

Financial Statement Highlights

April 30, 2013

The University completed the year with revenues of \$1,081.3 million, expenses of \$1,009.7 million and an excess of revenues over expenses of \$71.6 million. The University's net assets increased from \$780.3 million to \$903.6 million, a \$123.3 million increase over the prior year.

Combined Investment returns (Statement 2) were \$62.7 million in fiscal 2013, compared to \$24.1 million in fiscal 2012. In fiscal 2013 Western's Operating and Endowment portfolio returned approximately 12.1 % net of fees (0.3% in 2012). Foundation Western investments returned approximately 12.36% net of fees (-0.48% in 2012). Money market investments continued to be positive, but nominal.

The University of Western Ontario ranks as one of the top fifteen research-intensive universities in Canada. On a cash basis, research revenues were \$175.6 million, an increase of \$18.3 million during the year.

Capital additions for the University totaled \$161.6 million. This amount includes purchases of equipment, furnishings, library books, and spending on new construction and major renovations. The construction projects completed and underway support the University's long-range space plan. These projects include new construction that will create the additional space necessary to accommodate undergraduate and graduate enrolment expansion and the associated additional faculty and staff. They also include major building renovation projects that reflect the need to maintain and modernize Western's buildings. New major construction includes the New Ivey Building, Ontario Hall - a new Undergraduate Residence, The Wind Engineering, Energy and Environment Facility (WindEEE), Fraunhofer Project Centre and the Western Centre for Public Health and Family Medicine. The Physics and Astronomy Building Renovations was our largest Maintenance, Modernization and Infrastructure (MMI) project for the year. This large project and many smaller projects will address major deferred maintenance issues and renew facilities to modern day standards. Funding sources for capital projects includes donations, research infrastructure grants, provincial and federal government grants, operating funds, and debt.

Donations recognized by the University totaled \$59.4 million. \$36.5 million in expendable donations were reported as revenue and \$22.9 million was added directly to endowments. Total pledges outstanding at April 30, 2013 were \$77.8 million.

Looking Forward

The Province is facing significant financial pressures and has started the process of reducing expenditures across the broader public sector. The spring 2012 Provincial Budget announced the following measures that would see reductions in University revenues or increase pressures on our expenditures:

- Grant reductions (based on "Policy Levers") across the University system amounting to \$28.6 million in 2013-14 – growing to \$57.9 million in 2014 -15
- A \$750 tax on non-PhD international students - starting with new students in 2013-14 and applicable to all students from 2016-17 onwards
- The transfer of responsibility for the payment of property taxes for non – PhD international students – which amounts to \$75 per student
- The elimination or phasing out of a number of government funded student aid programs, which will over time, result in increased student aid costs to universities.

The Provincial Government has announced a new tuition framework for the next four years which allows for an overall increase of 3% for domestic students, and is a significant decline from the level of 5% in the previous framework.

There is an ongoing need for fiscal restraint as costs continue to increase while revenues from government grants and tuition fees have flattened. Ongoing expense containment measures including energy conservation measures, productivity improvements and leveraging technology to reduce transaction costs will continue to be required.

THE UNIVERSITY OF WESTERN ONTARIO
COMBINED FINANCIAL STATEMENTS
APRIL 30, 2013 and 2012

The UNIVERSITY of WESTERN ONTARIO

Responsibility for Financial Reporting

The accompanying combined financial statements of The University of Western Ontario are the responsibility of the University administration and have been approved by the Board of Governors.

The combined financial statements have been prepared by the University administration in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. Financial statements necessarily include amounts based on informed judgments and estimates, with appropriate consideration to materiality. The administration has determined such amounts on a reasonable basis to ensure that the combined financial statements present fairly the financial position of the University.

The University maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the University's assets are appropriately accounted for and adequately safeguarded.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit committee is appointed by the Board. This Committee consists of eight members, none of whom are involved in the daily operations of the University. This Committee meets periodically with the administration, the internal auditor and the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual combined financial statements and the external auditors' report. The Committee reports its findings to the Board of Governors for consideration when approving the combined financial statements. The Committee also appoints annually the external auditors.

The combined financial statements, which comprise the combined statement of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011 and the combined statements of operations, changes in net assets and cash flows for the years ended April 30, 2013 and 2012 and notes, comprising a summary of significant accounting policies and other significant accounting policies and other explanatory information have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Board of Governors. KPMG has full and free access to the Audit Committee.



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of The University of Western Ontario

We have audited the accompanying combined financial statements of The University of Western Ontario, which comprise the combined statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011 and the combined statements of earnings, changes in net assets and cash flows for the years ended April 30, 2013 and 2012 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the combined Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of The University of Western Ontario as at April 30, 2013, April 30, 2012 and May 1, 2011, its results of operations and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

September 24, 2013

London, Canada

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Financial Position

Statement 1

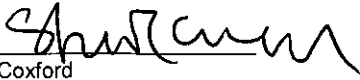
(thousands of dollars)

