the board.

In total, the commitment for natural gas purchases at April 30, 2013 is $27,381 (2012 - $33,820).

21. Commitments and Contingencies (continued)

e) Outstanding legal claims

The nature of the university's activities are such that there may be litigation ending or in progress at any time. With respect to claims at April 30, 2013, the university believes it has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, the settlements of such claims are not expected to have a significant effect on the university's financial position, with the exception of the items noted below.

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

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

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

f) Canadian Universities Reciprocal Insurance Exchange

The university is a member (of a group of 58 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, 2012 CURIE had an accumulated surplus of $60,499 (2011 - $48,585) of which the university's pro-rata share is approximately 3.93% (2011 – 3.92%).

g) Other

The university has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the university may be required to take appropriate remediation procedures 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 obligations for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

22. Employee Benefits

	2013	2012
Pension expense - defined benefit (Note 15)	$ 6,560	$ 30,006
Pension expense - defined contribution (Note 15)	19,098	17,868
Employee future benefits (Note 15)	2,522	2,788
All other employee benefits	29,840	28,138
	$ 58,020	**$ 78,800**

23. Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of $7,455 were recorded in the year (2012 - $7,655). Gifts-in-kind consist of the following:

	2013	2012
Works of art	$ 1,139	$ 397
Equipment and furnishings	68	2
Investments	3,030	2,273
Library holdings	33	89
Research project contributions	1,689	4,530
Other	1,496	364
	$ 7,455	**$ 7,655**

Donations pledged but not received as at April 30, 2013 totaled $55,042 (2012 - $31,466). These pledges are expected to be honoured during the subsequent five-year period and will be recorded as revenue when received.

24. Collections

a) Collections of Artifacts, Archival Material and Rare Books

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

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

b) Art Collection

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

25. Operating Fund Allocations

A comparison of the university's operating budget allocations, as approved by the university's Board of Governors, to actual expenses (net of other recoveries and revenues):

	2013 (a)		2012 (a)	
	Budget (b)	Expenses (c)	Budget (b)	Expenses (c)
Agriculture and Bioresources	$ 13,904	$ 13,407	$ 12,956	$ 12,716
Arts and Science	63,359	63,238	58,889	57,871
Edwards School of Business	14,773	13,855	14,249	13,890
Dentistry	5,798	5,313	5,782	6,740
Education	9,974	10,418	9,121	8,810
Engineering	16,533	16,604	15,330	15,195
Centre for Continuing and Distance Education	5,077	4,945	4,537	4,627
Graduate Studies and Research	3,350	2,543	1,905	1,083
Kinesiology, including Huskie Athletics	5,348	5,315	5,246	5,048

Chart continued on following page.

25. Operating Fund Allocations (continued)

	2013[a]		2012[a]	
	Budget [b]	Expenses [c]	Budget [b]	Expenses [c]
Law	$ 6,009	$ 6,181	$ 5,591	$ 5,564
Medicine	50,705	44,760	45,596	40,790
Targeted Funding - Medicine Accreditation	19,288	22,478	18,910	17,117
Nursing	17,349	14,422	14,288	13,343
Pharmacy and Nutrition	5,541	5,478	5,156	5,731
Veterinary Medicine	27,116	24,790	25,961	26,914
Academic Support Units [d]	7,357	7,680	5,386	3,978
Schools	4,547	4,379	4,419	3,613
Library	11,703	12,987	11,696	11,590
Non-instructional units:				
Information Technology	10,670	11,688	10,501	10,575
Student and Enrolment Services	11,867	11,823	11,613	11,969
Facilities Management	23,381	26,878	22,378	22,390
Consumer Services	515	993	503	986
Campus Safety	2,574	2,430	2,516	2,457
University Advancement	9,657	9,298	9,557	8,721
Administrative Units [e]	29,154	30,358	27,911	25,749
Central Utilities	16,491	16,568	15,291	14,662
Central Scholarships/Bursaries	9,596	9,596	9,582	9,582
Central Research and Scholarly	19,908	18,067	16,563	14,085
Central Student Support	557	578	1,579	2,809
Central Network, Software and System Renewal	6,816	5,886	6,553	5,966
Central Administration [f]	14,345	16,632	11,905	19,406
Central Benefits [g]	9,786	12,355	8,546	9,138
Total	**$ 453,048**	**$ 451,943**	**$ 420,016**	**$ 413,115**

Notes:

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

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

c) Expenses include planned spending of opening fund balances.

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

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

f) Includes salary accruals for all colleges/units related to collective agreements which will be settled in subsequent years. Using additional revenue generated in excess of budget, notably investment income, the university had additional resources to expend. These expenses were primarily board-approved allocations to capital and other projects.

