IN THE MATTER OF AN ARBITRATION BEFORE ARBITRATOR GEDALOF

BETWEEN:

THE UNIVERSITY OF TORONTO FACULTY ASSOCIATION (UTFA)

Association

and

GOVERNING COUNCIL OF THE UNIVERSITY OF TORONTO

Employer

BOOK OF DOCUMENTS OF THE ASSOCIATION ON YEAR 3 SUBMITTED ON NOVEMBER 12, 2025

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ARBITRATION BRIEF OF THE ASSOCIATION
PRESENTED ON MARCH 16, 2025

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INTRODUCTION

This arbitration concerns salary, benefits, and workload pursuant to Article 6 of the Memorandum of Agreement ("MOA") between the Governing Council of the University of Toronto (the "Administration" or "University Administration") and the University of Toronto Faculty Association ("UTFA" or the "Association").[1] Article 6 permits the parties to submit outstanding disputes on salary, benefits, and workload to adjudication before a Dispute Resolution Panel if the parties are otherwise unable to reach a voluntary agreement.

In the current round of negotiations, the parties agreed to submit all outstanding disputes to a sole arbitrator for final determination on salary, benefits, and workload for a term beginning on July 1, 2023, and ending on June 30, 2026.[2]

THE PARTIES

The Association represents all active and retired faculty members and professional librarians at the University of Toronto. This includes approximately 3,500 faculty members, 164 librarians, and close to 1,500 retirees across the three University of Toronto campuses (St. George, University of Toronto Mississauga, and University of Toronto Scarborough).

The University of Toronto is a globally ranked public research university in Toronto, Ontario, Canada. As Canada's largest university, it offers over 700 undergraduate programs, 200 graduate programs, and has a total enrolment of nearly 100,000 students.

Within Canada, UTFA's faculty members and librarians are unmatched by any other university faculty members and librarians in terms of both sheer excellence and quantitative output. The University of Toronto consistently ranks as the leading university in Canada and among the top universities in the world.[3] In the words of University of Toronto President, Meric Gertler:

> [o]ur consistently high standing among the world's top universities is a tribute to the talent, creativity and drive of our faculty, librarians, students and staff across all three campuses.[4]

[1] *Memorandum of Agreement between the Governing Council of the University of Toronto and the University of Toronto Faculty Association* at Article 5 [MOA].
[2] Memorandum of Agreement Regarding Unresolved Salary, Benefit and Workload Issues Pursuant to Article 6 of the Memorandum of Agreement, dated February 23, 2025.
[3] U of T ranked first in Canada, among to 30 globally in all subjects: Times Higher Education (January 24, 2025).
[4] *Ibid*.

BARGAINING HISTORY

The parties have a long history of bargaining, beginning with the first round of negotiations in the early 1970s.

Since that time, the negotiation process has been guided by the shared understanding that faculty members and librarians at the University of Toronto can reasonably expect salaries and benefits that are "top of market". As Arbitrator Burkett outlined in the 1982 award, top of market status is a result of:

> the important role played by a pre-eminent university such as the University of Toronto, and the contribution made by its faculty in furthering objectives of the institution and serving the needs of society.[5]

The top of market principle was affirmed by Chief Justice Winkler in his 2006 award between the parties,[6] by Arbitrator Teplitzky, in 2010, and, most recently, by Arbitrator Gedalof, in 2023 ["the Gedalof Award"].[7]

The Gedalof Award included a comprehensive analysis of the bargaining history between UTFA and the Administration. In addition to the "top of market" principle, the Gedalof Award noted that annual across-the-board ("ATB") increases for faculty members and librarians have kept pace with inflation over the past 20 years. In some years, the increases exceeded inflation, in other years, the increases fell below, but overall, inflation and wages trended upwards together.

With the exception of the most recent interest arbitration awards, the parties have been successful in reaching mediated settlements on Article 6 issues over several rounds of negotiation. Between 2011 and 2020, UTFA and the Administration concluded three successive voluntary settlements, each spanning three-year terms.

A critical item that emerged through these negotiated settlements, in 2011, was the addition of workload to the items that must be bargained annually under Article 6 of the MOA.

SUMMARY OF PREVIOUS ROUND OF BARGAINING

The last round of negotiations—covering the period from July 1, 2020, to June 30, 2023—was unique. Those negotiations took place under the shadow of Bill 124, the Ontario government's unconstitutional wage restraint legislation, which capped increases to compensation at 1% per year.

[5] *University of Toronto v University of Toronto Faculty Association*, dated June 3, 1982 ["Burkett Award"] [emphasis added].
[6] *University of Toronto (Governing Council) and University of Toronto Faculty Assn. (Re),* 2006 CanLII 93321 (ON LA) at para 20.
[7] *University of Toronto v University of Toronto Faculty Association,* 2023 CanLII 85410 (ON LA) at para 119.

Following a mediation before Arbitrator Burkett, on January 25, 2022, UTFA and the Administration reached a tentative agreement for those three years.[8] In line with Bill 124, the agreement provided salary increases, and other compensatory items, of 1% for the first two years of the agreement, with terms for the third year subject to mediation and arbitration before Arbitrator Gedalof.

While the process before Arbitrator Gedalof originally proceeded under the constraints of Bill 124, and resulted in an interim award providing 1% compensatory increases, Bill 124 was ultimately ruled unconstitutional.[9]

After Bill 124 was quashed, Arbitrator Gedalof awarded an additional wage and per-course stipend/overload increase of 7%, for a total of 8% on July 1, 2022.[10]

Arbitrator Gedalof declined to award all but one of the Association's workload proposals, choosing instead to focus the award on long-overdue wage increases. While those wage gains were crucial, they failed to close the gap in lost spending power that had accumulated on member wages over several years. The award also failed to adopt improvements to workload that UTFA members have been demanding since workload became an item subject to final determination by the Dispute Resolution Panel, in 2011.

THE ASSOCIATION'S PROPOSALS IN THE CURRENT ROUND

The Association's proposals in the current round are a natural continuation of the negotiated and awarded outcomes in the previous round.

Workload

The Association's proposal on workload is front and center this round. After over a decade of impasse and stagnation, workload can no longer wait.

UTFA's sole workload proposal, for this three-year term, is finely calibrated to advance UTFA's top workload priority: improving transparency around workload expectations by stating the balance between the core duties of faculty members and librarians in unit workload policies and in individual workload assignments. To be clear: every unit must already determine the balance between teaching, research, and service that corresponds to the needs of the individual unit.[11] UTFA's proposal

[8] The University of Toronto and the University of Toronto Faculty Association, 2021-2023 Tentative Agreement, January 25, 2022.
[9] *Ontario English Catholic Teachers Association v His Mastery,* 2022, ONSC 6658.
[10] *University of Toronto v University of Toronto Faculty Association,* 2023 CanLII 85410 (ON LA) ["Gedalof Award"].
[11] Under the MOA the three principle components of a faculty member's professional obligations and responsibilities shall encompass (i) teaching, (ii) research, scholarly or creative activity, and (iii) service to the University of Toronto; and, a librarian's professional obligations and responsibilities shall encompass (i) the development of his or her professional knowledge and performance [i.e. professional practice], (ii) contributions to scholarship and creative professional work [i.e. scholarly

ensures that the balance between teaching, research, and service is not just determined, but also clearly stated.

Stating the balance between teaching, research, and service will allow faculty members and librarians[12] to evaluate and regulate their workloads based on known expectations. UTFA's proposal preserves the maximum autonomy of individual units to determine the balance, while at the same time providing a baseline balance in the central workload policy that is consistent with identifiable sector norms. The baseline balance in the central workload policy is a failsafe to ensure that every faculty member and librarian[13] will know the normative workload balance of their unit in the event that the balance between teaching, research, and service is not explicitly stated in the unit workload policy.

Salary

The wage proposals tabled by UTFA in this round should be uncontroversial. The proposals are attuned to the findings in the Gedalof Award. Specifically, the parties have always agreed to protect the spending power of UTFA member wages through wage increases that "look back" and track the ebb and flow of inflation over the span of many years. The first prong of the Association's three-pronged salary proposal bridges the outstanding inflation gap through appropriate across-the-board ("ATB") increases to all elements of salary.

The Association's two remaining salary proposals, if awarded in full, would modernize the outmoded salary floors of faculty members and librarians, and restore the Progress Through the Ranks ("PTR") fund to a level consistent with the established purpose of PTR. That purpose is not to protect spending power (which is the function of annual ATB increases), but rather to ensure that experience, promotion, and career progression are recognized through merit-based wage increases that reflect the full market value of UTFA faculty members and librarians.

Benefits

UTFA's proposals in this round also press for meaningful improvements to benefits, with a focus on improving the rights of precarious members. Targeted improvements to benefits for specific member groups, such as retirees and part-time members, are also advanced to correct obvious shortfalls between UTFA faculty and librarians, and groups that are not sector leaders.

contributions], and (iii) service to the University of Toronto including service to the profession [i.e. service]. The Association's proposal on DOE and rationale for the proposal on DOE include those sections of the WLPP that concern the three principal components of a librarian's workload.

12 MOA: A librarian's professional obligations and responsibilities shall encompass (i) the development of his or her professional knowledge and performance [i.e. professional practice], (ii) contributions to scholarship and creative professional work [i.e. scholarly contributions], and (iii) service to the University of Toronto including service to the profession [i.e. service].

13 MOA: A librarian's professional obligations and responsibilities shall encompass (i) the development of his or her professional knowledge and performance [i.e. professional practice], (ii) contributions to scholarship and creative professional work [i.e. scholarly contributions], and (iii) service to the University of Toronto including service to the profession [i.e. service].

CONCLUSION

UTFA's workload, salary, and benefit proposals are consistent with the recognized arbitral principles of replication, gradualism, and comparability. They are proposals by UTFA members—who are the University—for the benefit of the University. The primary aim and intent of UTFA's proposals is, as always, to protect the University of Toronto's status as one of the top academic institutions in the world.

The Association submits that its very focused and measured list of proposals for this three-year term ought to be awarded in their entirety.

PROPOSAL #1 – WORKLOAD (STATE THE BALANCE)

4.0 **Establishing the Teaching Component of Normal Workload**

The assigned proportion of a faculty member's work will include teaching and preparation for teaching, and the necessary administrative tasks associated with the operation of a collegial environment. The remainder of a faculty member's working time is self-directed and may consist of research, scholarly, creative, or professional work consistent with the type of appointment the faculty member holds.

Subject to any requirements in Article 8 of the MOA and the WLPP, individual units shall determine the balance amongst the three principal components of a faculty member's activities: teaching, research, and service***, and state the determined balance in the Unit Workload Policy. If the determined balance is not stated in the Unit Workload Policy, the default balance shall be forty percent (40%) teaching, forty percent (40%) research, scholarly, creative, or professional work, and twenty percent (20%) service for tenure steam faculty members; and sixty percent (60%) teaching, twenty percent (20%) research, scholarly, creative, or professional work, and twenty percent (20%) service for teaching steam faculty members.***

[…]

8.0 **Librarians: Additional Provisions**

8.1 Librarian workload is a combination of tasks assigned and tasks determined through collegial interaction and self direction. While the pattern of a librarian's professional activity may vary from individual to individual, the following three activities constitute a librarian's principal responsibilities:

(a) Professional practice for the Library, including teaching that has been requested or approved by a Librarian's ***supervisor(s)***~~manager~~. In considering the teaching component of normal workload for librarians, relevant factors include the factors set out in Article 4.2, if applicable.
(b) Research and scholarly contributions ***and creative professional activities***, including academic, professional and pedagogical contributions or activities.
(c) Service, which should be broadly understood to include service to the University, Library, and the profession.

If the determined balance amongst the three principal components of workload is not stated in the Librarian Unit Workload Policy, the default balance shall be eighty percent (80%) professional practice, ten percent (10%) research, and ten percent (10%) service.

[…]

2.17 **Written assignments of workload.** Each member will be provided with a written assignment of their workload duties on an annual basis that includes the member's percentage appointment and details of teaching and service or, in the case of librarians, professional practice and service, by no later than June 30th.

For faculty members, each written assignment of workload shall include the expected distribution of effort (DOE) percentages for each member, which is the balance amongst the three principal components of a member's activities: teaching,

research, and service (e.g. 40%/40%/20%; 60%/20%/20%). The expected DOE shall rationally correspond to the member's details of teaching and service. A change to a member's DOE during the term of the workload assignment will only be made with the consent of the member. Any agreed-to change to a member's DOE during the term of the workload assignment shall be added to the written assignment as an addendum and co-signed by the member and their Unit Head.

Where an individual member's assignment is materially different from the unit's workload norms, standards, or ranges, the variation and the reason for it ~~should~~ ***shall*** be identified in the individual member's written assignment of workload, subject to any accommodation agreements.

All written assignments for each Unit will be collected in the Office of the Unit Head and made readily available for review at the request of any member of the Unit or the Association. ~~Provided it is technologically practical to do so, the University and UTFA will discuss in Joint Committee and endeavour to agree on c~~***C***opies will be ~~being~~ posted on a unit internet site or other password-protected website, accessible to UTFA and its members in the applicable unit, subject to any confidential accommodation agreements~~, with a target implementation date of January 1, 2020~~.

[...]

8.5 ***A librarian's written assignment of workload under 2.17 will include the librarian's expected workload distribution, which is the percentage balance amongst the three principal responsibilities of a librarian under 8.1: professional practice, research, and service (e.g. 80%/10%/10%).***

The workload distribution of a librarian will be taken into account at the time of the annual performance review and a written record will be retained.

EMPLOYER POSITION

Opposed.

ASSOCIATION RATIONALE

OVERVIEW

The Association's proposal to "state the determined balance" supports workload language that will help faculty members and librarians better understand the weight of their relative workload assignments, the workload assignments of other faculty members and librarians in their academic unit, and workload assignments across cognate departments and faculties. This simple proposal moves the needle incrementally forward towards the shared goals of: (i) assigning workload based on the principle that comparable work will be weighed in the same manner, and (ii) a transparent process of workload allocation within a unit, based on decisions made in accordance with criteria that are known to members within that unit.[14]

[14] University of Toronto Workload Policy and Procedures for Faculty and Librarians at section 1.0 [WLPP] [emphasis added].

The Association's proposal does not break new ground. The proposal is a small step towards greater workload transparency. It is also highly intuitive. Under the *University of Toronto Workload Policy and Procedures for Faculty and Librarians* ("WLPP"), each academic unit must already determine the balance, for their unit, between teaching, research, and service:

> Subject to any requirements in Article 8 of the MOA and the WLPP, individual units shall determine the balance amongst the three principal components of a faculty member's activities: teaching, research, and service.[15]

The logical and obvious next step, after the balance is determined, is to state the balance. In other words, after each unit collegially determines the balance between teaching, research, and service, the Unit Workload Policy should inform the unit what that balance was determined to be. The balance must be known.

The proposal should be awarded in its entirety.

WORKLOAD IS A MATTER OF PRIMACY TO UTFA MEMBERS

In the context of the very specific bargaining relationship between the parties, workload is not simply one issue amongst many others. Rather, workload is one of only three headings under which the parties have agreed that a Dispute Resolution Panel is permitted to make binding recommendations on terms of settlement.

In the current round of Article 6 negotiations, the parties agreed that a sole arbitrator will have the authority to issue a binding award on matters related to salary, benefits, and workload, if the parties themselves cannot agree. This conferral of authority is a recognition, on both sides, that a lack of bilateral agreement on salary, benefits, and/or workload is not an end point. The power delegated to the arbitrator reflects the parties' mutual agreement that workload is a matter of such primary importance that it cannot be left in the hands of the parties to decide in all cases.

The primacy of workload in the bargaining relationship between the parties is not incidental. For over three decades, bilateral discussions were failing to yield any meaningful advancement on workload for members. Consequently, UTFA pushed hard for—and achieved—an expansion of Article 6 that included the right to advance workload negotiations beyond impasse and into the hands of the Dispute Resolution Panel. In short, by 2011, the parties voluntarily recognized that workload was a critical area (akin to salary and benefits) where the parties might not be able to simply "work it out," but may require the intervention of a third party to resolve.

[15] WLPP at section 4.0 [emphasis added]. For librarians at WLPP section 8.0: professional practice, research and scholarly contributions, and service. The Association's proposal on DOE and rationale for the proposal on DOE include those sections of the WLPP that concern the three principal components of a librarian's workload.

Ever since workload was added as the third pillar of Article 6 negotiations, in 2011, the Association has been handed an annual mandate by its members to improve working conditions with respect to workload. This round is no different. Members have consistently affirmed that workload is a foremost policy consideration and a top priority for the Association. In surveys, town halls, committee discussions, and focus groups of UTFA members, workload is consistently identified as a priority issue, well ahead of issues that are typically associated with employment in academia, such as job security and tenure. Key concerns raised by UTFA members regarding workload included the unequal distribution of workload across units and departments, excessive service loads, a lack of workload transparency, and an absence of fair, effective, and enforceable workload policies.

The addition of workload to Article 6 is evidence that both UTFA and the Administration expect that some workload disputes will only be resolved through binding dispute resolution. And yet, despite the repeated concerns about workload raised by UTFA's membership in round after round of negotiations, interest arbitrators have routinely remitted workload to the parties to address through negotiations. This circularity has given the Administration little incentive to bargain workload in any serious fashion. UTFA submits that this pattern of complacency can be broken in this round on very simple terms. UTFA's workload proposals do not amend the *status quo*. Rather, they give meaning to the *status quo* and ensure that the *status quo* is enforced and known to members.

<u>WORKLOAD GRIEVANCES HAVE INCREASED DRAMATICALLY</u>

The demands of UTFA members for meaningful improvements in working conditions with respect to workload must be taken seriously.

In the previous round of bargaining, Arbitrator Gedalof declined to award a majority of the Association's workload proposals because, in part, the Association had adduced limited evidence of demonstrated need for what he deemed a significant alteration to the *status quo*:

> The Association asserts that the WLPP has been ineffective. But prior to the last round of interest arbitration, there had only ever been two such complaints. Since then, I have been advised of none. It is difficult to square the lack of any complaints under the existing provisions with the asserted crisis that the Association asserts is reflected in its survey of its membership.[16]

After the Gedalof Award, the Association understood that if violations of the WLPP were not formally grieved, this would be taken to mean that UTFA members were not serious about the workload concerns that they were raising round after round. Since the Gedalof Award was issued on September 6, 2023, UTFA and its members have filed 10 grievances alleging multiple violations of the MOA and WLPP: six (6) Association Grievances, two (2) Group Grievances, and two (2) Individual

[16] Gedalof Award at para 134.

Grievances.[17] In particular, the two Group Grievances dealt with allegations by UTFA members that the Administration was interfering with the right of UTFA members to make important amendments to Unit Workload Policies at the unit level.

To be clear, UTFA's position is that demonstrated need does not need to be established if a proposal is consistent with sector norms and does not represent a significant departure from established practice or the *status quo*.[18] For the reasons outlined below, UTFA's proposal to have Unit Workload Policies state the pre-determined balance between teaching, research, and service (and state that balance on workload assignment letters) is both consistent with sector norms and is in no way a reformation of the way the parties have always understood workload. The parties agree there must be a balance between teaching, research, and service. UTFA is proposing an articulation of the balance, determined in a decentralized way, at the unit level, using a shared nomenclature that is known within the sector.

THE ASSOCIATION'S PROPOSAL IS NORMATIVE

Distribution of Effort ("DOE")—the heart of the Association's proposal—is a turn of phrase in the university sector that means nothing more than identifying the normative balance between the three principal components of a faculty member's workload: teaching, research, and service.[19]

Under the Memorandum of Agreement between the parties, these widely recognized components of workload in academia are explicitly named as the core elements of a faculty member's professional obligations at the University of Toronto:

> A faculty member's professional obligations and responsibilities to the University of Toronto <u>shall encompass</u> (i) <u>teaching</u>; (ii) <u>research, scholarly or creative activity</u>; (iii) <u>service</u> to the University of Toronto.[20]

Under the WLPP, each unit <u>must</u> determine the balance among the three principal components of a faculty member's workload:

> Subject to any requirements in Article 8 of the MOA and the WLPP, individual units <u>shall determine</u> the balance amongst the three principal components of a faculty member's activities: teaching, research, and service.[21]

Determining the balance amongst the three principal components of workload is essential because each component places competing demands on a faculty member's

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[17] For reasons of confidentiality, copies of the grievances will be provided to the Arbitrator and the Administration separately.
[18] See *Participating Hospitals and OPSEU*, dated November 4, 2009 (Gray); *Ajax Professional Fire Fighters Association v. Ajax (Town of)*, 2013 ONSC 7361; *Bradgate Arms v United Food and Commercial Workers, Local 175*, 2022 CanLII 8995 (ON LA).
[19] For librarians at WLPP section 8.0: professional practice, research and scholarly contributions, and service. The Association's proposal on DOE and rationale for the proposal on DOE include those sections of the WLPP that concern the three principal components of a librarian's workload.
[20] MOA at Article 5 [emphasis added].
[21] WLPP at section 4.0 [emphasis added].

energy, attention, or time. In academia, where hours of work are almost entirely undefined, knowing the balance among the three principal components is one of the few ways faculty members and librarians can frame and organize their professional time and energy. For both faculty members and librarians, the MOA states that professional obligations and responsibilities "shall encompass" the three components of workload. When obligations and responsibilities are encompassed, they are demarcated, delineated, and contained. They are not boundless.