	Apr 30 2013	Apr 30 2012	May 1 2011
	\$	\$	\$
Assets			
Current			
Cash	12,301	17,851	9,423
Accounts receivable [note 4]	68,088	66,208	75,731
Inventories	4,095	4,558	4,279
Prepaid expenses and deposits	19,743	16,236	10,919
Short-term investments [note 5]	<u>280,408</u>	<u>177,344</u>	<u>189,558</u>
	384,635	282,197	289,910
Long-term accounts receivable	2,990	2,373	2,192
Investments [note 5]	781,469	694,573	642,026
Capital assets [notes 3 and 6]	<u>1,217,677</u>	<u>1,124,578</u>	<u>1,073,273</u>
	<u>2,386,771</u>	<u>2,103,721</u>	<u>2,007,401</u>
Liabilities and deferred contributions			
Current			
Bank indebtedness [note 7]	2,981	1,784	1,465
Accounts payable and accrued liabilities [note 8]	84,166	71,413	60,485
Current portion long-term debt [note 11]	7,361	1,342	1,510
Deferred fees and income	<u>76,979</u>	<u>67,832</u>	<u>66,179</u>
	171,487	142,371	129,639
Long-term accounts payable	240	3,077	5,932
Employee future benefits [notes 3 and 9]	362,565	339,930	320,329
Long-term debt [note 11]	305,843	213,193	214,524
Deferred contributions [note 12]	161,170	155,049	158,912
Deferred capital contributions [note 13]	<u>481,894</u>	<u>469,791</u>	<u>451,429</u>
	1,483,199	1,323,411	1,280,765
Net assets [Statement 3]	<u>903,572</u>	<u>780,310</u>	<u>726,636</u>
	<u>2,386,771</u>	<u>2,103,721</u>	<u>2,007,401</u>

See accompanying notes to the combined financial statements.

Commitments and contingencies [note 21]

Approved on behalf of the Board of Governors:


S. Coxford
Chair, Board of Governors


J. Knowles
Chair, Audit Committee

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Operations

Statement 2

Years ended April 30
(thousands of dollars)

	<u>2013</u>	<u>2012</u>
	\$	\$
Revenues		
Government grants for general operations	238,589	237,840
Restricted government grants and other grants and contracts	238,093	236,931
Student fees	308,629	287,593
Sales and services	158,405	156,374
Investment returns [note 5(b)]	62,703	24,116
Donations	36,433	38,603
Recoverable salaries and benefits	19,112	17,625
Other revenues	19,309	18,360
	<u>1,081,273</u>	<u>1,017,442</u>
Expenses		
Salaries and benefits	619,400	594,331
Operating costs	158,085	151,738
Amortization of capital assets	69,027	67,452
Scholarships, fellowships and bursaries	70,137	69,522
Cost of sales and services	37,098	38,344
Utilities	22,605	22,745
Repairs and maintenance	18,580	17,316
Taxes	1,685	2,994
Interest on long-term debt	13,083	10,969
	<u>1,009,700</u>	<u>975,411</u>
Excess of revenues over expenses	<u>71,573</u>	<u>42,031</u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Changes in Net Assets

Statement 3

Years ended April 30
(thousands of dollars)

	2013			
	Unrestricted	Internally	Endowments	Total
	[note 14]	Restricted	[note 16]	
	\$	\$	\$	\$
Net assets, beginning of year	(306,015)	714,593	371,732	780,310
Excess of revenues over expenses	71,573	-	-	71,573
Change in internally restricted net assets	(84,695)	85,257	-	562
Transfer to internally endowed	(2,932)	-	2,932	-
Allocation of internally endowed returns	829	-	(829)	-
Investment returns allocated to external endowments [note 5(b)]	-	-	44,453	44,453
Allocation for spending from accumulated investment returns [note 5(b)]	-	-	(16,304)	(16,304)
Endowment contributions	(6,891)	-	29,869	22,978
Net assets, end of year	<u>(328,131)</u>	<u>799,850</u>	<u>431,853</u>	<u>903,572</u>
	2012			
	Unrestricted	Internally	Endowments	Total
	[note 14]	Restricted	[note 16]	
	\$	\$	\$	\$
Net assets, beginning of year	(299,609)	663,838	362,407	726,636
Excess of revenues over expenses	42,031	-	-	42,031
Change in internally restricted net assets	(44,068)	50,755	-	6,687
Transfer to internally endowed	(196)	-	196	-
Allocation of internally endowed returns	671	-	(671)	-
Investment returns allocated to external endowments [note 5(b)]	-	-	1,056	1,056
Allocation for spending from accumulated investment returns [note 5(b)]	-	-	(15,362)	(15,362)
Endowment contributions	(4,844)	-	24,106	19,262
Net assets, end of year	<u>(306,015)</u>	<u>714,593</u>	<u>371,732</u>	<u>780,310</u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Cash Flows

Statement 4

Years ended April 30
(thousands of dollars)

	2013	2012
	\$	\$
Operating activities		
Excess of revenues over expenses	71,573	42,031
Non-cash items		
Amortization of capital assets	69,027	67,452
Amortization of deferred capital contributions	(30,753)	(30,742)
Change in fair value of investments	(31,529)	11,897
Employee future benefits	22,635	19,601
Net change in non-cash working capital [note 20]	13,522	13,472
Cash provided by operating activities	<u>114,475</u>	<u>123,711</u>
Investing activities		
Net change in investments	(158,431)	(52,230)
Purchase of capital assets	(161,564)	(112,070)
Cash used in investing activities	<u>(319,995)</u>	<u>(164,300)</u>
Financing activities		
Receipt of deferred capital contributions	42,856	49,104
Net change in deferred contributions	6,121	(3,863)
Investment returns allocated to external endowments [note 5(b)]	44,453	1,056
Allocation for spending from accumulated investment returns [note 5(b)]	(16,304)	(15,362)
Repayment of long-term debt	(1,331)	(1,499)
Endowment contributions	22,978	19,262
Proceeds from long-term debt	100,000	-
Cash provided by financing activities	<u>198,773</u>	<u>48,698</u>
Net increase in cash	(6,747)	8,109
Cash position (bank indebtedness), beginning of year	16,067	7,958
Cash position, end of year	<u>9,320</u>	<u>16,067</u>
Represented by:		
Cash	12,301	17,851
Bank indebtedness	(2,981)	(1,784)
	<u>9,320</u>	<u>16,067</u>

See accompanying notes to the combined financial statements.