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

26. Interfund Transfers

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

	Operating	Ancillary	Student Financial Aid	Research	Capital	Endowment
Salary and benefits	$ (1,276)	$ 44	$ -	$ 1,232	$ -	$ -
Loan and interest payments	950	(4,413)	-	-	3,463	-
Capital acquisition and related funding	(45,156)	(10,434)	(10)	(22,956)	78,556	-
Donations	75	-	(69)	(5)	(1)	-
Scholarships, bursaries and awards	(12,182)	(1,789)	13,667	304	-	-
Fund transfers for Endowment	(32)	-	-	-	-	32
Funding for Research	32,231	-	-	(32,218)	-	(13)
Funding of General operating expenses	3,955	(4,129)	(1)	48	(1)	128
Recapitalized spending for "underwater" Endowment Funds	(1,455)	-	(39)	(199)	(41)	1,734
Transfers from Endowment to spendable funds	-	-	131	-	-	(131)
Other net transfers	1,993	(1,993)	-	-	-	-
April 30, 2013	**$ (20,897)**	**$ (22,714)**	**$ 13,679**	**$ (53,794)**	**$ 81,976**	**$ 1,750**
April 30, 2012	**$ (34,013)**	**$ (28,939)**	**$ 12,059**	**$ (43,681)**	**$ 88,645**	**$ 5,929**

27. 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. Comparative figures have been restated to include all agencies identified as related parties in the current year, within this context. 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:

27. Related Party Transactions (continued)

	2013	2012
Sales of services and products-physicians' billings	$ 12,852	$ 15,111
Expenses		
Utilities	13,017	12,592
Other	33,116	34,949
Accounts receivable	43,831	22,792
Long-term investments	78	2,174
Accounts payable and accrued liabilities	3,639	4,450
Deferred revenue	6,168	12,023
Long-term debt	92	119

28. Financial Instruments

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

a) Risk Management and Financial Instruments

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

ii) Foreign currency risk
The university has foreign currency risk arising 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.

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

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

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

b) Fair Value of Financial Instruments

The carrying values of all financial instruments approximate fair value with the exception of long-term debt, which as at April 30, 2013, has a carrying value of $59,600 (2012 - $1,752) and a fair value of $59,820 (2012 - $2,037).

29. Comparative Figures

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

UNIVERSITY OF SASKATCHEWAN

Schedule 1 - Consolidated Statement of Operations and Changes in Fund Balances - General Funds
For the Year Ended April 30, 2013 ($ thousands)

	Operating	Ancillary	Total
Revenues			
Grants and contracts			
Government of Canada	$ 4,951	$ -	$ 4,951
Government of Saskatchewan	393,050	200	393,250
Other governments	20,352	-	20,352
Non-government	6,613	-	6,613
Student fees	120,614	-	120,614
Gifts, grants and bequests	7,964	-	7,964
Sales of services and products	52,684	46,581	99,265
Income from investments	21,347	13	21,360
Real estate income	913	3,886	4,799
Royalties	12,753	1	12,754
Miscellaneous income	7,435	94	7,529
	648,676	50,775	699,451
Expenses			
Salaries	385,576	9,947	395,523
Employee benefits (Note 22)	51,118	1,374	52,492
Operational supplies and expenses	97,891	3,699	101,590
Travel	11,370	45	11,415
Cost of goods sold	9,815	10,834	20,649
Maintenance, rental and renovations	7,986	1,663	9,649
Utilities	13,902	9,150	23,052
Scholarships, bursaries and awards	3,788	-	3,788
Interest	(495)	-	(495)
Bad debt expense	385	65	450
	581,336	36,777	618,113
Net revenues (expenses)	67,340	13,998	81,338
Interfund transfers (Note 26)	(20,897)	(22,714)	(43,611)
Net increase in fund balances for year	46,443	(8,716)	37,727
Fund balances, beginning of year	199,891	(21,043)	178,848
Fund balances, end of year	**$ 246,334**	**$ (29,759)**	**$ 216,575**

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, 2013 ($ thousands)

	Student Financial Aid	Research	Capital	Total
Revenues				
Grants and contracts				
Government of Canada	$ -	$ 73,791	$ 0	$ 73,791
Government of Saskatchewan	2,184	24,428	28,016	54,628
Other governments	5	3,145	-	3,150
Non-government	154	42,696	60	42,910
Student fees	-	-	-	-
Gifts, grants and bequests	4,690	8,677	4,372	17,739
Sales of services and products	11	90	-	101
Income from investments	5,832	5,413	(109)	11,136
Real estate income	13	46	-	59
Royalties	6	-	-	6
Miscellaneous income	14	180	74	268
	12,909	158,466	32,413	203,788
Expenses				
Salaries	1,371	62,682	-	64,053
Employee benefits (Note 22)	91	5,437	-	5,528
Operational supplies and expenses	336	25,910	3,115	29,361
Travel	116	6,630	11	6,757
Cost of goods sold	-	13	-	13
Maintenance, rental and renovations	4	1,019	14	1,037
Utilities	-	163	-	163
Amortization	-	-	65,399	65,399
Scholarships, bursaries and awards	19,691	14,072	-	33,763
Interest	-	-	9,706	9,706
Bad debt expense	4	1	-	5
Decommissioning costs (Note 17)	-	-	490	490
	21,613	115,927	78,735	216,275
Net revenues (expenses)	(8,704)	42,539	(46,322)	(12,487)
Interfund transfers (Note 26)	13,679	(53,794)	81,976	41,861
Net increase in fund balances for year	4,975	(11,255)	35,654	29,374
Fund balances, beginning of year	36,408	261,624	1,214,773	1,512,805
Fund balances, end of year	**$ 41,383**	**$ 250,369**	**$ 1,250,427**	**$ 1,542,179**