The Association's proposal is intuitive and simple. After each individual unit determines the balance amongst the three principal components (which is already required within the WLPP), the unit will inform faculty members of what that balance (or "DOE") between the three principal components was determined to be. The balance will be known.

Specifically, the Association proposes that:

(i) the balance between teaching (or, in the case of Librarians, professional practice), research, and service—as determined by each unit—be transparently stated in the Unit Workload Policy of that unit, and

(ii) annual workload assignments state the balance between teaching/professional practice, research, and service that is expected of the faculty member/librarian.

i. State the Balance in the Unit Workload Policy

To re-emphasize the point: the WLPP already requires each unit to determine the balance between the three principal components of workload and to create and maintain a Unit Workload Policy that includes "workload norms, standards or ranges".[22] The Association's proposal protects the flexibility of each unit and Unit Workload Committee to develop its own Unit Workload Policies with its own DOE norm or standard.

While flexibility is critical, the discretion of each individual unit to develop its own Unit Workload Policy has never been entirely unfettered. Section 2.1 of the WLPP states that the norms, standards or ranges in the Unit Workload Policy must be appropriate to the unit and consistent with the terms of the WLPP.[23] In other words, the terms of the WLPP provide standardized directions, and individual units then develop their own workload policies in accordance with those directions. The Association's proposal includes a direction in the WLPP that if a unit does not state the determined balance in its Unit Workload Policy, a baseline DOE will apply:

[22] WLPP at section 2.1.
[23] WLPP at section 2.1 [emphasis added].

- 40% teaching, 40% research,[24] and 20% service for the unit's tenure stream faculty members;
- 60% teaching, 20% research,[25] and 20% service for the unit's teaching stream faculty members; and
- 80% professional practice, 10% research, and 10% service for librarians (in the librarian unit workload policy).*

**n.b.* at present, the proposed baseline DOE would not apply to librarians because librarians have already taken the progressive step of determining and stating their collegially determined DOE in the Librarian Workload Policy – University of Toronto.[26]

Specification of DOE for workload transparency is a normative practice within the university sector and the proposed baseline percentage breakdowns for tenure stream faculty members are broadly consistent with specified DOEs in the sector.[27] A comparative baseline of 40% teaching, 40% research, and 20% service for tenure stream faculty members, and 60% teaching, 20% research, and 20% service for teaching stream faculty members is also consistent with other faculty agreements where a distinction is drawn between the two streams.[28]

However, unlike the mandated DOEs at many other institutions, the Association's proposal does not impose an inflexible DOE on any academic unit or individual member. Every academic unit at the University of Toronto is free to paint outside of the baseline DOEs listed above. The baselines are included in the WLPP to ensure the balance between the three principal components of workload is known to every faculty member and librarian, in every unit. This will assist the Administration in fulfilling its commitments under section 1.2 of the WLPP to ensure that "comparable work will be weighed in the same manner" and to "a transparent process of workload allocation within a unit, based on decisions made in accordance with criteria that are

[24] Article 5 of the MOA refers to this component of workload as "research, scholarly or creative activity"; Consistent with the MOA, the WLPP, at section 7.2 defines scholarship in the Teaching Stream as "any combination of discipline-based scholarship in relation to or relevant to the field in which the faculty member teaches, the scholarship of teaching and learning, and creative/professional activities. Teaching stream faculty are entitled to reasonable time for pedagogical/professional development in determining workload as set out in paragraph 30(x)(b) of the PPAA * *e.g., discipline-based scholarship in relation to, or relevant to, the field in which the faculty member teaches; participation at, and contributions to, academic conferences where sessions on pedagogical research and technique are prominent; teaching-related activity by the faculty member outside of his or her classroom functions and responsibilities; professional work that allows the faculty member to maintain a mastery of his or her subject area in accordance with appropriate divisional guidelines".

[25] *Ibid*.

[26] Librarian Workload Policy – University of Toronto, approved by the Vice-Provost, Faculty and Academic Life, December 16, 2020.

[27] The 40%/40%/20% breakdown is present in collective agreements at Guelph, Brock, Renison, Laurentian, and Huron: UFGA, Collective Agreement at article 18.13; BUFA, Collective Agreement at article 24.03; RUC-RAAS, Collective Agreement at article 17.1; LUFA, Collective Agreement at article 5.40.2; HUCFA, Collective Agreement at article 3.6.

[28] The 60%/20%/20% breakdown for teaching stream is present in the Brock collective agreement: BUFA, Collective Agreement at article 24.04.

known to members within that unit".[29] Faculty members and Librarians require a common language tool to assess their workloads and ensure those workloads align with the determined norms, standards, or ranges of their units. While units are already required to determine the balance between the three principal components, they are not required to state that balance. By omitting that balance, members are left to interpret vague descriptions of workload expectations without any central metric to weigh their work.

For example, some Unit Workload Policies at the University of Toronto grant faculty members teaching reductions for "extraordinary" service.[30] However, the Policies in question do not include any definition of what constitutes "ordinary" service, let alone "extraordinary". For other units, "carrying a higher than normal service load" can provide a basis for a reduced teaching workload,[31] but "normal service" is undefined. Without a baseline for what is normal, faculty members are left guessing as to their eligibility for such a redistribution of workload.

Importantly, the Association's proposal protects the autonomy of individual units, while also bringing clarity to the central policy (WLPP). It enables discrete units to retain control and independence in setting workload norms, standards, and ranges. If a unit has already determined its balance of the principal workload components, as is required by the WLPP, stating it in the Unit Workload Policy is nothing more than housekeeping. The proposed baseline DOEs would only apply if a unit did not state its DOE balance, despite the existing obligation to determine the balance. The baseline DOEs would be immediately displaced if the unit ever opted to state the DOE in the unit workload policy, as required.

The Association's proposal for baseline DOEs in the WLPP, in the event that they are not stated in the Unit Workload Policy, is a necessary safeguard for both individual members and Unit Workload Committees. While some units have already taken the initiative to state their expected balance by using the language of DOE,[32] others have been prevented from doing so by the direct intervention of the Administration. For example, the Unit Workload Committee in the Department of Curriculum Teaching and Learning at OISE recently submitted a proposal for revision to their Unit Workload Policy that included DOE (40-40-20 for Tenure Stream and 60-20-20 for Teaching Stream). The Administration rejected the unit's DOE proposal and explicitly directed the Unit Workload Committee to delete the section that included DOE in its entirety.[33] This interference is consistent with the Administration's practice of discouraging units from developing and including DOE language in their Unit Workload Policies. In a 2015 presentation by the Office of Faculty and Academic Life, the Administration

[29] WLPP at section 1.2 [emphasis added].
[30] David A. Dunlap Department of Astronomy & Astrophysics Unit Workload Policy (July 1, 2024).
[31] Biochemistry, Temerty Faculty of Medicine Unit Workload Policy (July 1, 2024).
[32] The Rotman School of Management Unit Workload Policy specifies that service loads normally should not exceed 20% of an appointment unless special arrangements have been made. The Librarian Workload Policy state that Librarians will normally spend approximately 10% - 20% of their time on a combination of service, research and scholarly contributions. The remaining workload (80% - 90%) will consist of professional practice for the Library.
[33] Detailed Reasons for rejecting proposed 2024 CTL Unit Workload Policy.

noted that a "Best Practice: Balance Between Teaching, Research and Service" is to "[a]void quantitative breakdowns of teaching, research, service (e.g. 40/40/20 or 80/20)".[34]

For all of these reasons, determining the balance and stating the balance are in the hands of the units, with DOE failsafes in the WLPP if the balance is not stated. The Administration will be disincentivised from interfering in unit by unit attempts to state the DOE balance knowing that, if DOE is not stated, the baseline DOEs in the WLPP will be in effect.

ii. State the Balance in the Workload Assignment

Finally, the Association's proposal requires that the balance between the three principal components of workload be included in the annual workload assignment. The stated balance must rationally correspond to the details of the work items that are assigned.

This stipulation is entirely consistent with the existing commitment made by the Administration under section 1.2 of the WLPP to: "[w]orkload allocation that will comprehensively take into account the full scope of activities and expectations of a member of a unit, commensurate with the 3 principal components of a faculty and librarian member's appointment".[35] The ordinary meaning of commensurate is "corresponding in size, extent, amount, or degree".[36]

In practice, including DOE in a workload assignment would typically involve nothing more than re-stating the DOE that was determined by the unit to be the unit norm and as stated in the Unit Workload Policy. The actual work assigned should measure up against that norm. However, Section 2.17 of the WLPP recognizes that variations from the norm do occur and should be identified and explained in the workload assignment:

> Where an individual member's assignment is materially different from the unit's workload norms, standards, or ranges, the variation and the reason for it should be identified in the individual member's written assignment of workload, subject to any accommodation agreements.[37]

This existing WLPP requirement implies the use of some measure that allows the Administration to identify a workload assignment that deviates from the unit norm, standard, or range. The language proposed by the Association that DOE be "rationally connected" to work assigned connects the shared language of DOE with the existing practice.

Note, however, under the current WLPP language, when a variation exists, the reasons for the variation should be stated. The Association submits that the variation,

[34] Revising Your Unit Workload Policy, J. Harrison & J. Weinrib, dated September 2015, slide 8.
[35] WLPP at section 1.2 [emphasis added].
[36] "Commensurate" Merriam-Webster Dictionary, accessed September 20, 2024.
[37] WLPP at section 2.17 [emphasis added].

and the reason for it, must be stated in the workload assignment for the Administration to fully meet its commitment to "a transparent process of workload allocation within a unit" and "a fair, reasonable, and equitable distribution of workload".[38]

THE ASSOCIATION'S PROPOSAL IS CONSISTENT WITH THE ADMINISTRATION'S CURRENT PRACTICES

The Administration understands how balances work in academia and is already engaged in the practice of delineating the workload of UTFA members in the language of DOE. For example, under the WLPP, UTFA members are supposed to receive their written assignments of workload by no later than June 30 of the academic year preceding the academic year of the assignment. This assignment must include the member's percentage appointment and "details" of teaching and service. A "percentage appointment" can refer to the member's FTE. A member may receive a 75% FTE appointment, in which case their workload must reflect 75% of the workload of a 100% FTE. Percentage appointment can also refer to cross-appointments, where the appointment of a member in more than one unit is expressed in percentages. A member may, for example, hold a 49% appointment in the Department of Anthropology and a 51% appointment in the Department of History. The workload of such a member, according to the WLPP, must be delineated based on these percentages:

> Faculty members holding budgetary cross-appointments to more than one unit should be assigned teaching and university service duties in a manner consistent with their percentage appointment in each unit.[39]

The requirement that the Administration assign teaching and service "in a manner consistent with the member's percentage appointment" is entirely consistent with the Association's proposal that the DOE stated in a member's annual workload assignment "rationally correspond to the member's details of teaching and service". This is hardly a radical departure from the calculus the Administration is already required to perform when assigning workload. If the Administration is doing what it already should be doing, stating the DOE requires little to no extra effort.

Lastly, the Administration provides members with a letter looking back at the previous academic year (around the same time members receive workload assignments for the coming academic year) that informs members how their performance in the past year was evaluated. That performance (the fruits of the member's "efforts") over the past year is evaluated in the language of DOE. These letters, known as PTR Assessments[40], are what determine additional base salary increases for members year-to-year (in addition to any ATB). In these letters, teaching and service are weighted through percentages and, importantly, if a member's teaching and service in a given year deviated from the "norms" in a unit, that deviation is also expressed in percentages.

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[38] WLPP at section 1.2.
[39] WLPP at section 6.0 [emphasis added].
[40] Or, for librarians, Performance Assessments.

For example, in one faculty PTR letter from 2024, the Administration states that:

> For most tenure-stream faculty, research and teaching make up 40% of the total assessment, while service represents the other 20%, unless other arrangements have been made for special circumstances. For teaching stream faculty teaching is 50%, pedagogical/professional development make up 30% of the total assessment and service the remaining 20%.

Here the Administration is explicitly stating, at the end of the year, that their measure of a member's achieved work is assessed by viewing the member's work through a DOE lens. In the example just given, the balance between teaching, research, and service was determined to be 40%-40%-20% for tenure stream and 50%-30%-20% for teaching stream. Importantly, in the same letter referred to above, the member in question had taken on an extraordinary service load in the last academic year and so their individualized PTR was assessed using a DOE lens of 20% teaching, 20% research, and 60% service. It is unfathomable that a member can be evaluated at the end of the academic year, based on a balance of teaching, research, and service that was <u>unstated</u> at the beginning of the academic year.

All that UTFA is proposing is that the balance between teaching, research, and service be stated at the front end of the academic year in the individual workload assignment and not simply introduced to the member at the back end. This will ensure that members are not evaluated on what they have achieved without first having been told how they are expected to achieve it.

<u>THE ASSOCIATION'S PROPOSAL IS CONSISTENT WITH WORKLOAD LANGUAGE IN THE SECTOR</u>

The Association's proposal is drawn from common sense, and from other faculty and librarian groups in the academic sector that have taken similar steps to improve workload transparency through DOE.

For example, the University of Waterloo requires the weight between the three principal workload components to be specified in a member's letter of appointment; where the workload balance is not specified, a Memorandum of Agreement between the parties stipulates a default balance of 40% teaching, 40% research, 20% service (for professorial positions).[41] The University of Guelph also requires a DOE for each member to be defined in their letter of appointment and, unless otherwise agreed to by the Dean and the member, the default distribution is 40% teaching, 40% scholarship, and 20% service.[42] Thus, like UTFA's current proposal, the Administration has discretion to set the appropriate workload balance for each individual member; however, that balance is clear and knowable for each member and, in its absence, an identified baseline DOE is available to the member.

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[41] Memorandum of Agreement between the Faculty Association of the University of Waterloo and the University of Waterloo, September 1, 2024, at Article 13.5.5.
[42] The University of Guelph and the University of Guelph Faculty Association, Collective Agreement, July 1, 2022 to June 30, 2024 at Article 18.11-18.13.

The University of Western Ontario similarly addresses workload balance. The collective agreement defines the balance of the three workload components relative to one another:

> 1.1 Subject to the provisions of Clause 2 of the Article Alternative Workload, the Normal Workload, as defined in this Article, of Probationary or Tenured Members shall balance Teaching, Research and Service such that the commitment of activity in each of Teaching and Research shall be approximately equal and each shall be greater than in the area of Service. For Probationary and Tenured Members whose Teaching component of Workload constitutes at least thirty per cent of Academic Responsibilities, the credit given for the amount of graduate supervision shall not be such that it eliminates all of the Member's other Academic Responsibilities in the area of Teaching.
>
> 1.2 Subject to the provisions of Clause 2 of the Article Alternative Workload, the Normal Workload, as defined in this Article, of Probationary or Continuing Appointment on the Teaching Scholar Track shall balance Teaching, Scholarship Activities and Service such that the commitment of activity in each of Scholarship Activities and Service shall be approximately equal. [43]

It is thus fully consistent with what is normative in the sector to award the language proposed by the Association. The Association's proposal will enhance workload transparency, while maintaining the discretion of academic units to determine the appropriate workload across the unit and for each individual faculty member or librarian.

[43] University of Western Ontario and the University of Western Ontario Faculty Association, Collective Agreement, July 1, 2022 to June 30, 2026 at Workload, Articles 1.1-1.2.

PROPOSAL #2 – SALARY

1) SPECIAL ADJUSTMENTS TO SALARY FLOORS

a) Librarian Salary Minimums

Rank	July 1, 2022 (expired)	June 30, 2023 (prior to July 1, 2023, ATB)
~~Librarian I~~	$76,403	-----------------
Librarian ~~II~~ I	$79,720	$85,500
Librarian ~~III~~ II	$102,023	$102,023
Librarian ~~IV~~ III	$120,209	$120,209
Librarian IV		$135,836

b) Faculty Member Salary Minimum

Rank	July 1, 2022 (expired)	June 30, 2023 (prior to July 1, 2023, ATB)
~~Professor~~	$117,007	~~$117,007~~
~~Assistant/Associate Professor, Teaching Stream~~	$96,305	~~$96,305~~
~~Associate Professor, Tenure Stream~~	$87,154	~~$87,154~~
~~Assistant Professor, Tenure Stream~~	$71,027	~~$71,027~~
Faculty	N/A	$120,000

2) ACROSS-THE-BOARD ("ATB") INCREASE

DATE	ATB
July 1, 2023	6.0%
July 1, 2024	4.5%
July 1, 2025	TBD

ATB increases applied to:

- Base Salary
- Salary Floors
- Progress Through the Ranks ("PTR") Breakpoints
- Amount in PTR fund per Full-Time Equivalent ("FTE") below Breakpoint
- Amount in PTR fund per FTE above Breakpoint
- Overload Stipends
- Stipends for UTFA Academic Admin roles (ex. Chairs, Associate Chairs, etc.)
- Other components of salary "at large" (ex. forgivable loans, stipends for non-Academic Admin chair roles, etc.)

3) SPECIAL ADJUSTMENT TO PTR

Increase the PTR pool (to 2.5% of total wages), applied proportionately by way of (i) upward adjustments to tenure stream, teaching stream, and librarian breakpoints, and (ii) upward adjustments to the amounts per FTE above and below the adjusted breakpoints.

EMPLOYER POSITION

Across-the-Board ("ATB") Increase

DATE	ATB
July 1, 2023	2.0%
July 1, 2024	1.8%

ASSOCIATION RATIONALE

OVERVIEW

The Association's salary proposal has three components.

First, the Association seeks to modernize faculty and librarian salaries by adjusting the salary floors to better align with true salaries.

Second, the Association proposes a 6.0% across-the-board increase on July 1, 2023, and a 4.5% increase on July 1, 2024. Both increases are wholly justified by the need to correct lagging inflation catch-up and to maintain the University of Toronto's top of market status.

Finally, the Association seeks to increase the PTR pool to 2.5% of total wages, which is consistent with the history of the PTR pool as a percentage of total wages that is redistributed to UTFA members for the purpose of compensating career progress, promotion, and experience.

Given its place at the very top of the academic sector, the University of Toronto has no true within-sector comparators. As the sector leader, University of Toronto faculty members and librarians can never be held "hostage to the bargains of [their] colleagues at other institutions.[44] In terms of both excellence and output, University of Toronto faculty members and librarians are comparable to none. While the collective agreements and outcomes of negotiations at other academic institutions provide context and are evidence of sector norms, UTFA must stand alone in its efforts to maintain its sector superiority, in all respects.

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[44] *University of Toronto and University of Toronto Faculty Association*, unreported, October 5, 2010 ["Teplitsky Award"] at p 11.

Because UTFA is the sector leader, and not a follower, the outcomes of other sector-leading professional groups are useful, if not perfect, cross-sector comparators. Unsurprisingly, these sector-leading groups are typically located in the Greater Toronto Area, such as Toronto Firefighters and Toronto Police. These sector leaders experience similar cost of living pressures in Ontario's most populous, prosperous, and expensive city.

UTFA makes reference, throughout the Brief, to within-sector groups and cross-sector comparators for context and to highlight shortfalls, but always with the understanding that these groups are, collectively, a tail that can never wag the dog.

With this caveat in mind, the Association's proposed salary package is well supported by the evidence and the principles of replication, gradualism, recruitment and retention. The proposals should be awarded in their entirety.

1) PROPOSED SPECIAL ADJUSTMENTS

The Association proposes special adjustments to the salary grids by raising the salary floors for librarians and faculty.

According to the Academic Administrative Procedures Manual ("AAPM"), each year, minimum salary ranges are determined in relation to the ATB increases that are awarded.[45] In theory, minimum salary floors are intended to ensure that the salaries of faculty members and librarians never fall below the specified threshold. In reality, the existing salary floors are completely out of step with true wages and the University's world-class status.

As demonstrated by the data below, the Association's proposal to raise the salary floors will benefit the lowest-paid members of the Association at very little cost to the Administration. This is, essentially, a modernization proposal which will bring the salary grids in line with true salaries.

i. Librarians

The salary floors for University of Toronto librarians must be updated. The current floors fall below entry-level minimum salaries at other universities, which means the University of Toronto does not appear to be top of market in its published salary grid.

Background – Librarians at the University of Toronto

The Administration employs approximately 164 librarians, in a four-rank structure:

[45] Academic Administrative Procedures Manual, "Academic Salary Administration: Salary Increase Components": [AAPM].