The University of Western Ontario

Notes to the Combined Financial Statements

Years Ended April 30
(thousands of dollars)

1. DESCRIPTION

The University of Western Ontario ("The University") operates under the authority of The University of Western Ontario Act, 1982. The University is incorporated without share capital. The University is dedicated to the advancement of learning through teaching and research and to the discovery and application of knowledge. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

The combined financial statements of The University contain the accounts of The University and organizations that The University controls, including: The Museum of Ontario Archaeology, Richard Ivey School of Business Foundation, Richard Ivey School of Business (Asia) Limited, Richard Ivey School of Business (India) Limited, Richard Ivey School of Business Consulting (Shanghai) Limited, The University of Western Ontario Research & Development Park, Windermere Manor Ltd., The Siebens - Drake Research Institute, Roberts Clinical Trials Inc., UWO Investment Trust (#1), UWO Investment Trust (#2), SSMD Services Inc. and related foundations in which The University has an economic interest, including: Foundation Western and The University of Western Ontario Foundation Inc.

These combined financial statements do not include the accounts of three colleges that are affiliated with, but not controlled by The University (Brescia University College, King's University College at The University of Western Ontario and Huron University College), or the net assets of the Pension Plans of the Academic Staff and Administrative Staff of The University and the Retirement Income Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. In accordance with the transitional provisions in the Not-For-Profit Standards, The University has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is May 1, 2011 and all comparative information provided has been presented by applying the Not-For-Profit Standards. An explanation of the impact of the transition is included in Note 3.

A summary of significant accounting policies is as follows:

(a) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue, at a rate corresponding with the amortization rate for the related capital assets.

The University of Western Ontario

Notes to the Combined Financial Statements

Years Ended April 30
(thousands of dollars)

Endowment contributions, having externally imposed restrictions, are recognized as direct increases in endowment net assets.

Gifts of capital assets are recorded at fair market value at the date of receipt and the related contributions are amortized to operations on the same basis as the related capital asset. Contributions of collection items are recorded at fair market value at the date of the receipt and as a direct increase to net assets.

Pledges are recorded as revenue on a cash basis, due to uncertainty of collection, and accordingly, pledges outstanding and not received at the year end are not recorded as an asset.

Student fees are recognized as revenue when courses and seminars are held. Activity fees are included in student fee. Sales and services revenue is recognized at point of sale or when the service has been provided.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months. Cash and investments meeting the definition of cash and cash equivalents held for investing rather than liquidity purposes are classified as investments.

(c) Inventories

Inventories are recorded at the lower of cost and net realizable value, determined largely using the weighted average cost method.

(d) Investments

Investments are recorded at fair value. The value of investments recorded in the combined financial statements is determined as follows:

- i) Short-term investments, which consist primarily of high interest savings accounts and money market funds, are valued based on cost plus accrued interest which together approximates fair value. Some of these short-term investments meet the definition of cash and cash equivalents but are held for investment rather than liquidity purposes and are classified as investments.
- ii) Equity instruments consist of Canadian, US, Non-North American and Global equities, along with Canadian bonds. These instruments are traded on the open market. Their values are based on the latest closing price.
- iii) Mortgages are valued at their reported net asset value per unit, reflecting any impairment.
- iv) Alternative investments include real estate, private equity and other absolute return strategies and are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

(e) Investment returns

Investment returns, in the combined statement of operations, include interest, dividends, income distributions from pooled funds, realized and unrealized capital gains and losses and realized and unrealized currency gains and losses.

The University of Western Ontario

Notes to the Combined Financial Statements

Years Ended April 30
(thousands of dollars)

Investment returns (losses) attributed to the endowments are recorded as an addition (reduction) to endowments net assets. All other investment returns along with the amounts allocated for spending from the endowments are recorded as investment returns in the combined statement of operations.

Investment returns on internally restricted endowments are recorded as a transfer from unrestricted to endowments in the combined statement of changes in net assets.

The University protects the capital value of the endowments by limiting the amount of investment returns that are allocated for spending and requiring the reinvestment of investment returns in excess of such amounts allocated for spending. In any particular year, should investment returns be insufficient to fund the amounts made available for spending, amounts are transferred from the accumulated reinvested returns. For individual endowment funds without sufficient accumulated reinvestment returns, encroachment on endowed capital is permitted to support the desired level of spending. This amount is expected to be recovered by future net investment returns.

(f) Capital assets

Purchased tangible capital assets, including works of art, are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. When an estimate of fair value cannot reasonably be made, both the intangible asset and the related contribution are not recorded. Land acquired prior to May 1, 2011 is recorded at deemed cost, being fair value at May 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations as described in Note 3.

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to The University's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on a straight-line basis over the estimated useful life for buildings, computer equipment and library books, and on a declining balance basis for all other capital assets.