See accompanying notes to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit
For the Year Ended April 30, 2013 ($ thousands)

	Agriculture and Bioresources	Arts and Science	Edwards School of Business	Dentistry	Education	Engineering	CCDE*	Graduate Studies and Research
Revenues								
University operating budget	$ 13,904	$ 61,967	$ 14,773	$ 5,798	$ 9,974	$ 16,533	$ 5,077	$ 3,350
Grants and contracts								
Government of Canada	7,085	13,214	146	-	1,410	5,483	13	637
Government of Saskatchewan	7,593	4,820	-	139	1,476	834	23	610
Other governments	355	560	-	-	-	24	-	-
Non-government	7,420	4,682	45	41	800	4,011	-	112
Student fees	52	242	1,178	68	90	19	5,715	254
Gifts, grants and bequests	3,431	4,745	1,876	140	62	2,240	1	284
Sales of services and products	4,556	864	333	2,227	972	1,129	1,397	-
Income from investments	6,654	3,959	2,259	68	430	3,115	11	676
Real estate income	261	-	-	-	-	-	-	-
Miscellaneous income	5,626	94	12	133	17	292	43	-
	56,937	95,147	20,622	8,614	15,231	33,680	12,280	5,923
Expenses								
Salaries	28,993	63,037	11,706	5,272	10,061	19,030	8,256	1,183
Employee benefits (Note 22)	3,827	7,719	1,423	683	1,218	2,331	1,086	169
Operational supplies and expenses	7,378	5,751	2,642	969	2,156	2,144	1,691	112
Travel	1,332	3,043	634	48	583	771	558	92
Cost of goods sold	137	8	-	776	-	58	1	-
Maintenance, rental and renovations	619	390	73	91	87	96	20	-
Utilities	296	184	21	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-
Scholarships, bursaries and awards	3,361	8,903	739	305	655	2,492	6	1,371
Interest	-	-	-	-	-	-	-	-
Bad debt expense	1	-	-	14	-	1	-	-
Decommissioning costs (Note 17)	-	-	-	-	-	-	-	–
	45,944	89,035	17,238	8,158	14,760	26,923	11,618	2,927
Net revenues (expenses)	10,993	6,112	3,384	456	471	6,757	662	2,996
Interfund transfers (Note 26)	(13,347)	(2,210)	(370)	(1,310)	(471)	636	(593)	2,993
Net increase (decrease) in fund balances for year	**$ (2,354)**	**$ 3,902**	**$ 3,014**	**$ (854)**	**$ -**	**$ 7,393**	**$ 69**	**$ 5,989**

* Centre for Continuing and Distance Education
See accompanying notes to consolidated financial statements

UNIVERSITY OF SASKATCHEWAN

Schedule 3 - Consolidated Statement of Operations and Changes in Fund Balances by Academic and Instructional Unit
For the Year Ended April 30, 2013 ($ thousands)