Rank	# of Librarians
I	12
II	27
III	107
IV	17
Total	**164**

Librarian is a historically 'female' occupation and the University of Toronto is no different in this regard. Most librarians at the University of Toronto are women. Job postings for librarians use feminized language, particularly those for Librarians I and II.[46] The University of Toronto primarily hires librarians at these lower ranks, leading to more experienced individuals being hired at a lower level, which serves to depress the wages for the University's librarians overall. Other factors also contribute to lower salaries and the perpetuation of gender inequities in this field, including the downplaying of increased responsibilities such as instructional responsibilities. The overall result is a systemic, gender-based, devaluation of librarian work.[47]

Current Salary Grid

The current Librarian salary minimums are as follows:

Rank	**July 1, 2022 (expired)**
Librarian I	$76,403
Librarian II	$79,720
Librarian III	$102,023
Librarian IV	$120,209

A number of observations about these minimums are warranted.

First, the salary floors are excessively low. They are lower than the listed entry-level minimum salaries at other non-leading institutions. For example, these salary floors place the University of Toronto behind Trent University in librarian entry-level salaries:

46 Guenther Lomas, Jessica Shiers, Harriet M. Sonne de Torrens, Joanna Szurmak and Meaghan Valant, "Perpetuating a Gendered Profession: An Empirical Deconstruction of the Job Openings for Academic Librarians at the University of Toronto from 1985 to 2021" in *Academic Librarianship in Canada: Post-COVID Perspectives in a Neoliberal Era* (California: Litwin Press & Library Juice, 2024).
47 *Ibid*.

Librarian Rank	University of Toronto (July 1, 2022)	Trent University (salary as of July 1, 2022)[48]	Trent University (salary as of July 1, 2023)	Trent University (salary as of July 1, 2024)
I	$76,403	$84,462	$88,519	$91,174
II	$79,720	$90,683	$95,038	$97,889
III	$102,023	$103,135	$108,088	$111,330
IV	$120,209	$118,695	$124,395	$128,127

The entry-level salary minimum at Trent University was more than $8,000 higher than at the University of Toronto as of July 1, 2022, which runs directly contrary to the accepted principle (discussed further below) that the University of Toronto must lead the sector.

There are several other so-called "U15" universities with higher salary floors for at least one librarian rank (particularly University of Saskatchewan, which has a higher salary floor for Librarian I, II, and III):

Rank	University of Toronto (July 1, 2022)	University of Saskatchewan as of July 1, 2022[49]	University of Calgary as of July 1, 2022[50]	University of Alberta July 1, 2020 to March 31, 2023[51]	University of Guelph 2022-2023[52]
I	76,403	83,148	64,768	62,231 86,167	74,424
II	79,720	99,945	76,292	87,744	80,269
III	102,023	120,102	84,674 123,175	102,364	89,841
IV	120,209				

[48] Collective Agreement between the Board of Governors on Behalf of Trent University and the Trent University Faculty Association, expiring June 30, 2025.
[49] Collective Agreement between the University of Saskatchewan and the University of Saskatchewan Faculty Association, expiring June 30, 2023, at page 56. These values were calculated based on the extension of the collective agreement to 2022-2023. The ATB increase of 1.8% was applied to the salary floors for 2021-2022. Saskatchewan uses the following librarian rankings: Assistant Librarian, Associate Librarian, Librarian (in ascending order).
[50] Collective Agreement between the Faculty Association of the University of Calgary and the Governors of the University of Calgary, expiring June 30, 2024, at page 144. Calgary uses the following librarian rankings: Assistant Librarian, Associate Librarian, Librarian (in ascending order). The "Librarian" rank has 2 distinct salary floors.
[51] Collective Agreement between the Governors of the University of Alberta and the Association of the Academic Staff of the University of Alberta, expiring June 30, 2024, at page 195. The University of Alberta lists two salary floors for the Librarian I position.
[52] Collective Agreement between the University of Guelph and the University of Guelph Faculty Association, expiring June 30, 2024, at page 160. Guelph uses the following librarian rankings: Assistant Librarian, Associate Librarian, Librarian (in ascending order).

The evidence is clear that the current librarian salary grid at the University of Toronto fails to properly reflect that UTFA librarians are the most qualified and skilled in the country.

Second, in addition to being too low, the current salary minimums poorly reflect how librarians at the University of Toronto are actually paid. In reality, most librarians receive salaries higher than the floor of their respective rank. Indeed, as noted below, many librarians earn a salary higher than the minimum of the next rank. This presents a clear problem for the Administration from an optics and recruitment perspective. The salary minimums are published on the Administration's website and available to prospective job applicants. There is no justifiable reason to maintain these low, and misleading, salary floors.

Finally, the current salary floors are distributed unevenly. The progression of salary minimums through the librarian ranks has no apparent logic. As of July 1, 2022, the separation between salary floors at Level I and Level II is approximately 4.3%. This means that a librarian who advances from Level I to Level II may well receive no salary increase if their base salary was already negotiated above the minimum or had already increased beyond the Level II salary floor as a result of prior ATB and PTR increases.

This is reflected in the most recent salary data for University of Toronto librarians. A significant percentage of librarians earn a higher salary than the minimum of the next rank:

Rank	**% earning more than floor of next rank**
Librarian I	50%
Librarian II	15%
Librarian III	65%

Association Proposal

To address these concerns, the Association proposes to both raise the salary floors and smooth the progression through the four librarian ranks. Specifically, the Association proposes to eliminate the minimum salary at the first rank, to slide each rank down one level on the salary grid (the former Level II salary floor becomes Level I, the former Level III becomes Level II, and so on), and to add a new minimum salary for the highest rank, such that the Level IV floor is 13% higher than Level III, consistent with the progression between Levels I and II. As a result, the new salary minimums (before the July 1, 2023 ATB) would be as follows:

Rank	July 1, 2022 (expired)	June 30, 2023
~~Librarian I~~	$76,403	-----------------
Librarian ~~II~~ I	$79,720	$85,500
Librarian ~~III~~ II	$102,023	$102,023
Librarian ~~IV~~ III	$120,209	$120,209
Librarian IV		$135,836

This proposal maintains the current four rank structure. It brings the entry-level minimum salary at Level I to $85,500 (prior to July 1, 2023 ATB), bringing it slightly above the starting salary at Trent University and thus restoring the University of Toronto as the sector leader at the entry level.

The above adjustments would be effective June 30, 2023, and would increase annually to match the ATB increases negotiated between UTFA and the Administration (see ATB proposal, below).

This proposal will benefit the lowest-paid librarians in the Association, at very little real cost to the University. If the Association's ATB proposal is awarded, only a small number of librarians will fall below the new proposed salary minimums. As a result, the total cost of this proposal is only $282,000 (or 0.04% of total compensation):

Rank	# below proposed salary minimum	Cost to bring those below up to proposed salary minimum
Librarian I	9	$17,602
Librarian II	19	$124,192
Librarian III	26	$140,250
Librarian IV	0	$0
TOTAL	**54**	**$282,044**

ii. <u>Faculty Members</u>

The current salary floors for faculty members, like librarians, are out of step with reality. They are also well below the salary minimums at other universities, again jeopardizing the University of Toronto's position as the sector leader. A single salary floor that corresponds to real wages is a common sense and low cost adjustment that benefits both the University Administration and UTFA's most vulnerable members.

<u>Current salary minimums</u>

The salary minimums for faculty members listed in the AAPM have lost all touch with reality and do not reflect the status of University of Toronto faculty as "top of market".

The current minimums listed in the AAPM are as follows:

Rank	July 1, 2022
Professor	$117,007
Assistant/Associate Professor, Teaching Stream	$96,305
Associate Professor, Tenure Stream	$87,154
Assistant Professor, Tenure Stream	$71,027

These salary floors are inexplicably low. The University of Toronto lags behind several other universities in published salary minimums:

2022-2023

Rank	University of Toronto July 1, 2022 (expired)	Western University as of July 1, 2022	University of Waterloo as of May 1, 2022	University of Ottawa as of May 1, 2022	McMaster University 2022-2023	Queen's University as of July 1, 2022
Professor	$117,007	$122,511	$136,785	$117,687	$129,741	N/A
Associate Professor	$87,154	$101,219	$107,368	$98,019	$105,176	N/A
Assistant Professor	$71,027	$88,936	$85,307	$88,735	$84,272	$76,861
Assistant/Associate Professor, Teaching Stream	$96,305					

2023-2024

Rank	University of Toronto July 1, 2022 (expired)	Western University as of July 1, 2023	University of Waterloo as of May 1, 2023	University of Ottawa as of May 1, 2023	McMaster University 2023-2024	Queen's University as of July 1, 2023
Professor	$117,007	$126,186	$138,153	$118,864	$131,038	
Associate Professor	$87,154	$104,256	$108,442	$98,999	$106,228	
Assistant Professor	$71,027	$91,831	$86,160	$89,622	$85,115	$79,167
Assistant/Associate Professor, Teaching Stream	$96,305					

Like the salary floors for librarians, these faculty member minimums bear virtually no relationship to the salaries actually earned by faculty members at the University of Toronto. As a result, they present the same optics and recruitment problem for the University Administration. By setting this weak public-facing standard for faculty member salaries, the University does itself and its faculty members a disservice and may hinder the ability of the University to attract the best and brightest candidates.

Finally, the existing differences between the salary floors based on appointment type and rank bear no correlation to the way in which faculty members are actually paid, making the distinction both arbitrary and unnecessary.

Association proposal

The Association's proposal is to eliminate these obsolete and fictitious salary floors and move to a single salary floor for faculty members that is far more reflective of actual salaries being paid:

Rank	**July 1, 2022**	**June 30, 2023**
~~Professor~~	$117,007	~~$117,007~~
~~Assistant/Associate Professor, Teaching Stream~~	$96,305	~~$96,305~~
~~Associate Professor, Tenure Stream~~	$87,154	~~$87,154~~
~~Assistant Professor, Tenure Stream~~	$71,027	~~$71,027~~
Faculty		$120,000

This proposal improves the Administration's ability to attract new faculty by publicizing and guaranteeing a competitive salary floor.

The Association's proposal will primarily benefit the lowest paid and most precarious faculty members, very few of whom (less than 5% of the total membership) would fall below the proposed salary floor if the Association's proposal were awarded:

Appointment Type/Rank	**# below proposed salary minimum**	**Cost to bring those below up to proposed salary minimum**
Professor (Tenure Stream)	1	$5,201
Assistant/ Associate Professor (Tenure Steam and Teaching Stream)	168	$1,240,652
TOTAL	**169**	**$1,245,853**

While this adjustment has the potential to benefit the lowest-paid faculty members, it does so at very little cost to the Administration. The adjustment amounts to no more than 0.4% of total wages. The adjustment is so minimal that this proposal to modernize the faculty salary floor is akin to a 'housekeeping' item. At the same time, it accords much better with the University of Toronto's public face as the premier research and higher learning institution in Canada and one of the top-ranking universities in the world.

Like the special adjustment for librarians (above), this adjustment would occur prior to any ATB increase on July 1, 2023. ATB increases must be applied on July 1, 2023, and annually thereafter, as specified in the AAPM.

2) <u>ACROSS-THE-BOARD INCREASES</u>

The two principles guiding the ATB negotiations between the parties are well established.

First, University of Toronto faculty members and librarians are to be compensated at "top of market".

Second, but equally important, ATB increases must track inflation to protect against a loss of spending power.

In addition to these two principles, as the leaders of the academic sector, University of Toronto faculty members and librarians have no true comparators in the same sector. The outcomes achieved by other top of market professional groups in Toronto[53] are stronger indicators of what it means to be the sector leader on wages.

In light of these considerations, the Association proposes the following ATB increases, applied to all salary items:

DATE	ATB
July 1, 2023	6.0%
July 1, 2024	4.5%

The wages of faculty members and librarians at the University of Toronto have several components, all of which contribute to total salary. These components include:

1. Base Salary
2. Salary Floors/Minimums
3. PTR
4. Overload Stipend (Per Course)
5. Compensation "at-large" (i.e. other stipends, forgivable loans etc.)

[53] Such as Toronto Police and Toronto Firefighters.

Base Salary is a faculty member or librarian's guaranteed annual salary. A faculty member or librarian's Base Salary may match one of the **Salary Floors** listed in the AAPM;[54] however, Base Salary can be anything that does not fall below the minimum Salary Floor.

PTR is merit and promotion pay that is costed using two measures: the "Breakpoint" and PTR Funds below/above Breakpoint.[55] The Breakpoint is a salary mark that a faculty member or librarian's Base Salary will fall either above or below. The PTR Funds below and above the Breakpoint are used to upwardly adjust Base Salary when PTR is awarded. The amount a faculty member or librarian's Base Salary will increase (when PTR is awarded) is affected by whether the individual's Base Salary falls above or below the Breakpoint. Salaries above the Breakpoint receive smaller Base Salary increases through PTR awards.

The **Overload Stipend** is the per-course overload rate. It is the minimum rate to be paid to faculty with full-time appointments and retired members with a course overload.[56]

Compensation "at-large" refers to remuneration that is part of a faculty member or librarian's salary package that does not fit into any other wage category. These include (but are not limited to) forgivable housing loans and stipends that are not attributable to any teaching overload.

In order to protect both "top of market" status and the spending power of every dollar earned, incremental ATB improvements to Base Salaries must be accompanied by equal incremental improvements to Salary Floors (after special adjustments), PTR Breakpoints, the PTR funds below and above Breakpoints, the Overload Stipend, and any other measurable component of salary, such as housing loans and non-overload stipends (e.g. chairs' and associate chairs' stipends).

UTFA's ATB proposals for years one and two are consistent with a cumulative approach that looks back to the "prior year" of inflation (July 2022 - June 2023 for year one, and July 2023 - June 2024 for year two) and accounts for the cumulative erosion of wages in the three years prior to this agreement (July 2019 – June 2022).

The Association's proposal also affirms the University of Toronto's status as the sector leader and aligns with ATB outcomes for similarly situated "top of market" groups in Toronto.

i. Top of Market

The expectations, workload, and performance of faculty members and librarians at the University of Toronto exceed those of any other academic institution in Canada

[54] AAPM, "Academic Salary Administration: Salary Ranges".
[55] AAPM, "Academic Salary Administration: Progress Through the Ranks (PTR): Overview". Note: the amounts listed in the AAPM does not include the 5% set aside for allocation through the 5% merit pool.
[56] AAPM, "Academic Salary Administration: Overload Stipend Rate".

and most of North America. The wages of faculty and librarians at the University of Toronto must reflect that reality.

Over the past several rounds of negotiations, the Association has been clear that its members are meeting and exceeding high expectations, while, at the same time, subsidizing the Administration's expenses through excessive workloads that go unrecognized and undercompensated. This has contributed to the University of Toronto's strong financial position during a period when other institutions across Ontario are struggling. In its 2024 Financial Report, the Administration reported:

- a 2.7% increase in student enrolment;
- an 8.5% increase in year-over-year revenue to $4.6 billion; and,
- a 10.9% positive net income of revenues before allocations to reserves, totalling $508 million.[57]

The Administration also reported a $131 million increase in its net assets as a result of remeasuring its obligations under the employee benefits plans.[58] Based on the Administration's projected expenses for faculty and librarian salary and benefits for 2024-25,[59] these actuarial gains represent roughly 14% of faculty and librarians' total compensation.

Accordingly, in addition to seeking improved workload protections (**see Proposal #1 re Distribution of Effort**), UTFA's 6.0% and 4.5% ATB proposals acknowledge the high-value and high-quantity output of faculty members and librarians and their vital contributions to the Administration's strong financial outlook.

Prior awards between these parties consistently uphold the proposition that faculty member and librarian wages at the University of Toronto must remain at top of market. The 2006 Winkler award noted that:

> In essence, the University has staked out a position at the top of the relevant market or "industry segment". It implicitly admits that maintaining that position depends to a large degree on maintaining the quality of its faculty and librarians. That in turn requires, leaving aside the intangibles, ensuring that the total compensation package available to those faculty members and librarians is sufficient to place them at the top of the market as well. That will be the starting point for our analysis of the specific proposals.[60]

The University's top of market status was re-affirmed as an "important factor" by Arbitrator Teplitsky in his 2010 award,[61] and again in Arbitrator Gedalof's most recent award between these parties.[62]

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[57] University of Toronto Financial Services, *Financial Report 2024*, April 30, 2024, p. 1.
[58] University of Toronto Financial Services, *Financial Report 2024*, April 30, 2024, p. 6.
[59] University of Toronto, *Budget Report 2024-25 and Long-Range Budget Guidelines 2024-25 to 2028-29*, February 16, 2024, p 20.
[60] *University of Toronto (Governing Council) and University of Toronto Faculty Assn. (Re)*, 2006 CanLII 93321 at para 20.
[61] Teplitsky Award.
[62] Gedalof Award at paras 101 and 119.

The 6.0% (Year 1) and 4.5% (Year 2) increases proposed by UTFA maintain the University of Toronto's position as "top of market" and are necessary to fully compensate faculty members and librarians for the calibre of work they produce, and the extraordinary effort spent on producing that work.

ii. *Inflation "catch-up"*

In his September 6, 2023, award, Arbitrator Gedalof included a comprehensive analysis of the bargaining history between the parties.[63] In that Award, he made two important determinations:

i) inflation is a highly significant factor between the parties, and

ii) the "prior year" or retrospective approach to calculating inflation (or loss of spending power) best replicates how the parties have historically bargained.[64]

Based on this analysis of the bargaining history between the parties, Arbitrator Gedalof found that salaries for faculty members and librarians have, with occasional corrections, kept pace with inflation over the past 20 years. In some years, while the ATB does not remain in lockstep with the CPI inflation rate, that delta is corrected in subsequent years, resulting in a holistic and cumulative approach to inflation that clearly prioritizes protecting faculty member and librarian salaries from spending power erosion.

Consistent with these findings, UTFA's ATB proposal is aimed at "catch-up" on the erosion of spending power.

Using the "prior year" approach endorsed by Arbitrator Gedalof, the inflation/erosion of wages applicable to the current negotiation term (July 1, 2023, to June 30, 2025) is calculated at 3.3% for July 1, 2022 to June 30, 2023,[65] and 2.5% for July 1, 2023 to June 30, 2024.[66] Notably, the Ontario inflation rates over this period are slightly higher at 3.2% for July 1, 2022 to June 30, 2023 and 2.7% for July 1, 2023 to June 30, 2024.[67]

However, inflation for each of these years cannot be relied on in isolation. Arbitrator Gedalof was clear that inflationary costs are <u>cumulative</u>, and it would be highly artificial to look exclusively at a single year.[68]

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[63] Gedalof Award at paras 89-103.
[64] Gedalof Award at para 89.
[65] Statistics Canada, Consumer Price Index – Table 18-10-0004-01. Calculated as the % change in CPI for July 2022 compared to July 2023.
[66] Statistics Canada, Consumer Price Index – Table 18-10-0004-01. Calculated as the % change in CPI for July 2023 compared to July 2024.
[67] Statistics Canada, Consumer Price Index – Table 18-10-0004-01. Calculated as the % change in CPI for July 2022 compared to July 2023, and July 2023 compared to July 2024.
[68] Gedalof Award at para 85 [emphasis added].

Consequently, UTFA's proposal also considers the under-correction of wages in the three calculation years prior to the current term. According to the Gedalof Award, the wages of faculty members and librarians eroded over the calculation period of the parties' last agreement (July 1, 2019, to June 30, 2022) by 8.6%.[69] Although the erosion totalled 8.6%, Arbitrator Gedalof awarded an additional 7.0% increase. In other words, 1.6% less than the total wage erosion for the applicable calculation period "looking back".

UTFA's proposal for a 6.0% ATB increase for July 1, 2023, is consistent with a cumulative approach that looks back to the "prior year(s)" (July 1, 2022- June 30, 2023 and July 1, 2023 – June 30, 2024) and contemplates the additional erosion of wages in the three years prior to that (July 1, 2019 – June 30, 2022):

> 3.3% (2022-23) + 2.5% (2023-2024) + 1.6% (2019-22)
> = 7.4% (2023-24)

The 6.0% increase for the first year of the agreement proposed by UTFA is adjusted upwards by an additional 1.1% from the calculated inflationary increase of 4.9%. The second-year proposed ATB increase of 4.5% is adjusted upwards by an additional 2.0% from the inflation over that period.

These upward adjustments are entirely consistent with: (i) a compounded loss of spending power over the five-year calculation period (faculty member and librarian wages have lagged behind inflation since 2019), and (ii) the ebb and flow of salary negotiations between the parties, *vis a vis* actual inflation, over many years:

> Wage increases may lag or exceed inflation from time to time, particularly where other factors are overwhelming. Wages do not remain, as they have all found and as both Arbitrator Burkett and Justice Winkler articulated, "in lock step" with inflationary increases. But inflation is nonetheless "obviously" (Winkler) and "very" (Teplitsky) relevant.[70]

This principle of ebb and flow is reflected in the pattern of CPI and ATB increases over many years:

RATES OF INFLATION (CPI) [71] AND ATBS SINCE WINKLER 2006 AWARD[72]

YEAR	CPI	ATB	Award or Settlement
2005-2006	2.3%	3.0%	Award - Winkler

[69] *n.b.* this is 8.6% remaining after factoring in the 1% Bill 124 compliant increases (totaling 3.0%) that had already been awarded.
[70] Gedalof Award at para 104 [emphasis added]. See also Teplitsky Award at p 8: "In any bargaining round, the ATB increase has been higher or lower than the CPI increase. For example, in the settlement for 2007-2008 and 2008-2009, the ATB increase exceeded the CPI for those years".
[71] Statistics Canada, "Annual average change in the Consumer Price Index (CPI) and the CPI excluding gasoline, 2006 to 2020".
[72] Statistics Canada, "Annual average change in the Consumer Price Index (CPI) and the CPI excluding energy, 2009 to 2023".