Amortization rates are generally as follows:

Buildings	40 years
Computer equipment	5 years
Equipment and furnishings	20%
Library books	5 years
Works of art and collections are not amortized	

Construction in progress is primarily buildings. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

(g) Employee future benefits

i) Non-pension plans:

The University provides medical, dental and life insurance benefits to eligible employees. The University accrues for these obligations, with the cost of these benefits being actuarially determined using the projected benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are recognized in income over the expected average remaining service life of employees.

The University of Western Ontario

Notes to the Combined Financial Statements

Years Ended April 30
(thousands of dollars)

ii) Pension plans and other retirement income funds:

The University sponsors pension plans for its academic and administrative staff. The benefits provided under the plans are primarily defined contribution. There is no past service liability in respect of either of these plans. Contributions to defined contribution plans are expensed as incurred.

For academic staff that attained the age of 45 on July 1, 1970 (the date the academic staff plan was changed to provide defined contribution benefits) a minimum annual pension income was guaranteed based on a defined benefit formula. For administrative staff members who were hired prior to May 1, 1974 (the date the administrative staff plan was amended to provide defined contribution benefits) a minimum annual pension income was guaranteed based on a defined benefit formula. The costs of these guarantee formulas are actuarially determined. The existing net deficit (note 9(ii)) in these plans is not recorded in the combined financial statements.

In October 2000, The University established the Retirement Income Funds Program to provide periodic income payments to former members of The University's pension plans who choose to enroll. The University's obligations are solely related to the administration of these programs. Former members allocate, at their own discretion, all or a portion of their entitlements under The University's pension plans to a Registered Retirement Income Fund (RRIF), a Life Income Fund (LIF) or a Locked-in Retirement Income Fund (LRIF). The funds are invested and administered in the same manner as The University pension plans.

(h) Foreign currency translation

The University accounts for transactions in foreign currency at the exchange rate in effect at the time of the transactions. At year-end, monetary assets and liabilities denominated in foreign currency are translated at year-end exchange rates. Foreign exchange gains and losses on investments have been included in investment returns.

(i) Derivative and other financial instruments

Derivative financial instruments are used to manage market and currency exposure risk primarily associated with the University's debt and investments. The University does not enter into derivative financial instruments for trading or speculative purposes. Derivative financial instruments that may be employed include interest rate swaps, currency forward contracts and currency futures. These contract positions will generally be the same or slightly smaller than the market value of the underlying investments, thereby ensuring that the portfolio remains unleveraged. Investment manager valuations or bank valuations are used by the University to fair value the derivative financial instruments, reflecting any impairment.

Other financial instruments including accounts receivable and accounts payable are initially recorded at fair value and are subsequently recorded at cost or amortized cost, net of any provisions for impairment.

(j) Accounting estimates

The preparation of the combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to the use of management estimates and assumptions include the determination of the useful lives of capital assets for amortization and the amortization of deferred capital contributions, determination of the fair value of financial instruments, valuation of pension and other

The University of Western Ontario

Notes to the Combined Financial Statements

Years Ended April 30
(thousands of dollars)

retirement benefit obligations and provisions for contingencies. Actual results could differ from those estimates.

(k) Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the combined financial statements.

(l) Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals or groups. These individuals and groups include the affiliate colleges as well as other universities. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to these liabilities.

(m) Controlled organizations

The University consolidates controlled organizations into its combined financial statements.

3. IMPACT OF THE TRANSITION TO CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

The University has adopted the Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook for its fiscal year ended April 30, 2013. These accounting standards have been applied retrospectively, subject to certain exemptions to the comparative information for the year ended April 30, 2012 and the opening statement of financial position at May 1, 2011.

The following table summarizes the impact on the transition to the University's net assets as of May 1, 2011:

Net Assets:	
As previously reported under Canadian generally accepted accounting principles, April 30, 2011	\$ 591,107
Transition election to recognize all cumulative actuarial gains and losses on other benefit plans	(32,946)
Transition election to fair value land held by The University	168,475
<hr/> Restated, May 1, 2011	<hr/> \$ 726,636

The University, in accordance with transitional provisions set out in Section 1501, First-time Adoption by Not-for-Profit Organizations, has elected to use the following transitional exemptions:

Employee future benefits – The University has elected to recognize all cumulative actuarial gains and losses and past service costs in opening net assets May 1, 2011.

Fair value – The University has elected to measure land at fair value at May 1, 2011.

Fair value – The University has elected to measure all investments at fair value at May 1, 2011.

The University of Western Ontario

Notes to the Combined Financial Statements

Years Ended April 30
(thousands of dollars)

Financial instruments other than investments – The University has elected to measure other financial instruments at cost or amortized cost at May 1, 2011.

As a result of the above noted elections and the retrospective application of the Not-For-Profit Standards, The University recorded a decrease in expense of \$321 in the Statement of Operations for the year ended April 30, 2012.

4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised primarily of balances for trade accounts receivable and research projects. An allowance of \$1,472 (2012 - \$1,627) has been recorded.

5. INVESTMENTS

(a) Investments consist of the following:

	2013	2012
Government bonds	\$ 153,831	\$ 158,837
Corporate bonds	39,072	44,118
Canadian equities	177,468	167,399
U.S. equities	134,445	117,011
Non-North American equities	123,878	107,529
Global equities	61,140	51,778
Mortgages	24,921	8,201
Alternative investments	66,714	39,700
	<u>781,469</u>	<u>694,573</u>
Short-term investments	280,408	177,344
	<u>\$ 1,061,877</u>	<u>\$ 871,917</u>

Uncalled Commitments:

Approximately 4.3% (2012 – 2.8%) of the University's Operating & Endowment Portfolio is invested in private funds managed by third-party managers. These private funds typically take the form of limited partnerships managed by a general partner. The legal terms and conditions of these private investment funds, which cover various areas of private equity investments and real estate investments, require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total commitment amount) in response to a series of capital calls issued to the investors by the manager. The University has uncalled commitments of approximately \$38,618 (2012 - \$43,998). The capital committed is called by the manager over a pre-defined investment period, which varies by fund. The University anticipates being able to meet all calls as they are made.