	Kinesiology	Law	Library	Medicine	Nursing	Pharmacy and Nutrition	Western College of Veterinary Medicine	Other Units	Total
Revenues									
University operating budget	$ 5,348	$ 6,009	$ 16,212	$ 66,184	$ 17,349	$ 5,541	$ 27,116	$ (275,135)	$ -
Grants and contracts									
Government of Canada	622	144	-	9,818	838	715	3,017	35,600	78,742
Government of Saskatchewan	233	21	285	74,857	327	1,485	1,361	353,814	447,878
Other governments	-	39	-	375	-	10	1,037	21,102	23,502
Non-government	176	482	-	9,707	141	1,082	1,361	19,463	49,523
Student fees	4,027	269	-	717	124	200	52	107,607	120,614
Gifts, grants and bequests	1 ,528	3,251	717	1,294	209	428	1,834	13,728	35,768
Sales of services and products	2,732	241	39	16,940	(11)	32	8,136	59,780	99,367
Income from investments	415	2,079	650	3,532	234	919	3,072	26,589	54,662
Real estate income	65	-	-	120	-	-	-	4,412	4,858
Miscellaneous income	262	59	111	539	60	60	75	13,175	20,558
	15,408	12,594	18,014	184,083	19,271	10,472	47,061	380,135	935,472
Expenses									
Salaries	7,866	5,665	9,884	106,900	12,331	6,157	23,728	139,507	459,576
Employee benefits (Note 22)	886	701	1,564	10,796	1,550	774	3,241	20,052	58,020
Operational supplies and expenses	3,516	642	3,223	36,242	1,144	1,467	6,162	55,712	130,951
Travel	1,195	318	154	3,577	446	310	735	4,376	18,172
Cost of goods sold	5	4	-	2	-	-	951	18,720	20,662
Maintenance, rental and renovations	187	3	3	1,068	2	8	912	7,127	10,686
Utilities	-	-	-	50	-	-	79	22,585	23,215
Amortization	-	-	-	-	-	-	-	65,399	65,399
Scholarships, bursaries and awards	1,319	557	2	4,586	302	744	2,543	9,666	37,551
Interest	-	-	-	-	-	-	-	9,211	9,211
Bad debt expense	1	-	-	5	-	-	54	379	455
Decommissioning costs (Note 17)	-	-	-	-	-	-	-	490	490
	14,975	7,890	14,830	163,226	15,775	9,460	38,405	353,224	834,388
Net revenues (expenses)	433	4,704	3,184	20,857	3,496	1,012	8,656	26,911	101,084
Interfund transfers (Note 26)	272	294	(3,761)	(10,623)	(691)	424	(53,136)	81,893	-
Net increase (decrease) in fund balances for year	**$ 705**	**$ 4,998**	**$ (577)**	**$ 10,234**	**$ 2,805**	**$ 1,436**	**$ (44,480)**	**$ 108,804**	**$ 101,084**

See accompanying notes to consolidated financial statements

Officers of the University

Board of Governors

Members Ex Officio
Ilene Busch-Vishniac (President)
Vera Pezer (Chancellor)

Members Appointed by Government
Lee Ahenakew (January 2013)
David Dubé (January 2013)
Grant Isaac (January 2013)
Kathryn Ford (January 2013)
Greg Smith (Vice-Chair, March 2013)
Nancy Hopkins
(Chair, to January 2013)
Garry Standing (to January 2013)
David Sutherland
(to September 2012)

Members Elected By Senate
Grit McCreath
Susan Milburn (Chair, March 2013)

Faculty Member
Linda Ferguson

Student Member
Jared Brown

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President
Ilene Busch-Vishniac

Provost and Vice-President (Academic)
Brett Fairbairn

Vice-President (University Advancement)
Heather Magotiaux

Vice-President (Finance and Resources)
Greg Fowler

Vice-President (Research)
Karen Chad

University Secretary
Beth Williamson (April 2013)
Lea Pennock (to March 2013)

Vice-Provost, Faculty Relations
Jim Germida

Vice-Provost, Teaching and Learning
Patricia McDougall (January 2013)
Dan Pennock (Acting, to December 2012)

Vice-Provost College of Medicine
Organizational Restructuring (Term)
Martin Phillipson

Chief Information Officer and Associate
Vice-President (Information and
Communications Technology)
Rick Bunt

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

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

Associate Vice-President (Student Affairs)
David Hannah

Associate Vice-President (Research)
Jim Basinger

Associate Vice-President (Research – Health)
Jim Thornhill (Acting, to June 2013)
Beth Horsburgh (to June 2012, leave)

Associate Vice-President (Human Resources)
Barb Daigle

Associate Vice-President (Development)
Doug Clark

Associate Vice-President (Communications)
Ivan Muzychka

Deans and Directors of Colleges and Academic Units

Agriculture and Bioresources
Mary Buhr

Arts and Science
Peter Stoicheff

Dentistry
Gerry Uswak

Education
Robert Regnier (Acting, January 2013)
Cecilia Reynolds (to December 2012)

Engineering
Ernie Barber (Acting)

Graduate Studies and Research
Adam Baxter-Jones (Acting, January 2013)
Lawrence Martz (to December 2012)

Johnson-Shoyama Graduate School
of Public Policy
Michael Atkinson

Kinesiology
Carol Rodgers

Law
Sanjeev Anand

Medicine
Lou Qualtiere (Acting, July 2012)
William Albritton (to June 2012)

N. Murray Edwards School of Business
Daphne Taras

Nursing
Lorna Butler

Pharmacy and Nutrition
David Hill

School of Environment and Sustainability
Toddi Steelman (August 2012)
Maureen Reed (Acting, to December 2012)

School of Public Health
Robert Buckingham

University Library
Vicki Williamson

Western College of Veterinary Medicine
Douglas Freeman

UNIVERSITY OF SASKATCHEWAN

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