YEAR	CPI	ATB	Award or Settlement
2006-2007	1.9%	3.25%	Award - Winkler
2007-2008	2.1%	3.0%[73] + $585 (Jan 1 flat increase)	Settlement
2008-2009	2.2%	3.0%[74] + $605 (Jan 1 flat increase)	Settlement
2009-2010	0.4%	1.25%[75] (July 1) 1.0%[76] (Jan 1)	Award - Teplitsky
2010-2011	2.0%	1.25%[77] (July 1) 1.0%[78] (Jan 1)	Award - Teplitsky
2011-2012	2.8%	1.7%[79]	Settlement
2012-2013	1.2%	2.0%[80]	Settlement
2013-2014	1.1%	2.25%[81]	Settlement
2014-2015	1.8%	1.9%	Award - Kaplan
2015-2016	1.2%	1.9%	Award - Kaplan
2016-2017	1.5%	1.75%	Award - Kaplan
2017-2018	1.6%	1.75%	Settlement
2018-2019	2.2%	1.9%	Settlement
2019-2020	2.0%	2.0%[82]	Settlement
2020-2021	3.7%[83]	1.0%	Settlement
2021-2022	7.6%[84]	1.0%	Settlement
2022-2023	3.3%[85]	8.0%	Award - Gedalof

In the period covering this round of negotiations, the Association submits that the ATB increases must "exceed inflation" to ensure catch-up and address several years of compounded losses.

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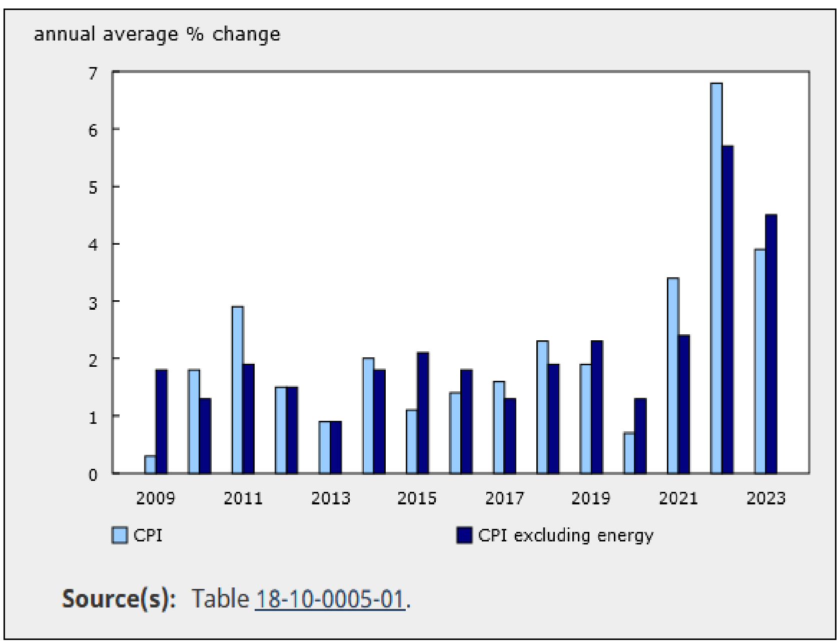
[73] Note: or flat dollar amount increase if greater than 3.0% ($3060 tenure stream; $2125 teaching stream; $2020 Librarians).
[74] Note: or the following flat dollar amount if its value exceeds 3.0% ($3150 tenure stream; $2190 teaching stream; $2080 Librarians).
[75] Note: or the following flat dollar amount if its value exceeds 1.25%: $1720 tenure stream; $1215 teaching stream; $1143 Librarians).
[76] Note: or the following flat dollar increase if the amount is greater that 1.00% ($1376 tenure stream; $972 teaching stream; $914 Librarians).
[77] Note: or the following flat dollar increase if the amount is greater than 1.25% ($1791 tenure stream; $1265 teaching stream; $1190 Librarians).
[78] Note: or the following flat rate dollar increase if its value is greater than 1.0% ($1433 tenure stream; $1012 teaching stream; $952 Librarians).
[79] Flat dollar increase of $1000, pro-rated for part-time.
[80] Flat dollar increase of $1520, pro-rated for part-time.
[81] Flat dollar increase of $1815, pro-rated for part-time.
[82] 1.0% paid as flat dollar amount of $1630 per full-time member, pro-rated for part-time members.
[83] Statistics Canada, Consumer Price Index – Table 18-10-0004-01. Calculated as the % change in CPI for July 2020 compared to July 2021.
[84] Statistics Canada, Consumer Price Index – Table 18-10-0004-01. Calculated as the % change in CPI for July 2021 compared to July 2022.
[85] Statistics Canada, Consumer Price Index – Table 18-10-0004-01. Calculated as the % change in CPI for July 2022 compared to July 2023.

Arbitrator Gedalof was clear that it is "beyond dispute that an agreement to less favourable terms in one year can produce more favourable terms in another".[86] The same can be said of arbitral awards. This is something Arbitrator Gedalof also explicitly acknowledged when he awarded an ATB increase on July 1, 2022, that appeared significant but, in reality, fell short of fully addressing the true depreciation of wages over the three-year term in question:

> Based on the prior-year inflationary assessment, this award goes a significant way toward restoring wages against inflation. It is true, given the retroactive term being decided here, that we know that inflation has continued to rise above recent norms, and that further erosion of wages has occurred. But the practice for these parties has been to consider the prior year's inflation, and that erosion can be addressed by future increases, if appropriate at that time, as these parties have typically done.[87]

The Association submits that the appropriate time is now.

According to Statistics Canada, the year 2022 saw the highest increase in the CPI in forty years. In the meantime, the annual average CPI increase in 2023 was the largest since 1991, apart from 2022[88]:



The "look back" on wage erosion in the Gedalof Award straddled 2021 and 2022. Wage erosion for that pivotal 2022 year was only partially addressed. Inflation

[86] Gedalof Award at para 85.
[87] Gedalof Award at para 108 [emphasis added].
[88] Consumer Price Index: Annual Review, 2023 ["CPI Annual Review, 2023"].

remained exceptionally high in 2023 and still exceeded previously normative levels in 2024.

The year is now 2025. Mortgage interest costs and rents accelerated during the same 2022-2023 period.[89] The mortgage interest cost index rose 28.5% in 2023, the largest on record, and consumers paid 6.5% more for rent.

Faculty members and librarians who work in one of the most expensive cities in Canada can no longer wait for the cumulative impact of inflation in recent years to be addressed.

Accordingly, the Association's proposal aims to comprehensively address members' purchasing power over this period of time and solidify the University of Toronto's position as top of market.

iii. *Parity with Other "Top of Market" Professional Groups*

In addition to providing protection against inflation and compensating for the compounded loss of half a decade of wage erosion, ATB increases must also align with the outcomes of other first-class professional groups in Toronto.

Because UTFA is the sector leader, and not a follower, the outcomes of other "top of market" professional groups in the province are relevant comparators. For example, Toronto Firefighters and Toronto Police have, like the University of Toronto, long been recognized as top of market in their respective sectors. These groups experience similar cost of living pressures in Ontario's most populous, prosperous, and expensive city.[90]

In 2024, both Toronto Police and Toronto Fire received significant ATB increases that exceeded the inflation rate for that year. Arbitrator Wright, in a recent award that recognized the historical status of Toronto Police in the province, awarded a 2024 increase of 5%.[91] This increase was in excess not only of the CPI for that year, but also the 4.5% increase provided to the Ontario Provincial Police for 2024 as a result of a four year deal, which provided total ATB increases of 14.75% over four years from 2023 to 2027.[92]

Toronto Fire similarly achieved a 4.75% increase for 2024 following the recent award of Arbitrator Stout for the first year of their renewal agreement.[93] Both Toronto Police

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[89] CPI Annual Review, 2023.
[90] *Toronto (City) v Toronto Professional Fire Fighters Association Local 3888, International Association of Fire Fighters,* 2017 CanLII 53653 (ON LA) at para 32.
[91] *Toronto Police Service Board v Toronto Police Association*, 2024 CanLII 124420 (ON LA) at paras 7-8, 18.
[92] Ontario Provincial Police Association, "Press Release – OPP Association Members Ratify New Collective Agreements", July 22, 2024.
[93] *Corporation of The City of Toronto v Toronto Professional Fire Fighters' Association, Local 3888*, 2024 CanLII 77542 (ON LA) at para 4.

and Fire are currently in bargaining, and given the cumulative ATB increases in the OPP deal outlined above, will likely be considering significant ATB increases for 2025.

These outcomes simply demonstrate how other leading professional groups in Toronto are addressing inflation and the high cost of living in the province's most expensive city.

iv. Conclusion

Given the erosion of faculty member and librarian wages over the 2019-2022 period, the need to maintain the University of Toronto's "top of market" status, and the precedent-setting outcomes achieved by other "top of market" professional groups, UTFA submits that ATB increases of 6.0% in 2023 (Year 1) and 4.5% in 2024 (Year 2) are both appropriate and necessary.

3) SPECIAL ADJUSTMENT TO PTR

Finally, UTFA proposes that the PTR pool be increased to 2.5% of total wages, which will partially and incrementally restore the PTR pool to its historic value. This increase in the pool would be accomplished through: (i) upward adjustments to tenure stream, teaching stream, and librarian breakpoints, and (ii) upward adjustments to the amounts per FTE above and below the adjusted breakpoints. The aim of increasing the PTR pool and the breakpoints is to ensure that faculty members and librarians are receiving compensation increases that recognize career progress, promotion, and overall excellence in their fields.

Unlike other post-secondary academic institutions in Canada, PTR at the University of Toronto is one of the only ways in which the Administration compensates faculty members and librarians for career development, promotion, and demonstrated excellence. As Arbitrator Burkett noted in his 1982 Award: "the annual P.T.R. increment is given as a total uniform amount in recognition of merit and in place of promotion increases".[94]

The purpose of PTR has always been to ensure that University of Toronto's faculty members and librarians achieve salaries that reflect the competitive market value of their work. PTR should recognize career achievement and bolster retention by rewarding demonstrated excellence, something that ATB increases (which merely protect the spending power of base salaries) do not account for.

The erosion of the PTR pool over the course of many years has meant that PTR awards are no longer large enough to ensure that career progress is compensated at market value. The inability of the current PTR pool to adequately compensate for career excellence has been stark in recent years. In the last two academic years (2022-23 and 2023-24), the Administration spent over five million dollars[95] on non-negotiated wage increases to correct the salaries of UTFA members under the heading of

[94] Burkett Award [emphasis added].
[95] 23-23 IR A-7 Anomaly Retention Adjustments UTFA January 29, 2025_Final.xlxs

"anomaly adjustments".[96] An anomaly adjustment is the Administration's term for discretionary wage increases that are determined outside of the Article 6 negotiation process. These adjustments—often made when faculty members have a higher wage offer from a competing institution in hand—increase faculty member wages to match the true market value of the faculty member's work. The market value of a faculty member's work increases with career progress and demonstrated excellence. This means that, in practice, the Administration is using salary "anomaly" adjustments to do (on an *ad hoc* and individual basis) what PTR is meant to do (collectively) as a key component of "salary" subject to Article 6 negotiations.

Given that the current PTR pool is falling woefully short of meaningfully compensating career progress, promotion, and excellence, incrementally restoring the PTR pool to 2.5% of total wages is a modest adjustment for a three-year term. This is particularly so, given the historic value of PTR at the University of Toronto. When outlining the rationale for PTR, a 1972 Budget Committee document notes that the PTR fund amounted to "approximately 3% of the 1972-1973 level of full-time academic salaries".[97] That document also stated the intention going forward that the PTR fund should be increased annually by a percentage equal to the percentage change in the salary scale. Despite this intention, PTR has gradually decreased as a percentage of salaries. In 2005, the PTR fund was almost 1.9% of total salary. In 2009 that number had decreased to 1.7%. In 2022, the number had decreased to 1.6%. Importantly, an increase to the PTR pool to 2.5% of total wages would also bring PTR in line with the sector norms that exceed the current 1.6% of total wages. Currently, top of market PTR pools in the academic sector are 2.5% of total wages.[98]

The current PTR pool must be increased to stop and partially correct the erosion of the PTR pool. The PTR pool must be large enough to ensure that the Administration's anomaly adjustments truly occur in only the most "exceptional circumstances"[99], and not as a non-transparent and non-negotiated alternative to PTR. Clearly, the Administration has the funds to reward career progress and merit. UTFA's proposal would bring a more appropriate proportion of such funds back to the PTR pool, where they are clearly needed.

[96] Academic Administrative Procedures Manual, "Salary Anomaly Requests".
[97] Extracts from the Budget Committees Recommendations for the 1973-1974 Estimates, dated November 30, 1972.
[98] For example, UBCFA, Collective Agreement and MUFA, Remuneration Agreement.
[99] Academic Administrative Procedures Manual, "Salary Anomaly Requests".

PROPOSAL #3 – BENEFITS (PERA)

Each faculty member (excluding clinicians, adjunct faculty, visiting faculty, status only appointments) and librarian, whose FTE is 20% or greater, will be entitled to claim reimbursement for University business expenses included on a mutually agreed upon list of eligible expenses related to their position with the University of Toronto.

Eligible employees are defined as follows:

- Faculty (Professoriate, Lecturers and Senior Lecturers, ~~Tutors and Senior Tutors~~, Athletics Instructors and Senior Athletics Instructors)
- Librarians

Faculty members and Librarians on LTD and Unpaid leave (except parental and pregnancy leave) are not eligible for PERA.

Eligible Expenses

Listed below are eligible expenditures, which may be summarized as anything which constitutes legitimate University business and which is currently eligible for reimbursement under our current reimbursement program.

The Guide to Financial Management, Travel and Other Reimbursable Expenses section, ~~defines~~ ***outlines*** expenses eligible for reimbursement, indicating that "The University of Toronto will reimburse out-of-pocket, university business travel and related expenses that are legitimate, reasonable and appropriate for the business activity undertaken, and that meet the terms and conditions imposed by the funding source used to pay for them".

The funds provided under the faculty ***member*** and librarian expense reimbursement program may be used to pay for any expenses eligible for reimbursement in the Guide to Financial Management such as:

- membership fees for professional and/or learned societies related to the faculty member's or librarian's discipline;
- subscription to professional and/or learned journals;
- books, materials, equipment and services directly related to research;
- registration fees for attendance at scholarly conferences;
- travel including transportation, food, and accommodation (subject to the University's travel policy) for attendance at scholarly conferences, seminars, workshops, field trips, and research;
- computer hardware and software and supplies used in performance of academic duties;
- expenses incurred in preparation and completion of scholarly manuscripts, and page or reprint charges;
- office supplies relating to the performance of teaching and research duties; ~~and,~~
- ***tuition fees; and***
- fees incurred for professional development.

Annual Amounts Provided

- ***The administrative guidelines for implementing PERA shall not be altered in any way that negatively impacts the level of benefits and/or services***

available to members, as negotiated between the University of Toronto Administration and UTFA.

- ***Parity of PERA amounts for full-time faculty members and part-time faculty members (>=50%). For clarity, parity does not allow for pro-rated amounts for part-time members.***
- ***Parity of PERA amounts for full-time librarians and part-time librarians. For clarity, parity does not allow for pro-rated amounts for part-time members.***
- ***Increase PERA amounts on an annual basis by the rate of inflation.***

Pre-tenure faculty, pre-promotion teaching stream, full-time continuing pre-permanent status librarians

- **Full-Time -** ~~$2,000~~ ***$2,530***
- **Part-time** (>=50%) **-** ~~$1,600~~ ***$2,530***
- **Part-time** (20% to 49%) - ~~$1,000~~ ***$1,265***

Tenured faculty, continuing teaching stream, all other librarians, contract-limited term assignment (CLTAs), limited-term lecturers

- **Full-Time** - ~~$1,700~~ ***$2,151***
- **Part-time** (>=50%) - ~~$1,360~~ ***$2,151***
- **Part-time** (20% to 49%) - ~~$850~~ ***$1,075***

EMPLOYER POSITION

Opposed.

ASSOCIATION RATIONALE

The Association proposes several rational and incremental changes to the Professional Expense Reimbursement Allowance ("PERA").

First, the Association seeks parity between the PERA amount for full-time members and part-time members whose FTE is at or above 50%. Many part-time UTFA members with significant teaching or administrative responsibilities have similar, if not identical, professional expenses to full-time members. There is no principled reason why these members should have drastically lower allowances than their colleagues. This is particularly the case where many of the eligible expenses under the current PERA policy are fixed costs and do not decrease depending on a member's part-time or full-time status.

Second, PERA amounts should, in the normal course, rise annually with the rate of inflation. The demonstrated need for this proposal is obvious. Professional expenses and development costs are not immune to inflation and the rising costs of these items erode the value of PERA over time. By tying PERA to inflation, the parties can ensure that this allowance is protected and remove the need to bargain these amounts in each round of negotiations.

This proposal is supported by the principles of replication and comparability. UTFA's PERA amounts have not been increased since 2017-2018. As a result, UTFA members have fallen significantly behind most Faculty Associations in Ontario with respect to PERA amounts:

University	**PERA**
McMaster	$2,900[100]
Brock	$2,500 + $900 for conference travel[101]
Ottawa	$2,600[102]
Western	$2,500[103]
Toronto Metropolitan University ("TMU")	$2,400[104]
York	$2,275[105]
Carleton	$2,200[106]
Guelph	$2,150[107]
Toronto (Tenure/Pre-Tenure)	$1,700 / $2,000
Trent	$1,950[108]

As this table illustrates, UTFA plainly requires a PERA increase to restore its members to top of market status with respect to this benefit. There is also a sector precedent for indexing PERA to inflation—Waterloo's PERA equivalent is indexed to the CPI:

> *On May 1 of each year, the FPER shall be indexed by the annual average percentage change (January to December) in the Canada Consumer Price Index for the immediately preceding year.*[109]

The Association's proposed changes to the PERA amounts are thus justified and reasonable and should be awarded.

[100] McMaster University and Faculty Association, Remuneration Agreements, 2013-2017, 2017-2019, 2019-2022, 2022-2025.
[101] Brock University and Brock University Faculty Association, Collective Agreement, July 1, 2023 to June 30, 2026, Appendix C.
[102] Association of Professors of the University of Ottawa, Highlights from the Tentative Agreement (January 23, 2025).
[103] The Faculty Association and the Board of Governors of the University of Western, Collective Agreement, July 1, 2021 to June 30, 2025, Compensation II.36.
[104] The Board of Governors of Toronto Metropolitan University and the Faculty Association, Expiry June 30, 2026, Article 18.
[105] Memorandum of Settlement for a Renewal Collective Agreement between York University and York University Faculty Association (August 19, 2024).
[106] Carleton University and Carleton University Academic Staff Association, Collective Agreement, May 1, 2021 to April 30, 2024, Article 39.12.
[107] The University of Guelph and the University of Guelph Faculty Association, Collective Agreement, July 1, 2022 to June 30, 2024, Article 53.36.
[108] The Board of Governors on Behalf of Trent University and the Trent University Faculty Association, July 1, 2022 to June 30, 2025, Article IV, 15.2.
[109] See FAUW, MOA at Article 11.5.5.

Finally, the Association seeks to add tuition fees to the list of eligible PERA expenses. Allowing UTFA members to use PERA for tuition fees would encourage members to pursue continuing education opportunities that enrich their contributions to the University. It would also provide members with the opportunity to remain current in their field/discipline and, as a result, assist those members in meeting their professional obligations.

PROPOSAL #4 – BENEFITS (HEALTH BENEFITS FOR ACTIVE AND REITRED MEMBERS)

A. Long Term Disability Benefits[110]

The Association proposes that the maximum earnings covered under the LTD plan be increased from $150,000 to ***$250,000, and will be increased annually in accordance with cost of living.***

B. Protecting Benefit Levels

The Association recognizes the University's responsibility to administer the benefits plan, provided the level of benefits and/or services to members will not be negatively impacted.

C. Vision

• Prescription eye glasses or contact lenses, or medically necessary contact lenses, laser eye surgery, or the services of a licensed optometrist ***or ophthalmologist***	$~~725~~ ***$1,000*** every 24 months
• Eye examinations	~~$110 every 24 months~~ ***$125 every 18 months for all plan members, subject to amounts payable by OHIP.***

D. Eligible Benefits

Eligible benefits do not include and reimbursement will not be made for:

[…]

8. services or supplies that:

[…]

t) would normally be paid through any provincial health insurance plan, Workplace Safety and Insurance Board or tribunal, the Assistive Devices Program or any other government agency, or which would have been payable under such a plan had proper application for coverage been made, or had proper and timely claims submission been made;

~~u) were previously provided or paid for by any governmental body or agency, but which have been modified, suspended or discontinued as result of changes in provincial health plan legislation or de-listing of any provincial health plan services or supplies;~~

[110] *n.b.* the LTD benefit proposal is applicable to active members only. All other benefits are, as has always been the case, applicable to all members, both active and retired.