(b) Investment returns recorded in the combined statement of operations are calculated as follows:

	2013	2012
Investment returns	\$ 90,852	\$ 9,810
Investment returns allocated to external endowments	(44,453)	(1,056)
Allocation for spending from accumulated investment returns	<u>16,304</u>	<u>15,362</u>
	<u>\$ 62,703</u>	<u>\$ 24,116</u>

The University of Western Ontario

Notes to the Combined Financial Statements

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(thousands of dollars)

Investment income is comprised of the following:

	2013	2012
Realized gains on investments	\$ 3,430	\$ 12,813
Unrealized gains (losses) on investments	42,024	(21,270)
Interest and dividend income	17,249	32,573
	<u>\$ 62,703</u>	<u>\$ 24,116</u>

6. CAPITAL ASSETS

Capital assets consist of the following:

	2013			2012		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 1,055,934	\$ 362,016	\$ 693,918	\$ 1,024,565	\$ 337,764	\$ 686,801
Equipment, furnishing & computer equipment	486,064	334,109	151,955	457,916	310,540	147,376
Library books	217,407	198,453	18,954	208,559	189,756	18,803
Construction in progress	142,197	-	142,197	61,896	-	61,896
Land	189,759	-	189,759	189,526	-	189,526
Works of Art and collections	20,894	-	20,894	20,176	-	20,176
	<u>\$ 2,112,255</u>	<u>\$ 894,578</u>	<u>\$ 1,217,677</u>	<u>\$ 1,962,638</u>	<u>\$ 838,060</u>	<u>\$ 1,124,578</u>

The University maintains a collection of art that is insured for \$13,423. During the year, paintings were donated to The University with a total appraised value of \$434 (2012 - \$333) and collections of \$128 (2012 - \$6,385) were recorded. The collections donated consist of historical documents and artifacts and are not included in the art insured value.

7. BANK INDEBTEDNESS

The University's bank overdraft facility is covered by an unsecured line of credit agreement of \$20,000. The line of credit is due on demand and bears interest at the lender's prime rate.

8. GOVERNMENT REMITTANCES PAYABLE

As at April 30, 2013, accounts payable and accrued liabilities include government remittances payable of \$12,721 (2012 - \$12,165).

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9. EMPLOYEE FUTURE BENEFITS

The interval between actuarial valuations for the defined benefit pension plans does not exceed three years with the most recent valuations prepared as at April 30, 2011 for the non-pension plans and December 31, 2010 for the pension plans. In the years between valuations, an extrapolation of the actuarial valuation is used to determine the market related value of the plan assets and the projected benefit obligations.

(i) Employee future benefits

The accrued benefit liability relating to the employee future benefits is \$362,565 (2012 - \$339,930). This liability has been recorded in the combined financial statements.

Total expense for these plans is \$22,635 (2012 - \$19,601) including \$936 (2012 - \$939) for supplemental and other benefits. Benefits paid during the year amounted to \$8,030 (2012 - \$7,640).

(ii) Pension plans:

Information regarding the academic and administrative staff pension plans is as follows:

	2013	2012
Accrued benefit obligation:		
Academic staff	\$ 4,182	\$ 4,718
Administrative staff	2,081	2,105
	<u>\$ 6,263</u>	<u>\$ 6,823</u>
Fair value of plan assets:		
Academic staff	\$ 4,022	\$ 4,555
Administrative staff	1,690	1,856
	<u>\$ 5,712</u>	<u>\$ 6,411</u>
Funded status – deficit	<u>\$ (551)</u>	<u>\$ (412)</u>

Contributions to the pension plans during the year are as follows:

	2013	2012
Employer contributions	\$ 29,404	\$ 28,194
Employee contributions	16,588	15,255
	<u>\$ 45,992</u>	<u>\$ 43,449</u>

Total expense for these plans is \$83,878 (2012 - \$70,491) which include benefits paid during the year in the amount of \$82,102 (2012 - \$68,837).

(iii) Non-pension and pension plans:

The significant actuarial assumptions adopted in measuring The University's accrued benefit obligations for all defined benefit plans are as follows (weighted-average assumptions as of December 31):

	Non-Pension Plans		Pension Plans	
	2013	2012	2013	2012
Discount rate	4.0%	4.5%	1.86 - 1.90%	1.79 - 1.85%
Expected long-term rate of return on plan assets	-	-	1.86 - 1.90%	1.79 - 1.85%
Medical cost increases:				
Hospital and Other Medical	5.0%	5.0%	-	-
Drug	5.0%	7.5%	-	-
Dental cost	4.5%	4.5%	-	-

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Notes to the Combined Financial Statements

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10. FINANCIAL INSTRUMENTS

(a) Fair values

Fair value estimates are made as of a specific point in time, using available information about the financial instrument.

The carrying value of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximates their fair values based on the short-term maturity of those instruments. The fair value of investments is disclosed in note 5 and derivative financial instruments in note 10(b).