E. Paramedical Services

• Chiropractor, Physiotherapist, Registered Massage Therapist, Osteopath, Chiropodist, Acupuncturist, Dietitian, Occupational Therapist - $5,000 per benefit year for all practitioners combined.	$5,000 per benefit year for all practitioners combined
• Psychologist, or Psychotherapist, or Master of Social Work • Addiction counselling provided by a professional that belongs to one of the following associations: CAMFT, AAMFT, CACCF, ICADC, ICCS, CCS-AC, ICCAC, CCAC, CCRC • Marriage/Family counselling provided by a professional that belongs to one of the following associations: CAMFT, AAMFT ***Paramedical service providers accessed by members through the Health Care Spending Account are presumed eligible for reimbursement up to the maximum entitlement for paramedical services under the Schedule of Benefits.***	~~$7,000~~ ***$10,000*** per benefit year for all practitioners combined.

F. Prescription Drugs

Your Co-Pay: Prescription Drugs: ▪ Insulin and injectable serums: ▪ All other covered drugs:	 0% ~~All dispensing fee amounts in excess of $6.50 per prescription or refill~~ ***0***

G. Hearing Care

Hearing Care	~~$1,000~~ ***$4,000*** for one left hearing aid and ~~$1,000~~ ***$4,000*** for one right hearing aid up to ~~$2,000~~ ***$8,000*** every 36 months.

EMPLOYER POSITION

Opposed.

ASSOCIATION RATIONALE

The Association's proposals address benefits coverage outlined both through the Benefit Plan's Schedule of Benefits and the more detailed Description of Benefits.[111] For consistency, all proposals that would amend the Schedule of Benefits should be considered to correspondingly amend the Description of Benefits and vice versa.

A. Long Term Disability Benefits[112]

i. Increase maximum earnings covered and tie to CPI

The Association proposes two key improvements to address the continuous depreciation of this crucial income replacement benefit.

First, the Association proposes that the maximum earnings covered under the LTD plan be increased from $150,000 to $250,000. The most recent amendment to the Administration's LTD Plan occurred in 2016, when the maximum earnings were increased to $150,000. This maximum no longer reflects the current salaries of most UTFA members.

The median salary for Professors (all streams) is $174,246. Most Professors earn salaries exceeding the maximum earnings for LTD benefits. A revised maximum of $250,000 better reflects the actual salaries of faculty members and ensures all members receive appropriate income replacement in the event of long-term disability.

Multiple Ontario universities have LTD plans with annual maximums that exceed the University of Toronto's, including Trent ($156,000),[113] TMU ($168,000),[114] and Waterloo ($192,454).[115] There are also groups with no annual maximum earnings, including the University of Saskatchewan,[116] and the University of Manitoba.[117] A

[111] GreenShield, University of Toronto Faculty Association – My Benefit Plan (November 1, 2022).
[112] *n.b.* the LTD benefit proposal is applicable to active members only. All other benefits are, as has always been the case, applicable to all members, both active and retired.
[113] SunLife Financial, Trent University Full-time Academic Employees – Benefits Booklet (March 1, 2024) at p 47, $13,000 monthly maximum.
[114] Toronto Metropolitan University, Appendix A – Long-Term Disability Plan, $14,000 monthly maximum.
[115] University of Waterloo, Human Resources, Long-term Disability, accessed: February 27, 2025 https://uwaterloo.ca/human-resources/employee-resources/employee-benefits/long-term-disability.
[116] University of Saskatchewan Faculty Association, Benefits Fact Sheet, accessed February 27, 2025 https://usaskfaculty.ca/wp-content/uploads/2016/01/benefits-16-01-07.pdf.
[117] University of Manitoba, Staff Benefits – Full Time Staff (April 1, 2024) at p 12-14.

maximum that falls below several other groups, and falls significantly below actual salaries, undermines the University's status as the sector leader and must be remedied.

Second, to protect against further erosion of LTD benefits, the Association proposes that the maximum earnings covered be tied to future increases in the cost of living. This is the approach at the University of Waterloo: on May 1 of every year, the maximum insured salary is subject to an indexing decision by their Pension and Benefits Committee.[118] As noted above, the current maximum at the University of Waterloo is $192,454 due to these regular cost-of-living increases.

Moreover, numerous LTD plans tie benefits to CPI through annual cost-of-living adjustments, including:

- Dalhousie[119]
- Manitoba[120]
- McMaster[121]
- Queen's[122]
- TMU[123]
- Trent[124]
- UBC[125]
- Western[126]
- York[127]

It is unacceptable for the University of Toronto, which the parties agree is the sector-leading institution, to have a continually depreciating LTD benefit. The higher salaries of UTFA members, as well as continued increases in cost of living, justify these adjustments to LTD benefits. The Association's proposal should be awarded.

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118 University of Waterloo, Human Resources, Long-term Disability, accessed: February 27, 2025 https://uwaterloo.ca/human-resources/employee-resources/employee-benefits/long-term-disability.
119 Dalhousie University, Your Benefits Program At-A-Glance, accessed February 27, 2025 https://immediac.blob.core.windows.net/dfa2021/images/2019/pdfs/benefits-at-a-glance.pdf.
120 University of Manitoba, Staff Benefits – Full Time Staff (April 1, 2024) at p 12.
121 SunLife Financial, McMaster University Active Teaching Non-Clinical Faculty – Benefits Booklet (January 17, 2024) at p 52.
122 Queen's University Faculty Association, QUFA Infosheet, Sick Leave and Long-Term Disability Rights (February 25, 2022) at p 3.
123 Toronto Metropolitan University, Appendix A – Long-Term Disability Plan.
124 SunLife Financial, Trent University Full-time Academic Employees – Benefits Booklet (March 1, 2024) at p 49.
125 University of British Columbia Human Resources, "Income replacement for faculty, academic executive and staff high earners enrolled in the Faculty Pension Plan," accessed February 27, 2025 https://hr.ubc.ca/benefits/benefit-plan-details/long-term-disability-plan/income-replacement-faculty-academic.
126 Western University, My Benefits – For Eligible Full-Time Members of the University of Western Ontario Faculty Association (August 2024) at 32.
127 SunLife Financial, York University Faculty Association – Benefits Booklet (May 1, 2022) at p 46-47.

B. Protecting Benefit Levels

The Association proposes to formalize the principle that, while the Administration has the authority to administer the Benefit Plan, that authority cannot be exercised in a manner that would deprive faculty members and librarians of any benefit negotiated through collective bargaining. The level of benefits and services provided to members must not be diminished through any actions of the University Administration in contracting with a third party to administer the Benefit Plan.

This proposal is housekeeping in nature and uncontroversial. Language protecting benefit levels is commonly agreed upon and awarded in many sectors. In the university sector, a provision of this kind is normative and is included in the collective agreements of the following universities:

- Brock, Appendix B.01[128]
- Dalhousie, Article 32.01[129]
- Guelph, Article 53.29[130]
- Ottawa, Articles 40.1.2.1-40.1.2.4 [131]
- Queen's, Article 42.6.2[132]
- Saskatchewan, Articles 22.16[133]
- York, Article 26.01[134]
- TMU, MoU #11[135]

Arbitrators have also awarded language protecting benefit levels in several recent awards in other sectors.[136] This normative and common sense proposal should be awarded.

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[128] Brock University and Brock University Faculty Association, Collective Agreement, July 1, 2023 to June 30, 2026, Article B.01.
[129] The Board of Governors of Dalhousie University and the Dalhousie Faculty Association, Collective Agreement, 2022-2025, Article 32.01.
[130] The University of Guelph and the University of Guelph Faculty Association, Collective Agreement, July 1, 2022 to June 30, 2024, Article 53.29.
[131] The University of Ottawa and the Association of Professors of the University of Ottawa, Collective Agreement, May 1, 2021 to April 30, 2024, Articles 40.1.2.1-40.1.2.4.
[132] Queen's University Faculty Association and Queen's University at Kingston, Collective Agreement, July 1, 2022 to June 30, 2025, Article 42.6.2.
[133] University of Saskatchewan and the University of Saskatchewan Faculty Association, Collective Agreement, 2023-2027, Article 22.16.
[134] York University and the York University Faculty Association, Collective Agreement, May 1, 2021 to April 30, 2024, Article 26.01.
[135] The Board of Governors of Toronto Metropolitan University and the Faculty Association, Expiry June 30, 2026, MoU #11.
[136] See for example *Canadian Union of Public Employees, Local 4422 v Caressant Care Nursing and Retirement Homes Limited*, 2020 CanLII 103063 (ON LA); *Trafalgar Lodge (Revera) v Canadian Union of Public Employees, Local 4762-03*, 2022 CanLII 85717 (ON LA); *Honeywell Limited v Unifor Local 636*, 2016 CanLII 17001 (ON LA); *Heritage River Retirement Residence v United Food and Commercial Workers Canada, Local 175,* 2020 CanLII 93588 (ON LA).

C. Vision

The Association proposes three adjustments to vision benefits. First, the Association proposes to increase maximum coverage for prescription eyeglasses or contact lenses, laser eye surgery, and associated services from $725 to $1,000 every 24 months. Second, the Association proposes to clarify that members are entitled to services offered by an ophthalmologist in addition to licensed optometrists. Third, the Association proposes a small increase in coverage for eye exams from $110 to $125, as well as an increase in frequency from 24 months to 18 months.

The first proposal is justified by the principles of replication and comparability. The Administration has affirmed the principle that UTFA members receive sector-leading compensation; however, the current level of vision benefits falls below other faculty association groups:

- TMU provides $1,000 in coverage every 24 months;[137]
- York provides $850 in coverage every 24 months;[138] and,
- Brock provides vision coverage for faculty with no maximum cap.[139]

While the Association's proposed increase to maximum coverage will not bring UTFA to the top of the sector in vision benefits, the proposed increase reflects a gradual step towards that objective, consistent with the principle of incrementalism. This adjustment is reasonable and necessary to ensure coverage keeps pace with rising costs.

The second proposed amendment is a housekeeping item to ensure consistency within the Benefit Plan. Ophthalmology is currently omitted from the Schedule of Benefits but included in the Description of Benefits.[140] The Association proposes to add ophthalmologists to the Schedule of Benefits for clarity.

Finally, the Association also proposes an increase from $110 every 24 months to $125 every 18 months for eye examinations. The proposed increase to maximum coverage for eye exams is modest and in keeping with rising costs. The proposed increase in the frequency of covered eye exams is justified by Ministry of Health changes in OHIP coverage for eye exams: previously, seniors (65+) were covered under OHIP for one eye exam every 12 months. Following the change, only seniors with "Eligible Medical Conditions" are covered every 12 months, and all other seniors

[137] The Board of Governors of Toronto Metropolitan University and the Faculty Association, Expiry June 30, 2026, Article 12.3.
[138] York University and the York University Faculty Association, Collective Agreement, May 1, 2021 to April 30, 2024, Article 26.08.
[139] GreenShield, Brock University Faculty Association – My Benefit Plan Booklet (July 1, 2023) at p 3,
[140] GreenShield, University of Toronto Faculty Association – My Benefit Plan (November 1, 2022) at p 2, 12.

are only eligible for a no-cost eye exam every 18 months. The Association's proposal will ensure that all members have access to eye exams every 18 months.

The Association's proposed adjustments to the vision benefits are incremental and reasonable and should be awarded.

D. Eligible Benefits

The Association proposes removing the Health Exclusion in the Benefit Plan with respect to any services or supplies that have been previously provided or paid for by any governmental body or agency but which have been modified, suspended, or discontinued as a result of changes in provincial legislation or policies. This is a common sense, minor amendment to the Benefit Plan to ensure continuity of healthcare for members relying on publicly funded services or supplies that become unavailable through no fault of their own.

E. Mental Health Paramedical Services

The Association proposes a modest increase to the maximum entitlement for mental health professional services from $7,000 to $10,000. The Association further proposes to clarify the eligibility for reimbursement for counselling from eligible service providers. All other references to the Mental Health component of Paramedical Services entitlements and the Schedule of Benefits in the Benefit Plan would be amended in line with the proposed eligibility changes.

Mental illness and substance use disorders are the leading causes of disability in Canada and create high levels of risk for premature death among those affected.[141] As a result, a recent study on mental health benefits in Canadian workplaces concluded: "With the unmet needs for mental health services across the public and private sectors, EHBs (Extended Health Benefits) are <u>an essential resource</u> for Canada's population".[142] This importance has also been recognized in recent arbitral awards, including Arbitrator Stout's recent award of unlimited mental health benefits to ONA members in *Ontario Hospitals Association*.[143]

In a time of rising cost of living, the expense of counselling and other mental health supports defined more broadly can be out of reach for those who need it, with the CBC estimating on average private therapy costs $150 per hour, with a general range of $60-250 depending on the individual's needs and other factors.[144] If a member

[141] CAMH, Mental Illness and Addiction: Facts and Statistics.
[142] Canadian Psychological Association and Mental Health Commission of Canada, Extended Mental Health Benefits in Canadian Workplaces: Employee and Employer Perspectives at p 13 [emphasis added].
[143] *Ontario Hospital Association v Ontario Nurses' Association,* 2023 CanLII 29345 (ON LA)
[144] Samritha Arunasalam, Get Therapy or Pay Rent? Millennials, Gen Z Making Hard Choices When it Comes to Mental Health, *CBC* (September 25, 2024).

needed weekly sessions at $250 hourly, it would cost $13,000 annually. Even at the average rate of $150 hourly, weekly sessions would cost $7,800 annually, higher than the current coverage maximum.

The proposal is also justified by replication and comparability. UTFA is not currently leading the sector in mental health benefits. The University of Toronto falls behind York University, which provides maximum coverage of $10,000.[145] York is also located in the GTA and the costs of mental health services are likely similar for faculty at York and the University of Toronto.

UTFA has estimated the cost of this proposal as $500,000, a reasonable and modest cost for an essential benefit to UTFA's members.

This is a crucial benefit to ensure the health and well-being of UTFA's members, and the Association's proposed incremental increase should be awarded.

F. Prescription Drugs

The Association proposes to eliminate dispensing fees for covered prescription drugs. Currently, dispensing fees are only covered up to $6.50. This proposed adjustment would streamline prescription drug access for members and eliminate barriers to obtaining prescription medication.

This proposal is justified by principles of replication and comparability. Several faculty associations in Ontario have no co-pay for dispensing fees, including TMU, York, Brock, and Windsor.[146] Additionally, faculty associations in the U15 are not required to pay dispensing fees, including the University of Alberta, the University of Manitoba, and the University of British Columbia.[147] This proposal will preserve UTFA's position at top of market, and it should therefore be awarded.

G. Hearing Care

The Association proposes an increase to the maximum coverage available for hearing aids from $1,000 to $4,000 per ear, for a combined total of $8,000 every 36 months.

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[145] SunLife Financial, York University Faculty Association – Benefits Booklet (May 1, 2022) at p 24.
[146] See Greenshield, University of Windsor Faculty/Librarians/Sessionals, My Benefit Plan Booklet (July 1, 2021) at p 1; GreenShield, Brock University Faculty Association – My Benefit Plan Booklet (July 1, 2023) at p 1; SunLife Financial, York University Faculty Association – Benefits Booklet (May 1, 2022) at p 13-14; Toronto Metropolitan University and TMUFA, Memorandum of Understanding 13 – Benefit Improvements.
[147] See SunLife Financial, The Governors of the University of Alberta (academic) – Benefits Booklet (October 3, 2024) at p 10; University of Manitoba, Staff Benefits – Full Time Staff (April 1, 2024) at p 17; SunLife Financial, University of British Columbia – Benefits Booklet (November 1, 2024) at p 13-15.

The proposed increase is also justified by the increased true costs of hearing aids and in acknowledgment that the maximum must last a full three years. There is a range in the average costs of hearing aids in Ontario: Hearing Solutions estimates a pair of hearing aids to cost between $2,500 and $6,200.[148] Thus, even the proposed increased amounts may only cover 1-2 sets of hearing aids over a period of three years.

Faculty members likely require premium hearing aids. Premium hearing aids have features necessary for professors to perform their jobs, including participating in conversations with more than one person, engaging in conversation in places with a lot of noise, and reducing echoes in large rooms with high ceilings and hard surfaces.[149]

Hearing aids are crucial assistive devices for many faculty members and librarians with disabilities and dependents with disabilities. The Association's proposal aims to ensure hearing aids can be accessed by all members. This proposal aligns with the Administration's communications on the importance of inclusion. In its "Commitment to Accessibility," the Administration states that the University "will strive to provide support for, and facilitate the accommodation of individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University".[150] Similarly, the Administration's "Statement of Commitment Regarding Persons with Disabilities" states:

> …the University will strive to provide support for, and facilitate the accommodation of individuals with disabilities so that all may share the same level of access to opportunities, participate in the full range of activities that the University offers, and achieve their full potential as members of the University community. The University will work to eliminate or minimize the adverse effects of barriers, including physical, environmental, attitudinal, communication and technological barriers, that may prevent the full participation of individuals with disabilities in the University community. The University will meet the accessibility needs of members of the University community with disabilities in a timely manner. The University will provide the members of its community with opportunities for education and access to information regarding disability and the University's policies on disability.[151]

The proposed increases in hearing aid benefits thus accord with the Administration's stated commitments and ensure that members with disabilities are able to afford necessary assistive devices to fully perform their roles at the University.

[148] Hearing Solutions, Cost of Hearing Aids.
[149] Hearing Solutions, Cost of Hearing Aids.
[150] University of Toronto, Commitment to Accessibility.
[151] Statement of Commitment Regarding Persons with Disabilities, February 25, 2021.

In addition to the fact that the current coverage for hearing aids does not reflect anything near the actual costs of hearing aids, UTFA's coverage sits well below other faculty associations provincially and country-wide:

University	Max/3yrs (unless otherwise specified)
Toronto	$1,000 per ear
Alberta	$2,000 per ear
Dalhousie	$160/yr
Manitoba	$700.00
McMaster	$1,500 per ear
Ottawa	$2,000/5yr
Saskatchewan	$500.00
UBC	$2,000/5yr
Western	no max 85%
TMU	$3,000.00
York	$2,500.00
Brock	$750 per ear
Guelph	$300.00
Windsor	$2,250/5yr
Trent	$5,000 lifetime

The University of Toronto's hearing aid benefits fall below those provided to faculty at York, McMaster,[152] TMU,[153] and the University of Alberta.[154] The Association's proposal will ensure that UTFA is re-positioned as a sector leader on this critical benefit.

This proposal is reasonable and justified and should be awarded.

[152] SunLife Financial, McMaster University Active Teaching Non-Clinical Faculty – Benefits Booklet (January 17, 2024) at p 28.
[153] The Board of Governors of Toronto Metropolitan University and the Faculty Association, Expiry June 30, 2026 at p 268.
[154] SunLife Financial, The Governors of the University of Alberta (Academic) – Benefits Booklet (October 3, 2024) at p 18.

PROPOSAL #5 – BENEFITS (HOUSING)

Consistent with the principles of full and rational discussion enshrined in the MoA, the parties recognize the importance of housing assistance to faculty and librarians and the continuation of meaningful consultation and dialogue on this significant benefit for UTFA members. The parties are committed to ensuring that affordable and accessible housing is available to members, and to addressing systemic issues in this regard.

The University Administration appreciates UTFA's ***ongoing*** role in raising housing-related concerns on behalf of faculty members and librarians. To that end, the University Administration will ***meet with UTFA no fewer than three times per year to*** seek***, consider, and meaningfully respond to*** UTFA's input ~~and~~***. The Administration will*** share information ***with UTFA*** as follows:

- The Administration will seek UTFA's review ***and make meaningful efforts to incorporate UTFA's*** feedback on any housing surveys conducted for faculty and librarians; ~~in the next five years;~~
- The Administration will share ***anonymized*** ~~an aggregate summary of~~ results of any such surveys with UTFA, ***including each participant's unique identifier that links to self-ID equity survey data;***
- The Administration will share updated housing stock information, which includes the number of applications and the number of units available, with UTFA on an annual basis, ***i.e. on October 15th capturing data ending September 30th,*** in a new annual IR #21;
- ***The Administration will share updated housing loan data, including the unique identifier that links to self-ID equity survey data for each member who requested and/or received a loan, and the date, amount, purpose (e.g. recruitment, retention) and terms of each loan received, with UTFA on an annual basis, i.e. on October 15th capturing data ending September 30th;***
- ***The Administration will share updated information with UTFA regarding demand for new and existing faculty & librarian housing, including the number of applications submitted and/or approved, and the unique identifier that links to self-ID equity survey data for each member who applied for and/or received faculty & librarian housing, and any other related data derived from surveys, consultations and other fora;***
- The Administration will ***provide an*** ~~offer an annual in-person~~ ***update to UTFA at each meeting*** with respect to progress on Site 1 and other housing initiatives related to faculty members and librarians. UTFA will have an opportunity to ask questions during ***each*** ~~the~~ meeting and will submit any questions or topics that it wishes the Administration to address, ***normally 2*** ~~3~~ weeks in advance of the scheduled meeting date.
- ***Where UTFA submits housing-related questions or concerns in writing, the Administration will respond to those questions or concerns in writing, with***

reasons.

EMPLOYER POSITION

Opposed. The Administration provided the following commitment on March 1, 2024:

> The University Administration appreciates UTFA's role in raising housing-related concerns on behalf of faculty members and librarians. To that end, the University Administration will seek UTFA's input and share information with it as follows:
>
> - The Administration will seek UTFA's review and feedback on any housing surveys conducted for faculty and librarians in the next five years;
> - The Administration will share an aggregate summary of the results of any such surveys with UTFA;
> - The Administration will share updated housing stock information, which includes the number of applications and the number of units available, with UTFA on an annual basis in a new annual IR #21;
> - The Administration will offer an annual in-person update to UTFA with respect to progress on Site 1 and other housing initiatives related to faculty members and librarians. UTFA will have an opportunity to ask questions during the meeting and will submit any questions or topics that it wishes the Administration to address 3 weeks in advance of the scheduled meeting date.

ASSOCIATION RATIONALE

The Association's proposal aims to introduce much-needed transparency in the Administration's housing initiatives and clarify UTFA's role in negotiating what amounts to monetary benefits being provided to its members.

Affordable housing remains out of reach for many of UTFA's members. This problem has persisted for well over a decade and undermines the Administration's ability to recruit and retain top ranking faculty members and librarians. The lack of affordable housing means that faculty members and librarians are forced to live further away from campus, with longer commutes to work. This makes for longer, more exhausting workdays, and does not align with the University's goal of attracting the top talent in the country and internationally.

In response, the Administration has—without UTFA's involvement or input—implemented several *ad hoc* initiatives aimed at providing faculty members and librarians with access to housing. These initiatives include partnerships with banks to provide low or interest-free loans to faculty members, and the provision of at-or-below market rate units for rent to newly appointed, full-time tenure-track or continuing status stream faculty members applying from outside the GTA. The

Administration has not provided UTFA or its members with any information as to how decisions with respect to these initiatives are made, what criteria, if any, are assessed, or what supports are available to faculty members and librarians year-to-year. This lack of transparency undermines UTFA's ability to negotiate, or even understand, what is clearly a compensatory benefit for its members provided by the Administration.

On March 1, 2024, the Administration advised the Association that it "appreciates UTFA's role in raising housing-related concerns on behalf of faculty members and librarians" and agreed to provide cursory information and updates to UTFA on these issues. However, the role this commitment contemplates for UTFA, and the disclosure outlined, simply do not provide the Association with the ability to adequately understand or negotiate the benefits being provided to its members.

Accordingly, the Association seeks to add additional requirements to provide necessary information on the loan and housing programs, as well as language confirming UTFA's role in negotiating future changes to these benefits, as required under Article 6 of the MOA. These changes will bring the Administration's disparate and inchoate housing initiatives in line with its existing commitment to engage in meaningful, rational, dialogue with the Association on an important benefit.

PROPOSAL #6 – BENEFITS (CHILD CARE BENEFIT)

What the Plan Covers: Faculty and Librarians

The Child Care Benefit Plan reimburses eligible child care expenses you incur between January 1 to December 31 of each year for each eligible child (natural, step, common-law, adopted or ward) under age ~~7~~ ***12 or to August 31st of the year in which they turn 12, whichever is the later date.***

- For example, if your child has a birthdate of July 18, ~~2016~~ ***2013*** you are eligible for ~~*the*~~ ***expenses incurred through August 31st*** ~~months January – July 2023, inclusive since~~ ***even though*** your child turned ~~7~~ ***12*** in July 202~~3~~***5***.
- ***For example, if your child has a birthdate of November 1st you are eligible for expenses incurred through October 31st of the year they turn 12.***
- However, the age limit does not apply if the child was mentally or physically infirm and dependent on you as outlined under the Income Tax Act.

CHILD CARE EXPENSES YOU MAY CLAIM

You may claim child care payments made to:

- Eligible caregivers providing child care services (in home / out of home care)
- Day nursery schools and daycare centres
- Educational institutions for the part of the fees that relate to child care services (i.e. before and after school child care)
- Day camps and day sports schools where the primary goal of the camp is to care for children
- Boarding schools, overnight sports schools, or camps where lodging is involved

RESTRICTIONS:

Where childcare services are provided by an individual, the individual cannot be:

- The child's mother or father
- A spouse or common-law partner
- A person under 18 who is related to you

For information on eligible caregivers, please visit the Canada Revenue Agency website.

AMOUNT OF REIMBURSEMENT

Your eligible child care expenses will be reimbursed at ~~5~~ ***100%:***

- Up to $~~20~~ ***40*** for a full day (defined as a minimum of six (6) hours of care) per eligible child and
- Up to $~~10~~ ***20*** for a half day (defined as a minimum of ~~four (4)~~ ***two (2)*** hours of care and a maximum of six (6) hours of care) per eligible child.

The annual maximum reimbursement per plan year is $~~2,000~~ ***$4,000*** for each child. Note the following:

- If both parents are eligible for reimbursement, only one parent is entitled to claim reimbursement for a child under this plan.
- If you work part-time, your maximum reimbursement will be prorated ***to your FTE percentage***. For example, if you work 50% FTE, your maximum reimbursement is prorated to $~~1,000.~~ ***$2,000***.
- If you work less than the full year, your maximum reimbursement will be prorated. For example, if you are hired on July 1, your maximum reimbursement for that year is prorated to $~~1,000.~~ ***$2,000***.

Faculty & Librarians: The maximum amount that can be paid out for all Faculty & Librarians is ~~$1,000,000~~ ***$2,000,000***. If the total eligible claims:

- Exceed ~~$1,000,000~~ ***$2,000,000***, your claim will be proportionately decreased so the ~~$1,000,000~~ ***$2,000,000*** maximum is not exceeded.
- Are less than ~~$1,000,000,~~ ***$2,000,000***, your claim will be proportionately increased so the entire ~~$1,000,000~~ ***$2,000,000*** is spent.

RECEIVING REIMBURSEMENT

After all claims have been submitted and processed, eligible care expenses will be reimbursed through payroll direct deposit as a separate line item, no later than April 30 each year.

This reimbursement is a T4 Taxable Benefit and is subject to legislative deductions, including income tax, Canada Pension Plan and Employment Insurance.

If you receive reimbursement under the Child Care Benefit, you can claim your eligible child care expenses on your income tax each year. For example, if you incur eligible child care expenses during the period January 1 to December 31:

- Reimbursement of expenses under U of T’s Child Care Benefit would be processed by the end of April, and would be included as income on your T4 slip (which would be issued the following year).
- You can still claim your expenses when filing your income taxes for the current year (which would occur the following year).

SUBMITTING YOUR CLAIM

Please visit the Child Care Benefit Plan: Online Application Instructions article for details on the application process.

QUESTIONS

Please visit the Child Care Benefit: FAQ article for frequently asked questions.

This site is for information purposes only. For complete details, refer to your employment policy and official benefits provider documentation (e.g., the University of Toronto Pension booklet and Green Shield benefits plan documents) as applicable. In the event of a discrepancy, the latest official documents and all applicable legislation supersede site content.

EMPLOYER POSITION

Opposed.

ASSOCIATION RATIONALE

The Association proposes reasonable adjustments to the age eligibility, daily maximum, half day rate, annual maximum, and total maximum reimbursement amounts for the Child Care Benefit.

The Administration's Child Care Benefit limits eligible expenses to childcare required for children under the age of 7. The Canada Safety Council recommends children should not be allowed to stay at home unsupervised before age 10 and should not do so for a period of more than two hours until age 12.[155] Prevailing guidance indicates children should not be left alone at age 7, and for the Child Care Benefit to provide meaningful coverage to members with children in need of care support, it needs to account for the full spectrum of ages in which children are likely to require supervision.

Parents in the GTA have significant difficulties securing childcare. In a 2016 comprehensive study, the City of Toronto found that "affordability is the most significant factor that impacts demand for licensed childcare. According to this study, licensed childcare is considered either unaffordable or completely unaffordable for 75% of families in Toronto".[156] The Canada-wide Early Learning and Child Care subsidies for daycare have made strides in addressing these affordability concerns. Unfortunately, many Toronto daycares have recently withdrawn from the program due to inadequate funding from the provincial government.[157]

Moreover, the Canada-wide Early Learning and Child Care system only applies to children under the age of 6; childcare expenses for children aged 6-12 are not similarly subsidized. Members with school-age children routinely require after-school childcare support in order to fulfil their employment responsibilities. The cost of that childcare can be challenging, especially for single-income families and parents without robust support networks.

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155 Canada Safety Council, Preparation and Communication the Key for Children Home Alone.
156 City of Toronto, Licensed Child Care Demand and Affordability Study.
157 Codi Wilson, CTV News, "Parents across GTA warned by some private daycares that they may pull out of $10-a-day program" (October 11, 2024), online: https://toronto.ctvnews.ca/parents-across-gta-warned-by-some-private-daycares-that-they-may-pull-out-of-10-a-day-program-1.7071074; Chantal Braganza, TVO, "Child-care systems across Canada are reaching a breaking point" (February 7, 2024), online: https://www.tvo.org/article/child-care-systems-across-canada-are-reaching-a-breaking-point; Roveena Jassal, NOW, "Toronto daycares are protesting new government changes to $10-a-day program" (October 22, 2024), online: https://nowtoronto.com/news/toronto-daycares-are-protesting-new-government-changes-to-10-a-day-program/.

UTFA does not lead the sector in childcare benefits. Queen's University has a superior childcare benefit in terms of eligibility and maximum annual benefit per child:

- Eligibility: Members who have dependent children under the age of seven, and Members who have dependent children under the age of twelve in before and/or after school programs, summer camps, or programs during school professional activity days are eligible for reimbursement of child-care costs.

- Max benefit yearly benefit per child: $2,250.

The proposed increase is therefore justified by the principles of replication and comparability and should be awarded.

PROPOSAL #7 - HOUSEKEEPING (COLLECTION OF AGREEMENTS)

Joint development of a shared and accessible online platform that is an archive (historical and active) of all agreements between UTFA and the Administration.

EMPLOYER POSITION

Unknown.

ASSOCIATION RATIONALE

The Association proposes the joint creation of a platform to archive all agreements between the parties. This is an administrative proposal intended to ensure the parties can give life to their shared commitments and reduce the duplication of efforts managing numerous agreements.

In addition to the MOA, which governs the relationship between the parties, the Association and the Administration routinely reach bilateral agreements to address discrete issues as they arise. This practice has resulted in a significant number of agreements between the parties that, together, define their relationship.

It is necessary to preserve all bilateral agreements for consistency, accountability, and to ensure the parties have a shared understanding of their mutual commitments. The Association proposes that a joint platform, accessible to both parties, is the most efficient and effective method to accomplish this objective.

TAB 2

In the Matter of an Arbitration
Between: The University of Toronto
And: The University of Toronto Faculty Association

BOARD OF ARBITRATION: Kevin M. Burkett, Sole Arbitrator

Hearings in this matter were held on May 7, 8 and 10, 1982 in Toronto

AWARD

1. I was advised by letter dated March 21, 1982 that the University of Toronto Faculty Association and the administration of the University had agreed to invite me to act as mediator/arbitrator should they fail to reach a negotiated settlement on salaries and benefits for the 1982-83 academic year. My appointment is made under the terms of a Memorandum of Agreement between the parties entered into June 28, 1977 as amended June 19, 1980 and December 15, 1981. I convened the parties for the purpose of attempting to mediate the differences between them on April 21, 1982. Mediation took place that day and the next. The parties were unable to resolve their differences with the result that I instructed them to exchange arbitration briefs on or before April 30, 1982. The arbitration hearing commenced on May 7, 1982 and continued on May 8 and 10, 1982. Prior to the release of this award, I made a final attempt to mediate on May 26. Again the parties were unable to voluntarily resolve their differences and accordingly, I have drafted this binding award.

Bargaining Structure

2. Relations between the Faculty Association, which represents more than 2,500 faculty members and professional librarians, and the University have been governed since 1977 by the terms of the voluntary "Memorandum of Agreement" referred to above. The Faculty Association is recognized as the bargaining agent for academic staff and librarians in the Memorandum. The Memorandum also sets out a number of policies and procedures relating to grievances, sabbatical leaves and the annual negotiation of salaries and benefits, and makes other specified policies and procedures, such as tenure, subject to change by mutual agreement. The Memorandum of Agreement remains in force until June 30, 1983.

3 Prior to this round of negotiations, the parties had operated for four years under a procedure for the determination of salaries and benefits contained in the Memorandum of Agreement which was significantly altered on an agreement of the parties dated December 15, 1981. Under the old procedure, the Governing Council agreed only "to accept the terms of settlement recommended by the mediator *unless Council by a majority vote determines otherwise.*" (Emphasis added.) In three of the four years during which this procedure was in place the parties failed to reach a negotiated settlement and called upon a mediator for assistance. In all three cases the parties were unable to reach a voluntary agreement and the mediator, pursuant to the terms of the Memorandum, as it was then drafted, recommended an award.

4 In formulating his recommendation in 1981, mediator Innis Christie felt himself constrained by the authority of the Governing Council to reject his recommendation. He commented in his award that:

"I have reluctantly accepted that in the context of the process envisaged by the Memorandum of Agreement under which I am functioning the University's ability-to-pay cannot be ignored . . .

"If I were to make a recommendation which took no account of the University of Toronto's ability to pay the result would surely be a rejection of my recommendations by the Governing Council, presumably with great harm to the very process which brings me here."

Professor Christie, in awarding a 9.1 percent across the board increase in salaries and a 1.1 percent increase in benefits, observed that the government's increase in funding for 1981-82 for all universities was 10.1 percent, which resulted in a 10.9 percent increase in funding for the University of Toronto, and commented that "to increase the cost of faculty and librarian salaries and benefits by more than a total of 10.2 percent would result in an unacceptable deficit." The Faculty Association in its submissions to me maintained that the salary award of 9.1 percent was one of the lowest at a Canadian university and attributed this to the constraints perceived by Prof. Christie in acting under the Memorandum.

5 The Council of the Faculty Association, in response to the defect it identified in the existing structure, passed the following resolution shortly after the release of Prof. Christie's report:

"That this Council expresses outrage at the Report of the Mediator, Professor Innis Christie, and, on the basis of this Association's experience now with the reports of two mediators, Council instructs the Executive to strike a Committee to investigate alternatives to Article VI of the Memorandum of Agreement as a means to handling salary and benefits negotiations with the University of Toronto."

This resolution was put to the membership in a referendum and of the nearly 70 percent of faculty members and librarians who returned their ballots, 86 percent supported it. The Faculty Association advises me that in the debate which surrounded this matter, only two courses were thought viable: binding arbitration within the Memorandum, or certification under the Labour Relations Act.

6 At its September 1981 meeting, the Governing Council agreed to consider the Faculty Association's request to negotiate an amendment to Article 6 of the Memorandum of Agreement and established an advisory committee for this purpose. In late November 1981 the advisory committee published a report which rejected binding arbitration and proposed that the Governing Council serve as "arbitrator" in disputes over salaries and benefits. This report was rejected by the Faculty Association. The Association informs me that in the period immediately following the release of the advisory committee's report, it gave serious consideration to the option of certification under the Labour Relations Act. On December 3, 1981 the President of the University contacted the President of the Association and it was agreed that negotiations for a system of binding arbitration would take place. These negotiations centred on criteria which would govern an arbitrator in the making of an award. I will have more to say with respect to these criteria. At this juncture, it is sufficient to observe that after difficult and protracted negotiations, agreement was reached on December 15, 1981 with respect to the terms of a clause providing for binding arbitration.

7 The clause provides:

ARTICLE 6: SALARIES AND BENEFITS

Salaries and benefits for faculty members and librarians shall be negotiated annually in accordance with the following procedure.

Prior to November 15 of each year, the Association shall, by written notice call on the University to enter into negotiations pertaining to salaries and benefits for the next academic year. The notice shall specify the items on which agreement is sought.

No later than ten days after the above notice, the first bargaining session shall be held. The parties shall thereupon bargain in good faith and shall make every reasonable effort to reach agreement.

Either party may request mediation at any time between January 1 and January 31. The agreement as to the method of selection of a mediator is attached hereto.

The mediator shall make every reasonable effort to resolve the remaining differences between the two parties, who shall continue to bargain in good faith. The mediator shall have until February 21 to bring about agreement. If agreement has not been reached by February 21, the mediator shall inform the President of the University and the President of the Association of the failure to reach agreement. The mediator shall then become the arbitrator.

The arbitrator shall, *within one week*, receive from both parties a statement of their final positions. *When both parties have submitted their final positions, the arbitrator shall give to each party a copy of the final offer of the opposite party.* Before rendering an award, the arbitrator shall, at a hearing at which both parties have the right to be present, give each of them opportunity to introduce relevant evidence and to submit oral and written argument and counter-argument respecting final positions.

The arbitrator shall render a decision in writing, together with the reasons *for the award*, by the end of March. *The decision of the arbitrator shall be final and binding on both parties.*

The fees and expenses of the mediator/arbitrator shall be borne equally by the parties to this Agreement. *Otherwise they shall bear their own expenses.*

The arbitrator shall base his award on the following criteria:

— changes in the Consumer Price Index in Canada and Toronto;

— salaries and benefits for faculty members and librarians at other universities and for other professions and groups in society;

— the need to attract faculty members and librarians of the highest quality;

— the overall compensation presently received by faculty members and librarians involved in these proceedings, including direct salary compensation, vacations, holidays and other leave provisions, insurance, pension, medical, dental and hospitalization benefits, and all other benefits received;

— the total compensation adjustments made in recent public and private sector collective bargaining settlements;

— the need for the University to operate in a reasonable manner.

The arbitrator shall not have the authority on the following:

(a) any item which has been mutually agreed upon during negotiations, or mediation, but shall take the cost of any such item into account in the award;

(b) any item which would alter existing provisions in the Memorandum of Agreement which do not relate to salaries and benefits.

The submission to arbitration shall be subject to the Arbitrations Act, R.S.O. 1980 c.25.

Any of the dates specified in this Article may be changed by mutual agreement.

It is understood and agreed that Article 6 as amended shall lapse following its application for the 1983-84 academic year unless reaffirmed by June 30, 1983 for a further period by mutual agreement, after consideration of its effect on the University community. If mutual agreement to continue Article 6 is not reached, the parties agree to negotiate procedures for the future, such negotiations to be completed by October 15, 1983.

I have been appointed pursuant to, and am governed by, the amended Article 6 of the Memorandum of Agreement as set out above. This is the first round of bargaining with respect to salaries and benefits which has been conducted under the terms of Article 6 as it is now drafted.

8 The Governing Council, at its meeting held on Thursday, January 21, 1982, while reserving its statutory authority to fix salaries, formally declared its intention to accept the decision of the mediator/arbitrator appointed under the revised Article 6 of the Memorandum of Agreement.

Positions of the Parties

9 Before outlining the respective positions of the parties it is necessary to describe in summary form the progression through the ranks scheme (PTR) which is in place at the University. Although the parties are agreed that the PTR scheme should remain in place there is a disagreement between them with respect to whether or not the value of PTR increases should be included for purposes of calculating the value of the University's offer. More importantly, there is a fundamental disagreement between the parties with respect to whether or not average PTR increases should be included in calculations to determine the relative position over time of the salaries paid to University of Toronto faculty compared to the wages and salaries of other groups in society or to movement in the consumer price index.

10 The PTR scheme in place at the University of Toronto is designed to facilitate movement of a faculty member from the rank of assistant professor to associate professor to full professor by means of wholly discretionary salary increases based on merit. There are similar PTR schemes for librarians and lecturers. The average annual PTR increase to faculty since the inception of the plan in 1973 has ranged from 2.79 percent to 3.5 percent. The plan is designed to provide those at the lower end of the salary spectrum (the breakpoint is $47,500) with proportionately larger increases than those at the higher end of the salary spectrum with the result that the ratio between end point and beginning point is approximately 2.5. The plan assumes that a person completing the necessary PhD prerequisite does not attain assistant professor status until age 28. The breakpoint is reached after 20 years. A further 17 years is required to reach the end point. The increases provided to faculty under the PTR plan are in addition to the across the board economic increases which are negotiated annually, as was made clear in the Budget Committee recommendation for the PTR scheme dated November 30, 1973. The Budget Committee recommendations provided in part:

"that allocation of funds to the full-time academic salary account for career advancement be considered separately from across the board changes. We recommend that the career advancement component be allocated to individuals entirely on the basis of merit . . ."