(b) Derivative financial instruments

The notional and fair values of the derivative financial instruments are as follows:

	2013		2012	
	Notional value	Fair value	Notional value	Fair value
Foreign Currency Contracts				
U.S. dollars	\$ 79,041	\$ 824	\$ 67,075	\$ 816
Other International	63,929	(109)	54,172	332
	<u>\$ 142,970</u>	<u>\$ 715</u>	<u>\$ 121,247</u>	<u>\$ 1,148</u>
Interest rate swap agreements	<u>\$ 112,890</u>	<u>\$ (4,272)</u>	<u>\$ 13,223</u>	<u>\$ (224)</u>

(i) Foreign Currency Forward Contracts:

The fair value of the foreign currency forward contracts is included with investments. The change in the fair value of the foreign currency forward contracts is accounted for consistent with investment returns in the statements of operations and changes in net assets. All outstanding contracts have a remaining term to maturity of less than one year.

(ii) Interest rate swaps:

The fair value of the interest rate swaps is recorded within accounts payable and accrued liabilities in the combined statement of financial position and the change in the fair value is recorded as interest on long-term debt in the Statement of Operations.

The interest rate swap contracts result in The University fixing a weighted average long-term interest rate of 2.87% on certain floating rate debt obligations instead of paying a weighted average short-term floating rate of 1.58% (2012 – 1.46%).

The interest rate swap agreements relate to The University of Western Ontario Research & Development Park debt and matures on October 30, 2017 and new debt related to the construction of the new residence which matures on October 15, 2026. The counterparty to each contract is a major Canadian financial institution. The University does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparty given their high credit rating.

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Notes to the Combined Financial Statements

Years Ended April 30
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(c) Risk management

The University, through its financial assets and liabilities is exposed to various risks. The following analysis will provide a measurement of risks as at the statement of financial position date, April 30, 2013. There is no change to the University's risk exposure from the prior year.

(i) Credit risk

Credit risk is the risk of financial loss to The University if a counterparty to a financial instrument fails to meet its contractual obligation.

Approximately 45% (2012 - 44%) of The University's investments consists of money market investments and government and corporate bonds. In order to minimize the risk of having an issuer of these debt instruments fail to pay interest or principal as required, The University has established minimum credit rating requirements for such investments.

The University has established policies for extending credit to various businesses, groups and individuals who purchase goods and services from The University, in order to reduce incidents of non payment. Management believes that the credit risk is minimized by dealing with creditworthy counterparties.

The University is also exposed to credit risk through its use of interest rate swaps and foreign exchange contracts. The credit risk associated with these contracts arises from the possibility that the counterparty to the contract in which The University has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in fair value attributable to the instruments.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

The University purchases equipment, books and other supplies and services in foreign currencies and may occasionally mitigate its exposure to foreign currency by entering into forward exchange contracts at the time of ordering.

The University is exposed to currency risk with respect to its investments denominated in foreign currencies. To manage foreign currency risk associated with these investments, the University uses foreign currency forward contracts employed by an investment manager. These contract positions will generally be the same or slightly smaller than the market value of the underlying assets, thereby ensuring that the portfolio remains unleveraged. A policy range of exposure to non-Canadian currencies has been established to be within the range of 10% to 30% of the total Fund.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The University is subject to interest rate cash flow risk with respect to its floating rate debt. The University mitigates this risk by entering into interest rate swap agreements for its floating rate debt that fixes the interest rate over the term of the debt.

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All other debt of The University, being unsecured debentures, mortgages and capital lease obligations, have fixed interest rates and are therefore not exposed to cash flow interest rate risks.

The University's short-term investments are subject to interest rate fluctuations as maturing investments are reinvested at new rates of interest. The market value of investments held in Government and Corporate bonds will fluctuate due to changes in market interest rates.

(iv) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The University's investments in short-term investments, bonds, equities and pooled funds are subject to market risk. Management mitigates this risk through diversification of its investment portfolio.

(v) Liquidity risk

Liquidity risk is the risk that The University will be unable to fulfill its obligations on a timely basis or at a reasonable cost when its obligations fall due. The University manages its liquidity risk by monitoring its operating and capital requirements. The University prepares capital and operating budgets to fulfill its obligations.

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Notes to the Combined Financial Statements

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11. LONG-TERM DEBT

	Maturity	Interest Rate at April 30, 2013	2013 Principal Outstanding	2012 Principal Outstanding
(a) Senior Unsecured Debentures [note (d)]	May 24, 2047	4.798%	\$ 189,139	\$ 189,129
(b) The details of the mortgages are as follows:				
Housing [note (e)]				
Canada Mortgage and Housing Corporation:				
Platt's Lane Estates	Aug. 1, 2028	8.00%	\$ 6,903	\$ 7,082
Glenmore Complex	Dec 1, 2019	6.25%	2,802	3,112
Ontario Housing Corporation:				
Glenmore Complex	Dec 1, 2019	6.50%	170	189
Total mortgages			\$ 9,875	\$ 10,383
(c) The details of the loans payable, demand notes, bankers' acceptances and capital lease obligations are as follows:				
Bankers' Acceptances [note (f)]	May 15, 2013	1.60%	\$ 100,000	\$ -
Related Corporations				
Research & Development Park				
(i) Bankers' Acceptances [note (g)]	July 31, 2013	1.42%	12,890	13,223
Richard Ivey School of Business Foundation				
(i) Bankers' Acceptances	April 30, 2014	lender's prime	1,300	1,800
Total loans payable			\$ 114,190	\$ 15,023
Total debt			\$ 313,204	\$ 214,535
Less current portion			\$ 7,361	\$ 1,342
			\$ 305,843	\$ 213,193

(d) On May 24, 2007, The University issued Series A Senior Unsecured Debentures in the aggregate principal amount of \$190,000. The debentures bear interest at 4.798% which is payable semi-annually on May 24 and November 24 with the principal amount to be repaid on May 24, 2047. The proceeds of the issue were used to retire certain existing capital debt and to finance new capital projects.