The Budget Committee went on to comment that:

"In the event that funds available are insufficient to permit award of merit increases as proposed, we envisage reduction in salary scale as being necessary."

Under the plan an individual does not receive an additional increase upon promotion from an assistant to an associate professor or from an associate professor to full professor.

11 The cost to the University of PTR increases is partially offset by the replacement of longer service faculty who retire or leave the University for other reasons, with replacements who enter at the lower end of the salary scale. The current annual cost of providing PTR increases, taking into account the staff turnover factor, is 1.9 percent of payroll. It is projected that in the future the cost of the PTR plan will be more than offset by the savings generated by staff turnover.

12 It is also to be noted before outlining the respective positions of the parties, that benefit improvements worth .73 percent of payroll have been agreed. It is further agreed that the value of these benefits is to be included within the economic increase. The dispute before me, therefore, relates solely to salaries.

13 The *Faculty Association* seeks an increase to salaries for the 1982-83 academic year of 22.1 percent. The demand for a 22.1 percent increase is the aggregate of four component parts. These are:
(1) A cost of living adjustment of 12.1 percent (CPI increase December 1981 over December 1980).
(2) An increase of 8 percent as the first of three annual increases to restore salaries to 1971 levels. The Association argues that when the amount of the economic increases given to faculty since 1971 is compared to movement in the consumer price index over the same period, or the annual increases received by other groups during this period, there has been an erosion of approximately 20 percent which would require an adjustment of 25.2 percent to restore 1971 values to salaries. The Association maintains that the cumulative amount of average PTR over this period is not relevant in computing the erosion to faculty salaries. The Association is content to spread the "catch-up" over three years. The University takes direct issue with the contention that "catch-up" is required.
(3) An increase of 1.5 percent in recognition of an increase in productivity and work load.
(4) An increase of $250 in base salary per faculty member and librarian (0.5 percent) in recognition of the value of salaries forgoing over the decade. The Association characterizes the amount of salaries forgone as a loan to the University and asks for a "symbolic" repayment at this time.

14 It is the position of *the University* that under the agreed criteria I am restricted to looking at current settlement levels and not at the relationship over time between the faculty and other groups. Alternatively, the University does not admit to a deterioration of salaries over the past decade, or over any other period and argues, therefore, that "catch-up" is not a factor. In reaching this conclusion the University compares yearly average faculty salaries, which include the amount of PTR increases, to movement in the CPI or to salary increases over time of comparable groups. The University, while rejecting the notion of "catch-up", accepts that the faculty should be protected from inflation and to this end has offered an economic increase of 11.45 percent including the .73 percent in benefit improvements. As I have noted the parties are agreed that the benefit improvement factor should be included within the economic increase for 1982-83. The 11.45 percent was derived by averaging the CPI yearly increase figures for January and February in Toronto and Canada. The University maintains that when the 2.81 percent average PTR increase per faculty member is added to the 11.45 percent economic and benefit increase, the 14.26 percent total increase represents a balanced view of the criteria.

15 The proper balancing envisaged by the University includes consideration of the University's ability to pay. The University takes the position, hotly contested by the Association, that consideration of its ability to pay is encompassed within the sixth criterion; that is, the need for the University to operate in a reasonable manner. The Association, on the other hand, maintains that the parties agreed that ability to pay would not be taken into account by the arbitrator.

16 The University proposes that $1,000 to $1,500 (2.56 percent and 3.84 percent on the average salary of $39,021) of the economic increase be paid in the form of a flat dollar amount with the balance applied as a percentage. In addition, to improve the age/salary profile at the lower end of the scale, the University proposes, within the 11.45 percent economic increase, to increase the rank minimum for 1982-83 by $2,000 more than the basic economic adjustment. The Faculty Association rejects both of these proposals.

Issues

17 The primary issue between the parties, which gives rise to a number of difficult sub-issues, relates to the Association's claim for substantial "catch-up" in addition to an amount to protect against salary erosion caused by inflation in the period since July 1, 1981. I must decide if the claim for "catch-up", as put by the Association, is a valid claim within the parameters set by the agreed criteria. If a claim for catch-up is a proper claim within the meaning of the criteria, I must decide if some or all of this additional amount is justified on the data which has been put before me. Fundamental to this determination is the question of whether the average annual PTR increase is to be included in measuring the movement in faculty salaries over time. If it is included the quantum of the "catch-up" is reduced by the cumulative amount of the average annual PTR increases. The use of salary floors by the Association, which do not reflect PTR increases, and the use of average salaries by the University, which do, flows from their respective positions with respect to the inclusion of PTR increases for comparative purposes. Having decided whether the average annual PTR increase is to be included in measuring the movement of faculty salaries, I must then determine whether other groups or indicia are relevant for comparison purposes and over what period of time.

18 If the concept of "catch-up" is not within the scope of the agreed criteria, or, if it is, but is not warranted on a proper application of the data, then, in the face of an offer which approximates the projected annual rise in the rate of inflation, ability to pay is not an issue and I do not have to concern myself with it. However, if the concept of "catch-up" is within the scope of the criteria and if it is shown that there has been an erosion of faculty salaries, then, given an offer which comes close to the percentage increase in the operating budget for 1982-83, the meaning of the sixth criterion becomes extremely important. An acceptance of the catch-up argument would necessarily require the University to pay out substantial sums to make up for what faculty have lost in past years. It is argued by the University that if it is required to provide a salary increase in excess of that already offered, it will be required to exceed its ability to pay and incur an "unmanageable deficit". The University submits that the incurring of an "unmanageable deficit" is the antithesis of acting in a fiscally responsible manner.

19 In framing the issues as I have, I have not made reference to the Association's demand for a 1.5 percent salary increase based on productivity improvement, nor have I made reference to the Association's demand for a .5 percent salary increase in recognition of the value of salaries forgone over the decade. Where the primary issue is "catch-up" and where an offer has been made which maintains the real value of current salaries, I am not convinced that additional increases on the grounds suggested are warranted. Apart altogether from the question of the restoration of current salaries, I do not accept that the amount which past settlements may be said to be substandard is a loan which must be repaid in the form of salary increases in excess of that required on an application of the criteria. Past settlements, at least for the last four years, have been determined under mutually agreed procedures and it is not open to one of the parties to that agreement, apart altogether from the issue of the restoration of current salaries, to claim that past salary determinations constituted an interest bearing loan to the other side.

20 The responsibilities of faculty members are defined in the Memorandum of Agreement as (1) teaching, (2) research, scholarly or creative activity, (3) service to the University. Given the scope of a faculty member's responsibilities, I have not been satisfied on the data presented that there has been an increase in productivity which would warrant a special increase beyond that justified on the basis of current economic factors or "catch-up". Although it would appear that there have been some productivity gains in the library, I am unable to weigh the impact of technology. Furthermore, even if a case could be made for a productivity increase in addition to protection from inflation, I am not aware of any other group in today's climate which is receiving a salary increase which provides not only full protection against inflation but provides an additional amount in recognition of a productivity improvement.

21. During the course of the hearing in this matter, reference was made by the University to the opportunity for faculty to earn additional income from consulting, writing, or teaching summer courses. It was suggested that the opportunity to earn outside income should have a bearing on faculty salary determination. In defining the issues before me, I have not taken account of this factor. I do not accept that outside income is to be considered as part of "overall compensation" within the meaning of the fourth criterion. Where the persons whose salaries are under adjudication provide full-time service to the employer, as in this case, the income earned from outside work should not bear on the salary paid by the employer. The outside income earned in this way can be compared to income earned by a blue collar worker who "moonlights". It has never been suggested that income earned in this way be factored into one's wage or salary. Furthermore, it would not be fair to take into account some average measure of outside income earned by faculty members (if such a measure could be developed) when the opportunity to earn outside income does not exist equally for all faculty and where some faculty members earn a great deal more than others. Finally, where the opportunity to earn outside income has existed for many years, it constitutes a constant for purposes of measuring the percentage movement of faculty salaries over time and, therefore, can be disregarded in making these calculations.

"Catch-Up"

(a) The Criteria

22 The University takes the position that the criteria which govern my award do not admit the concept of "catch-up". The concept of a "catch-up" increase to make up for past erosion of salary or wage levels relative to movement in other salary levels or to movement in the CPI is not new to salary determination generally nor to arbitration or fact finding reports in particular. (See *Report of the Chairman Joint Committee on Physicians' Compensation for Professional Services,* March 1982, [Weiler], *Participating Hospitals and Service Employees International Union,* 1971 [Weiler], *Ryerson Polytechnical Institute and Ryerson Faculty Association,* 1973 [Brown], *University of British Columbia and University of British Columbia Faculty Association,* 1981 [R.C. Bird].) The effect of not recognizing the legitimacy of "catch-up" is to prevent a group that has fallen behind relative to others from restoring historical relationships. Because historical benchmark comparisons are used generally in salary determination, a failure to recognize the concept of "catch-up" in the field of interest arbitration would render the process more artificial than it already is and would lead to unhealthy frustration by those employees bound by its results. It is not surprising, therefore, that, as a general proposition, third party neutrals will permit employees to attempt to make a case for "catch-up" and, if a case is made, will take this factor into account in reaching a decision.

23 The accepted approach of third party neutrals with respect to "catch-up", as described above, establishes the background against which I must decide whether, on the language of the criteria which govern my decision making in this case, I am allowed to consider arguments in support of "catch-up". The first three criteria speak to changes in the consumer price index, salaries and benefits for other professionals and groups in society and the need to attract faculty members and librarians of the highest quality. The fourth criterion refers to "the overall compensation *presently* received by faculty members and librarians involved in these proceedings . . ." (emphasis added). As I read the first four criteria, I am directed to assess the adequacy of present overall compensation against changes in the consumer price index, salaries and benefits of other professions and groups in society and the need to attract faculty members and librarians of the highest quality. In the absence of an express restriction on time horizon, and for the same reasons that arbitrators generally do not prevent employees from making a case for "catch-up", I would be reluctant to infer that I am restricted to recent or current changes in the consumer price index, or recent or current salaries for other professions and groups in society. Indeed, if the need to attract faculty members and librarians of the "highest quality" is to be given effect, it seems to me that a longer time frame was intended and that the historical relationship of faculty salaries to other professions and groups in society is to be considered. However, in deciding that I am permitted to entertain and act upon arguments in support of "catch-up", I do not rely solely on the absence of an express restriction upon my time horizon. The express language used by the parties in framing the criteria supports this conclusion as well.

24 I have emphasized the reference to overall compensation "presently" received, in the fourth criterion. The fifth criterion refers to total compensation adjustments made in "recent" public and private sector settlements. There are no such temporal restrictions incorporated into the first or second criterion and accordingly, I must assume that the parties did not intend to restrict my deliberations to recent or present changes in the consumer price index or to recent or present salaries for other professionals and groups in society. In the result, I am satisfied on the language of the criteria, read as a whole, that I am entitled to entertain and act upon the data and arguments in support of restoring historical relationships.

(b) PTR

25 I have briefly described the mechanics of the PTR scheme and the nature of the dispute between the parties with respect to whether or not PTR increases should be included in assessing the relative position of faculty salaries over time. The answer to the question which has been raised — and which is fundamental to a resolution of the issue before me — is to be found in the purpose of the plan. The University maintains that the PTR increment combines recognition of career progress and a discretionary salary increase. On the information before me I am unable to compartmentalize the annual PTR increase on the basis suggested by the University. Indeed, if that portion of the annual PTR award which the University labels as a discretionary salary increase is based on merit, as it appears to be, then the distinction which the University attempts to draw between that portion of the PTR increase made in recognition of progress and that given for merit is superficial. In point of fact, the annual PTR increment is given as a total uniform amount in recognition of merit and in place of promotion increases.

26. There are three levels of professors at the University; the entry level assistant professor, the associate professor and the full professor. The salary range for an assistant professor is $20,500 to $34,900. The salary range for an associate professor is $25,200 to $41,900. The salary range for a full professor commences at $33,700 but is open-ended. It is not disputed by the University that as a faculty member progresses from an assistant to an associate to full professor he becomes a more productive and valued human resource. Although faculty members are formally promoted from one rank to the next, there is no promotional salary increase to mark the progress and yet under the plan the end salary of a faculty member who receives average or above average PTR is more than double the start salary in constant dollar or real terms. The PTR increases received by a faculty member over time are given in recognition of his increasing contribution to the University so that large, one-time-only promotional increases are not required or justified. The original recommendation of the Budget Committee in support of the PTR scheme was framed in terms of an allocation of funds for "career advancement" and I am satisfied that the annual PTR increase is given, where it is earned, to effect this purpose. The purpose of the PTR increase, therefore is not to advance the salary ranges but to recognize merit by moving individual faculty members through the salary ranges. Upward movement of the salary ranges is achieved by means of, and in the amount of, the annual economic increase. It follows that only the amount of economic increase should be included for purposes of determining how faculty salary ranges have fared over time.

27 The defect in the University's position is illustrated by the example of the faculty member whose salary, including PTR, has kept pace with, but not exceeded, inflation during a period when he has been promoted from assistant to associate to full professor. The University does not dispute that the faculty member is entitled to monetary recognition for promotion. However, because his salary has remained constant in real terms throughout the period, it cannot be said that he has both maintained his salary level in real terms and received recognition for his promotions. It is open to the faculty member in this situation to claim one of two things; that he has not received real monetary recognition for his promotion or that the value of his base salary has fallen. In either case, if it is accepted that the maintenance of salary levels in real terms is a legitimate objective, the faculty member is in a disadvantaged position. For purposes of this award I assume that he has received recognition for his promotions in the form of annual PTR increases, but that the economic increases he has received during the period have not kept pace with inflation.

28 The conclusion I have reached in this regard is implicit in the recently released *Brief to the Ontario Council on University Affairs* prepared by the Council of Ontario Universities, Committee on Operating Grants, March 1982 (see pages viii and 23). The Council of Ontario Universities is an organization of Ontario university administrators. Furthermore, Prof. Christie, in his 1981 mediation report to the parties, also reached essentially the same conclusion. He found that "the cost to the university of progress-through-the-ranks while it is a real cost, is not appropriately included in assessing how well the average faculty member is faring in his struggle against inflation." (See also *Board of Governors of the University of Calgary and Calgary Faculty Association*, June 12, 1978 [Taylor] at pages 25 - 26, *Board of Governors of Ryerson Polytechnical Institute and Ryerson Faculty Association*, June 9, 1981 [Kennedy] at pages 45-46, for a similar treatment of merit or progress schemes.) The University itself, in a submission to the Anti-Inflation Board in 1977, described the PTR plan as providing discretionary increases for merit and for promotion and advised that PTR increases should be excluded from calculations of permissible salary increases. The University told the AIB that:

"We believe the career advancement system is well within the intent and meaning of section 49(2) of the Anti-Inflation Regulations and that the career advancement component is, therefore, properly excluded from our calculation of permissible comparison increases for the academic full-time group for 1976-77."

Data

29 The Faculty Association presented data to show that the erosion of University of Toronto salaries in the period 1971-81, relative to movement in the consumer price index was approximately 20 percent, requiring an adjustment of 25.2 percent to restore 1971 value to salaries. The corresponding data supplied by the University in large measure supports the claim of the Faculty Association that there has been a progressive deterioration in University of Toronto salaries in real terms since 1971. The University filed a chart comparing the rate of increase in salaries paid to U of T faculty and librarians with the rate of increase in CPI (Canada and Toronto) for the period July 71-81. The University measured the movement in the U of T salary levels both including and excluding the average annual PTR increase. I have decided that the amount of the average annual PTR increase should not be used in comparing movement in U of T salaries to movement in the consumer price index. Accordingly, I have disregarded the figures which include PTR increases. The tables which depict movement in faculty and librarian salaries and compare that movement to movement in the CPI are reproduced below.

(See tables pages 4 and 5.)

30. The faculty argues that the inclusion of benefit increases deflates the amount by which salaries have eroded in real terms where benefit increases are computed as a percentage of the salary base. There is merit to this argument in that the use of a salary and benefit base would result in lower annual percentage salary and benefit increases which would in turn result in a greater differential between the percentage increase in salaries and benefits and percentage increases in the CPI. Conversely, if a salary base is used to track the percentage movement of salaries only the amount of the differential shown by the University would be increased by the amount of the benefit improvements. In resolving this argument I have made an assumption with respect to both benefit levels and the rate of improvement in the benefit level which is not disputed on the information before me. I am assuming that the benefit level of U of T faculty is comparable to that of other groups and professions in society and that it has been so throughout the relevant period. For purposes of calculating the erosion of faculty salaries, therefore, I intend to rely on the percentage economic improvement of salaries relative to percentage movement in the CPI over time. If 1971 is used as the base year, the assertion of the faculty that an increase of approximately 25 percent is required to repair the erosion, in real terms, to U of T salaries, up to July 1981, is correct.

31 It is appropriate to comment at this juncture that in my view comparisons to other groups or professions and to general wage level indicators are more meaningful for purposes of determining the amount of a salary award to a group whose salaries are in large measure funded from the public purse. Wage settlements do not always move in a lock step relationship with movement in the CPI. If the working public, who both support and benefit from our institutions of higher learning, are receiving wage increases in excess of the rate of inflation there is no justification for limiting salary increases to those who staff these institutions to the rate of inflation. On the other hand, if wage increases are less than the rate of inflation there is no justification for providing faculty with full cost of living protection; a degree of protection against inflation not guaranteed to any other group in society and not guaranteed to faculty on a reading of the criteria as a whole. However, having expressed these views I recognize that the expectation and the practice of the parties is to relate the economic increase to movement in the CPI for the relevant period. Indeed, the first criterion refers to movement in the consumer price index and the University's offer is based on movement in the CPI since July 1981. I am prepared, therefore, to give considerable weight to the movement of U of T salaries relative to movement in the CPI both prior to and since July 1, 1981.

32 In this case the data filed by the parties reveal that wages have outstripped inflation since 1971 so that the erosion of U of T faculty salaries relative to general wage level indicators and to movement in the wage levels for specific groups is greater than that suggested by movement in the consumer price index. The faculty data, which are unchallenged on this point, show that Ontario average weekly wages and salaries as of July 1981 had increased by 2.5 percent in real terms since 1971. Faculty salaries fell by about 20 percent in real terms during this period.

33 The University questioned the 1971 starting point but the comparison of changes in Ontario Faculty Median Salaries, 1961-79, expressed as a multiple of the average industrial wage, as tabled by the University, shows that from 1966 to 1971 faculty median salaries, expressed as a multiple of the average industrial wage remained virtually constant. The movement between 1961 to 1966 is shown to have been marginal. Notwithstanding the use of median salaries which would include the effect of promotional or merit increase and Ontario, rather than U of T faculty, the comparison demonstrates that significant erosion commenced in 1971 following a lengthy period during which faculty salaries maintained their position relative to the movement of wages and salaries generally. The use of a pre-1971 starting point, therefore, would produce approximately the same result.

34 I make this finding in the knowledge that the average industrial wage indicator understates the movement of wages for organized employees. In this regard the faculty presented data to show that since 1975 the cumulative salary adjustments for faculty at the University of Toronto have fallen behind the cumulative percentage wage changes provided by major collective agreements in the same period. Faculty salaries have fallen behind to the extent that an increase of 20.5 percent would be required to eliminate the differential arising during this shorter period.

35 The faculty maintains that Toronto secondary school teachers, like academics, "are dependent upon public monies; they work in the same urban milieu; and although they are not required to be scholars, they otherwise engage in many professional activities that roughly parallel those of professors." I accept these submissions. The faculty argues that in the absence of factors to justify a deterioration in faculty salaries relative to secondary school salaries, the deterioration which has occurred must be viewed as proof of its contention that there has been a significant erosion in faculty salaries. The faculty presented data to show that an adjustment of 21.8 percent would be necessary to restore faculty salaries to 1971 differentials vis-à-vis Toronto secondary school teachers. The chart prepared by the faculty is reproduced below:

University of Toronto Faculty Salaries
(Assistant Professor Floors)

vs

Toronto Teachers Salaries
(Level IV Floors)

Year	U of T Faculty	Difference as percentage	Toronto Teachers
1971	10,800	21.3	8,900
1972	11.100	24.7	8,900
1973	11,500	26.4	9,100
1974	12,300	29.5	9,500
1975	13,800	8.8	12,679
1976	15,000	7.8	13,913
1977	15,900	5.1	15,133
1978	16,500	2.9	16,041
1979	17,400	2.3	17,003
1980	18,800	.63	18,692
1981	20,500	(.4)	20,583

36 The University challenged the use of floor salaries and the choice of 1971 as the base year. However the floor salaries isolate the annual economic increase from the PTR increase in the case of faculty, and from the grid increase in the case of secondary school teachers. In my view the chart relied upon by the faculty accurately depicts deterioration of faculty salaries relative to secondary school teachers' salaries in the period 1971-81.