(e) Certain assets have been pledged as collateral for mortgages.

(f) At April 30, 2013, The University has drawn \$100,000 of the available \$130,000 credit facility. An interest rate swap agreement has been entered into to fix the effective interest rate on the \$100,000 at 2.99% over the remaining term, ending Oct 15, 2026. The remaining credit facility in the amount of \$30,000 is a revolving demand facility by way of BA's, which has not been drawn on. The unused portion of the credit facility proceeds were invested in a short term fund.

The University of Western Ontario

Notes to the Combined Financial Statements

Years Ended April 30
(thousands of dollars)

- (g) An interest rate swap agreement has been renewed to fix the effective interest rate for this loan at 1.98% over the remaining term, ending October 30, 2017.
- (h) Anticipated requirements to meet the principal portion of the debt repayments over the next five years are as follows:

	Principal
2014	\$ 7,361
2015	7,624
2016	7,689
2017	7,666
2018	18,723
Subsequent years	264,141
	<u>\$ 313,204</u>

12. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants, donations, contributions and investment income. The balance consists of:

	2013	2012
Balance, beginning of year	\$ 155,049	\$ 158,912
Grants, contributions, donations and investment income	318,602	244,620
Recognized to revenue	(312,481)	(248,483)
Balance, end of year	<u>\$ 161,170</u>	<u>\$ 155,049</u>

	2013	2012
Unspent research grants	\$ 89,732	\$ 80,686
Scholarships	10,399	10,679
Other restricted funds	61,039	63,684
Balance, end of year	<u>\$ 161,170</u>	<u>\$ 155,049</u>

The University of Western Ontario

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13. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Unspent deferred capital contributions are included in deferred contributions to be spent until such time as capital expenditures are incurred. The changes in the deferred capital contributions balance are as follows:

	2013	2012
Balance, beginning of year	\$ 469,791	\$ 451,429
Less amortization of deferred capital contributions	(30,753)	(30,742)
Add contributions received during the year	42,856	49,104
Balance, end of year	\$ 481,894	\$ 469,791

Represented by:

	2013	2012
Amounts used for the purchase of capital assets	\$ 476,519	\$ 462,905
Amounts to be spent on capital assets	5,375	6,886
	\$ 481,894	\$ 469,791

14. UNRESTRICTED NET ASSETS

Details of the unrestricted net assets are as follows:

	2013	2012
Operating fund surplus	\$ 46,744	\$ 43,947
Provision for vacation pay	(8,839)	(8,471)
Operating deficit - related organizations	(20,255)	(17,855)
Provision for employee future benefits	(345,781)	(323,636)
Balance, end of year	\$ (328,131)	\$ (306,015)

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15. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	2013	2012
Investment in capital assets	\$ 441,263	\$ 446,279
Departmental carry forwards	152,223	115,744
Capital reserve	25,516	17,371
Operating surplus – ancillary and support units	18,926	14,148
Faculty and research trust funds	34,382	31,776
Equipment reserves	16,454	14,479
Self-insurance funds	1,562	1,357
Undistributed investment returns	109,524	73,439
Balance, end of year	\$ 799,850	\$ 714,593

- i) Investment in capital assets represents the unamortized value of capital assets funded by The University, net of outstanding debt. It excludes those assets funded through capital contributions.
- ii) Departmental carry forwards represent amounts that vary from budget. The University has in place a flexible budgeting program, which allows operating budget units to defer surpluses and deficits to the subsequent year(s).
- iii) The capital reserve represents funds internally restricted for deferred maintenance, capital emergencies and capital projects either planned or in progress.
- iv) Ancillary and support unit carry forwards represent amounts that these units are permitted to carry forward.
- v) Faculty and research trust funds include donations and other revenue with no external restrictions that departments are permitted to carry forward.
- vi) The equipment reserves represent funds that departments have allocated for the future replacement of assets.
- vii) The reserve for self-insurance represents funds set aside to cover uninsured losses and the deductible portion of insured losses.
- viii) The undistributed investment returns represent funds internally restricted for uses as determined by The University.

16. ENDOWMENTS

Contributions restricted for endowments consist of restricted donations received by The University and contributions internally restricted by The University, in the exercise of its discretion. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors or internally restricted by The University. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

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Net assets restricted for endowment consist of the following:

	2013	2012
Externally Endowed	\$ 398,459	\$ 347,331
Internally Endowed	33,394	24,401
	<u>\$ 431,853</u>	<u>\$ 371,732</u>

Represented by:

Endowed funds	\$ 393,018	\$ 363,149
Accumulated investment returns	38,835	8,583
	<u>\$ 431,853</u>	<u>\$ 371,732</u>

17. ONTARIO STUDENT OPPORTUNITY TRUST FUND

a) Phase I

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2013	2012
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	\$ 35,036	\$ 35,533
Cash donations received	49	271
Expenditure of endowment principal	-	(15)
Preservation of capital	1,627	(753)
Fund balance, end of year	<u>\$ 36,712</u>	<u>\$ 35,036</u>

Schedule of Changes in Expendable Funds Available for Awards

	2013	2012
Fund balance, beginning of year	\$ 2,087	\$ 2,088
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	1,392	1,470
Expendable donations	114	51
Bursaries awarded [706 (2012 – 691)]	(1,530)	(1,522)
Balance, end of year	<u>\$ 2,063</u>	<u>\$ 2,087</u>
Endowment total based on book value	<u>\$ 38,775</u>	<u>\$ 37,123</u>

The fair value of the endowment at April 30, 2013 was \$39,899 (2012 - \$37,072).

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(b) Phase II

	2013 Western	2013 Affiliates	2012 Western	2012 Affiliates
Schedule of Changes in Endowment Fund Balances				
Fund balance, beginning of year	\$ 13,014	\$ 1,411	\$ 13,224	\$ 1,371
Cash donations received	190	-	208	40
Expenditure of endowment principal	-	-	(297)	-
Preservation of capital	827	14	(121)	-
Fund balance, end of year	\$ 14,031	\$ 1,425	\$ 13,014	\$ 1,411
Schedule of Changes in Expendable Funds Available for Awards				
Fund balance, beginning of year	\$ 498	\$ 136	\$ 512	\$ 157
Realized investment income, net of direct investment related expenses and preservation of capital	1,319	75	1,306	27
Expendable contributions received	(2)	-	-	2
Bursaries awarded [216 (2012 – 290)]	(1,302)	(46)	(1,320)	(50)
Balance, end of year	\$ 513	\$ 165	\$ 498	\$ 136
Endowment total based on book value	\$ 14,544	\$ 1,590	\$ 13,512	\$ 1,547

The fair value of the endowment at April 30, 2013 was \$16,151 (2012 - \$15,036).

The amounts for affiliates noted above are provided for information purposes only and are not included in the combined financial statements.

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Years Ended April 30
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18. ONTARIO TRUST FOR STUDENT SUPPORT

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Support (OTSS) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2013 Western	2013 Affiliates	2012 Western	2012 Affiliates
Schedule of Cash Donations Matched Between May 1, 2012 and April 30, 2013				
Cash donations matched between May 1, 2012 – April 30, 2013	\$ -	\$ -	\$ 1,434	\$ 280
Unmatched cash donations received between May 1 – April 30, 2013	-	-	1,661	790
Total Cash Donations	\$ -	\$ -	\$ 3,095	\$ 1,070

Schedule of Changes in Endowment Fund Balances

Fund balance, beginning of year	\$ 40,880	\$ 7,031	\$ 50,521	\$ 7,476
Cash donations received	147	41	1,651	790
Matching funds received from MTCU	-	-	1,434	280
Unmatched donations removed on cancellation of program	-	-	(11,626)	(1,535)
Expenditure of endowment principal	-	-	(708)	-
Preservation of capital	2,625	24	(392)	20
Fund balance, end of year	\$ 43,652	\$ 7,096	\$ 40,880	\$ 7,031

Schedule of Changes in Expendable Funds Available for Awards

Fund balance, beginning of year	\$ 800	\$ 224	\$ 1,319	\$ 271
Expendable donations	-	2	1	-
Realized investment income, net of direct investment-related	1,009	305	910	197
Expendable funds removed on cancellation of program	(9)	-	(564)	-
Bursaries awarded [527 (2012 – 428)]	(969)	(231)	(866)	(244)
Fund balance, end of year	\$ 831	\$ 300	\$ 800	\$ 224

The fair value of the endowment at April 30, 2013 was \$51,879 (2012 - \$48,935).

The amounts for affiliates noted above are provided for information purposes only and are not included in the combined financial statements.

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19. THE SEYMOUR SCHULICH ENDOWMENT FUND

The Seymour Schulich Endowment Fund has a current market value of \$33,364. The Fund includes \$11,639 received from two Government of Ontario matching programs, the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support.

20. STATEMENT OF CASH FLOWS

The net change in non-cash balances related to working capital consists of the following:

	2013	2012
Accounts receivable	\$ (2,497)	\$ 9,342
Inventories	463	(279)
Prepaid expenses and deposits	(3,507)	(5,317)
Accounts payable and accrued liabilities	9,916	8,073
Deferred fees and income	9,147	1,653
Net change in non-cash working capital	\$ 13,522	\$ 13,472

21. COMMITMENTS AND CONTINGENCIES

(a) Legal matters

The University is involved from time to time in litigation that arises in the normal course of operations. In respect to these claims The University believes it has valid defences, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require The University to make expenditures in excess of estimated reserves, over an extended period of time and in a range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on litigation when the outcome becomes reasonably determinable. In the administration's judgement no material exposure exists on the eventual settlement of litigation.

(b) Capital commitments

The estimated cost to complete capital projects in progress at April 30, 2013 is approximately \$70,000.

(c) Canadian Universities Reciprocal Insurance Exchange

On January 1, 2008 The University entered a fifth, 5-year membership with the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). All members pay annual deposit premiums which are actuarially determined and may be subject to further assessment in the event members' premiums are insufficient to cover losses and expenses.

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22. PLEDGES

Total pledges outstanding and expected year of collection are as follows:

	Pledges
2014 -	\$ 24,379
2015 -	15,281
2016 -	13,080
subsequent years -	25,074
	<u>\$ 77,814</u>