37 In its reply brief the faculty traced the relationship between U of T floors and Level 4 teachers floors back to 1963. In the period 1963 to 1970 the differential ranged from 25 percent in favour of the faculty salary in 1963, to 15 percent in 1968, finishing at 18 percent in 1970. If the faculty had relied on the 1974 differential of 29.5 percent it could be argued that it had seized on the starting point most favourable to it. However, when reference is had to the full spectrum of years from 1963 to 1981 the recent trend is unmistakable. The economic improvement to faculty salaries has been considerably less than the economic improvement to secondary school teachers' salaries. There is no reason of which I am aware to justify the deterioration in faculty salaries relative to those of secondary school teachers.

38 The faculty also presented data to show that an increase of about 15 percent would be required to restore faculty salary floors to the relationship which existed in 1973 with the salary floors of seven groups of professional government employees. The faculty showed that the salary floors of the Government of Canada Psychologist, Engineer Level 2 and Social Workers have kept abreast of inflation since 1973 while those of the Government of Ontario Psychologist, Scientist Level 2, Research Officer 2B and Biologist Level 1 had fallen from 2.2 to 4.4 percent in real terms.

39 The University maintains that changes in professors' salaries in Ontario, including professors at the University of Toronto, measured by the median salary for an associate professor, have not suffered over the last 20 years relative to other professionals. I have before me data with respect to the net income movement of a number of professions. However, I am not confident that a meaningful comparison can be made between the net income of self-employed professionals, who are free to increase fees and/or hours of work, and the salaries of members employed by an institution such as the University of Toronto. However, even if I was to accept that a meaningful comparison could be made, and even if I was to accept that for purposes of this comparison the amount of PTR increases should be included, the results would nevertheless suggest that there has been some erosion to faculty salaries. The data would suggest that professors have done reasonably well compared to lawyers and to a composite group of engineers and architects but have fared poorly when compared to dentists, accountants and, following the recent settlement between the Ontario Government and the Ontario Medical Association, doctors. The data submitted by the Faculty Association suggests that the economic increases provided to faculty since 1971 have not kept pace with the median salaries paid to the various levels of professional engineers.

40 The Faculty Association argues, with some justification in my mind, that if university professors are to be compared to any of the self-employed professionals the only legitimate comparison is to physicians, to the extent that doctors' fees and accordingly, incomes, have been regulated by government from the introduction of OHIP in 1971. The faculty relies heavily on the recently concluded agreement between the provincial government and the Ontario Medical Association under which the provincial government agreed to restore to the medical profession, over a five-year period, the erosion in relative income which has occurred since 1971.

41 Finally, I wish to speak to "salaries and benefits for faculty members and librarians at other universities", as referred to in the second criterion. The University presented data to show that except at the lower age levels (up to age 35), the 1981-82 average salaries by age category for faculty members at the University of Toronto (excluding medical, dental and professors with senior administrative appointments) exceeded the 1981-82 average salary by age category for faculty members (with the same exclusions) at eight other Ontario universities. The eight universities include McMaster, York, Queen's Ottawa, Waterloo, Western, Guelph and Carleton. Ottawa has the highest average salary per age category in the province and Carleton the lowest. I have no difficulty with comparing actual salary to actual salary by age category in order to obtain a picture of how U of T faculty compare on an age category basis to the faculty at other universities. The data presented by the University show that in the under 30 age category the eight-university average exceeds the U of T average by $989 per annum. The differential in favour of the eight-university average grows to $2,986 per annum for the 30-34 age category. In all of the other age categories the average University of Toronto salary exceeded that of the eight-university average by $402 (age 35-39), $2,101 (age 40-44), $1,790 (age 45-49), $2,971 (age 50-54), $3,077 (age 55-59) and $4,470 (over 60). These figures support the conclusion that, except at the lower age categories, U of T faculty are better paid than the eight-university average.

42 The question which I must resolve is what weight is to be given to intra-provincial faculty salary comparisons relative to the other data before me. In light of the fact that the operating funds of all Ontario universities are controlled by the provincial government so that all Ontario universities have been squeezed in recent years, and in light of the fact that collective bargaining for faculty members is in its embryonic stage, I am reluctant to accord much weight to intra-provincial faculty salary comparisons. I

Academic Year	CPI Canada Index	Increase %	CPI (Toronto) Index	Increase %	ACADEMIC Budget Increase Guidelines	Total Allocation/ Total CUmul.	Total (Exc. Merit) Allocation/ Total Cumul.
July '71 1971-72	100.5		100.8			/100.0	/100.0
July '72 1972-73	105.1	4.6	105.6	4.8	3% econ., 2.75% min. Incr. 0% Benefit	5.75/105.8	3.0/103.0
July '73 1973-74	113.2	7.7	113.7	7.5	3.5% econ. + $700/400 PTR 0% Benefit (3.5%)**	7.0/113.2	3.5/106.6
July '74 1974-75	125.9	11.2	126.0	10.8	7.0% + $200 econ. (1%) $725/415 PTR 1.08% Benefit (3.5%)	12.58/127.4	9.08/116.3
July '75 1975-76	139.8	11.0	140.1	11.2	12% econ. + $775 PTR 11% econ. + $445 + 1% PTR .35% Benefit (3.5%)	15.85/147.5	12.35/130.6
July '76 1976-77	149.3	6.8	149.2	6.5	8.4% econ. to $2200 (7.75%) + $870 PTR 8.4% econ. to $2200 (7.75%) + $500 PTR 1.05 Benefit (3.5%)	12.30/165.7	(8.80)/142.1
July '77 1977-78	161.8	8.4	161.1	8.0	6.2% econ. + $935 PTR 6.2% econ. + $535 PTR 0% Benefit (3.16%)	9.36/181.2	6.2/150.9
July '78 1978-79	177.7	9.8	176.5	9.6	3.75% econ. + $995 PTR 3.75% econ. + $565 PTR .83% Benefit (3.04%)	7.62/194.9	4.58/157.8
July '79 1979-80	192.1	8.1	190.8	8.1	5.4% econ. + $1030 PTR 5.4% econ. + $ 590 PTR .30% Benefit (2.96%)	8.66/211.8	5.70/166.8
July '80 1980-81	211.5	10.1	209.8	10.0	8.0% econ. + $1085 PTR 8.0% econ. + $ 620 PTR .65% Benefit (2.85%)	11.50/236.2	8.65/181.2
July '81† 1981-82	238.9	13.0	237.6	13.2	9.1% econ. + $1175 PTR 9.1% econ. + $ 670 PTR 1.15% Benefit .65% Other (2.79%)	13.70/268.0	10.90/201.0
Total Cumulative	237.7	137.7	235.7	135.7		268.5	201.0

am buttressed in this conclusion by data submitted by the faculty which show that Ontario faculty salaries generally, and U of T faculty salaries in particular, have fallen behind relative to the salaries paid to faculty members at Canadian universities outside Ontario. It reveals that from 1971 to 1981, the average Canada-wide faculty salary (in constant dollars) for all ranks rose by about 5 percent; in Ontario it declined marginally by about 1 percent; at the University of Toronto it fell by more than 6 percent. While these numbers do not take into account the relative aging of the various faculties, they indicate a definite trend. The proof of this trend is reinforced by reference to the mean salary, by age category, comparison between the University of Toronto and the Universities of British Columbia, Alberta and Manitoba. In 1971-72, salaries at the University of Toronto for all age groups were above the levels for the three-university comparison group. However, in 1980-81 the University of Toronto mean salaries, by age category, lagged behind the three-university comparison group; by about $1,500 at age 30, $1,200 at age 45 and $2,000 at age 60.

43 Where there has been a marked decline in faculty salaries relative to movement in the Ontario-wide composite of wages and salaries, and relative to movement in faculty salaries outside the province, I must conclude that this decline is the result of a tightening of the centrally held purse strings, for whatever reason, and not the result of economic developments which are affecting Ontario society generally. In these circumstances, and at a time when it is premature, in my view, to rely on the results of free collective bargaining by Ontario faculty as indicative of the relative worth of faculty, I am not prepared to accord significant weight to the position of University of Toronto faculty salaries relative to the salaries paid to faculty at other Ontario universities.

44 I am compelled to conclude on the data which have been presented to me that the economic increases made to the salaries of U of T faculty and librarians have not kept pace in recent years with the economic increases received by other salaried groups in society and in particular with the economic increases received by certain other groups whose salaries are in large measure funded from the public purse. The conclusion I have reached in this regard is the same conclusion as was reached by Prof. Christie in his 1981 mediation report. He stated:

"While the University did not concede that catch-up was justified, their own statistics verify that subject to my comments below about 'progress-through-the-ranks', University of Toronto faculty salaries have fallen some 20 percent behind increases in the CPI over the last nine years."

I have observed that during the nine-year period referred to by Prof. Christie, wage and salary levels outpaced inflation.

45 The conclusion I have reached with respect to the erosion of U of T salaries is also consistent with the brief to the Ontario Council on University Affairs prepared by the Council of Ontario Universities' Committee on Operating Grants, March 1982. The committee composed of university administrators, stated:

"The economic or scale adjustment made to university salaries is intended to protect staff against erosion of living standards arising from inflation. The ability of universities of Ontario to provide such protection can easily be measured. During the past ten years university salary scales have increased by about 70 percent; the consumer price index over the same period has increased by 115 percent. Much of this loss in purchasing power has occurred during the years since OCUA's funding advice

Academic Year	CPI Canada Index	Increase %	CPI (Toronto) Index	Increase %	LIBRARIAN: Budget Increase Guidelines	LIBRARIAN: Total Allocation/ Total Cumul.	LIBRARIAN: Total (Exc. Merit) Allocation/ Total Cumul.
July '71 1971-72	100.5		100.8			/100.0	/100.0
July '72 1972-73	105.1	4.6	105.6	4.8	5.75% total 2% minimum 0% Benefit	5.75/105.8	2.0/102.0
July '73 1973-74	113.2	7.7	113.7	7.5	3.5% econ., 3% merit 0% Benefit	6.5/112.7	3.5/105.6
July '74 1974-75	125.9	11.2	126.0	10.8	7.0% + $200 econ. (1.5%) 3.0% merit 1.08% Benefit	12.58/126.9	9.58/115.8
July '75 1975-76	139.8	11.0	140.1	11.2	12% econ. (5.5% merit) $775 per FTE .35% Benefit	17.85/149.6	12.35/130.1
July '76 1976-77	149.3	6.8	149.2	6.5	8.4% econ. to $2200 (8.17%) Merit average $550/person 1.05% Benefit (3.5%)	12.72/168.7	(9.22)/142.1
July '77 1977-78	161.8	8.4	161.1	8.0	6.2% economic 3.2% merit 0% Benefit	9.4/184.6	6.2/150.9
July '78 1978-79	177.7	9.8	176.5	9.6	3.75% econ. + Lib. 1 & 2 received $800 = 1.67% 1.79% anomaly adjustment .83% Benefit 3.2% merit	11.24/205.4	7.25/160.3
July '79 1979-80	192.1	8.1	190.8	8.1	5.4% econ. + $700 PTR 5.4% econ. + $300 PTR .30% Benefit (2.86%)	8.56/223.0	5.77/169.4
July '80 1980-81	211.5	10.1	209.8	10.0	8.0% econ. + $740 PTR 8.0% econ. + $315 PTR .65 Benefit (2.79%)	11.44/249.0	8.65/184.0
July '81† 1981-82	238.9	13.0	237.6	13.2	9.1% econ. + $795 PTR 9.1% econ. + $340 PTR 1.15% Benefit .65% Other (2.73%)	13.63/282.9	10.90/204.1
Total Cumulative	237.7	137.7	235.7	135.7		282.9	204.1

* Total Economic/Merit/Benefit
** Figures in parentheses are estimates of value of PTR dollar amounts
† Increase for 1981-82 includes 0.7% retroactive benefit improvement negotiated in March 1982

NOTES:
1. No attempt is made to split cost and percentage in cases where staff benefit cost applies to other salary groups. It is assumed that the average percentage applies to all groups.
2. The 1972-73 merit figure represents academic merit increase before introduction of PTR scheme.
3. Personnel Department figures for July 1974 economic may differ slightly from those on Budget Department documents since the 1% approximate value is assigned to the $200 economic amount.
4. The bracketed figures for July 1976 economic were used to decide both the Total Allocation and the Total Allocation excluding merit.
5. Source of percentage increase is U of T's General University Income — Budget Department.

was last accepted in 1977-78. Salary scale increases for 1978-79 and subsequent years have totalled 27.7 percent; the consumer price index has increased by 47.5 percent.

"To those puzzled by how universities have coped with a level of underfunding of the order of magnitude identified in Section 1.0, half of the answer is here in the compression of salary rates. That universities have managed as well as they have is a tribute to their staff. Those who argue for the need for further salary restraint as a means of coping with underfunding should understand therefore, the historical background against which their argument must be made.

"They should also understand that the erosion of university salary scales during the past several years is having an impact that extends beyond those presently employed at universities. Recruitment of new staff has become a serious problem; starting salaries for university faculty now differ little from those offered by the private sector to recent bachelors graduates."

To say that this brief was prepared as a lobbying document, as the University has, does not undermine its conclusion. The conclusion that faculty salaries have suffered substantial erosion relative to movement in the CPI and to wages and salaries generally, is irrefutable. I am satisfied that a wage increase in the order of 25 percent would be required to repair the erosion to the salaries of the University of Toronto faculty which had occurred up to July 1981.

(c) The Sixth Criterion

46 Under the sixth criterion I am required to take into account "the need for the University to operate in a responsible manner." The University takes the position that fiscal responsibility and a number of other matters are contained within the need to operate responsibly. In the University's view this criterion speaks to the need of the University to operate responsibly with respect to (1) the University's budget, (2) the preservation of facilities appropriate to a "top-rank" diverse teaching and research University, (3) the needs of Ontario and Canadian society for education and the creation of knowledge and (4) the provision of fair and reasonable remuneration to faculty and staff. The University argues that the essence of the criterion is that it must operate in such a way that a just and reasonable balance is achieved among a number of needs, all of which compete for limited resources. In particular, the University maintains that the need to operate in a responsible manner mandates that operating expenditures should not exceed its operating income. The University acknowledges that if the provincial government, in addition to providing the bulk of its operating funds, directed the University as to how these funds were to be spent, ability to pay would be an irrelevant factor. However, where, as in this case, the University has discretion with respect to the expenditure of its operating funds, it is the University's position that its ability to pay must be taken into account where the result of providing salary increases above a certain level would restrict its ability to operate all facets of the University or would result in unmanageable deficits. A deficit in excess of 1.5 percent of the operating budget is considered unmanageable. It is the University's contention that the inevitable result of unmanageable deficits is unwanted government interference in the running of the institution.

47 The faculty argues that the concept of fiscal responsibility is not encompassed within the sixth criterion. The faculty takes strong exception to any suggestion by the University that ability to pay should in any way lessen the amount of a salary award based on the criteria. The faculty argues that a decision taken by the provincial government with respect to the quantum of the University's operating grant should not affect a determination as to what is a just and fair salary. The faculty cites extensive authority in support of its contention that arbitrators in public sector interest disputes do not give weight to arguments based on ability to pay. In the face of the position taken generally by arbitrators, the faculty maintains that an express inclusion of the term fiscal would be required to support the University's position. Alternatively, the faculty argues that the positions taken by the parties during the course of the negotiations leading to the amended Article 6, reveal that it was not the intention of the parties to include fiscal responsibility within the ambit of the sixth criterion.

48 Where parties agree, in the context within which these parties have, to require a third party neutral to take into account "the need of the University to act in a responsible manner", they have cast a wide net which, taken on its face, would include fiscal as well as other areas of responsibility. The refusal of arbitrators generally to take into account the ability to pay of a public sector employer does not alter this result. In the cases where arbitrators have refused to take account of ability to pay, for reasons I support, the employees do not have the right to strike and more importantly, the decision making has not been regulated by criteria dictated by the parties. In this case, however, there are such criteria and I am bound to give effect to them.

49 Assuming without finding that the language in question is ambiguous or at best lends itself to a latent ambiguity, (see *Leitch Gold Mines v Texas Gulf Sulfur Co.* [1969] 3 DLR [3d] 161) I allowed the Faculty Association to lead extrinsic evidence. I heard evidence from both sides with respect to the historical and immediate context within which the negotiations took place, the exchanges between the parties prior to reaching agreement, and the intention of each side in agreeing to the language of the sixth criterion. On the evidence before me I am unable to conclude that the parties were of a single mind as to the meaning of the sixth criterion. The University believed that it was agreeing to language which admitted consideration of fiscal responsibility, while the faculty believed that it was agreeing to language which did not. I am left, therefore, with the plain meaning of the language. The unqualified and unrestricted use of the adjective "responsible" when read in the context of a criterion governing salary determination for a group of employees whose salaries comprise about 50 percent of the total operating budget of an institution with finite operating funds, encompasses fiscal responsibility, and I so find. Indeed, in agreeing to spread the amount of "catch-up" which it is seeking over three years the faculty has tacitly recognized the existence of fiscal restraints.

(d) 1982-83 Operating Budget

50 The main sources of general University operating income (94 percent of the total) are government grants and tuition fees. The level of both grants and fees is controlled by the provincial government. For 1982-83 the provincial government has provided an increase in funding for Ontario universities of 12.2 percent. Under the formula by which this global increase is parcelled out to the individual universities, the University of Toronto will receive an increase in operating grants of 11.9 percent for 1982-83. However, the overall increase in operating revenue, by reason of the impact of a revised student fee schedule and in particular a substantial increase in fees for foreign students, will be 12.2 percent. Monies made available from one-time-only sources result in an increase in total general University income for 1982-83 of 14.5 percent to a total of $36.1 million over the 1981-82 base. An additional $4.6 million is available through internal reallocation. It is not disputed that $6.8 million of new income has been earmarked in the 1982-83 budget for increases in institutional expenses (excluding salaries), beyond inflationary increases.

51 About 77 percent of the total operating budget is allocated to salaries and benefits. The salaries of the faculty members and librarians who are directly affected by this award account for about 58 percent of the total salary expense or about 45 percent of the operating budget for 1981-82. Each 1 percent increase in faculty salary requires an outlay of approximately $1.2 million. The operating budget of the University in 1981-82 totalled approximately $276 million.

AWARD

52 Having regard to all of the foregoing, I must assess the data which are relevant under the criteria and come to a decision as to a salary award for the 1982-83 academic year. I have observed in a number of prior awards that there is no single correct answer to the question of what constitutes a fair and equitable salary. Inevitably, there are competing factors at play which, in the final analysis, give rise to a range of reasonableness. (See *Wellesley Hospital and Ontario Nurses Association*, April 4, 1977 [Burkett] and *Kirkland Lake Board of Education and Ontario Secondary School Teachers Federation*, March 31, 1981 [Burkett].) It falls to the third party neutral to identify the range within which an equitable award should fall. The existence of fixed criteria do not alter my thinking in this regard. The criteria focus the attention of the parties and of the third party neutral. However, where the criteria are as wide-ranging as they are in this case, the result is nevertheless to create a range of reasonableness rather than a single correct answer. The role of the third party neutral is to identify this range and, in his discretion, to make an award which falls within it.

53 In approaching my task I am mindful of the important role played by a pre-eminent university such as the University of Toronto, and the contribution made by its faculty in furthering the objectives of the institution and serving the needs of society. The nexus between the University and the society it serves was described in re *Board of Governors of the University of Calgary and the University of Calgary Faculty Association* 1978, (Taylor) in the following terms.

". . . we have concluded that assessment of the value of the services of members of the academic community today must give recognition to the fact that the academic function cannot be divorced from the processes by which the economic well-being of the community is enhanced. The universities in a modern context must be recognized as a part of the wealth-creating process, not only through the training of students in professional and technical fields, in which they will earn their living and provide employment for others, but also through the invaluable contribution which the universities make to the understanding of technologies essential to economic survival in today's world. These are important direct contributions to the economic well-being of our country for which the academic community is entitled to receive credit quite apart from its more frequently emphasized contribution, through the humanities, to intellectual enlightenment, and its often forgotten contribution, through medicine and the social sciences, to the relief of human suffering and distress. All these contributions of the academic community should be given recognition when an assessment is made to the monetary compensation fairly due to its members."

I accept and adopt these comments.

54 With this general background I turn to the difficult task of determining the specific amount of the 1982-83 salary award for University of Toronto faculty members and librarians. In past negotiations between the parties, the economic increases have been based on an amount needed to restore salary relativities or purchasing power lost during the preceding year. The parties have looked backward as of July 1 of each year and negotiated an amount to reflect what has transpired during the year past, in the knowledge that the same exercise will be repeated the following year. For example, the 9.1 percent awarded by Prof. Christie effective July 1, 1981 was to cover whatever erosion had occurred in the period June 30, 1980 to July 1, 1981. Because of the retrospective nature of the negotiations between these parties and because of the erosion of faculty salaries up to July 1, 1981, my award must be comprised of two distinct elements; an element to address the shortfall or erosion of faculty salaries prior to July 1, 1981 and an element to deal with the period July, 1981 to June 30, 1982.

55 That portion of the salary award designed to deal with the period July 1, 1981 to June 30, 1982 must take account of economic developments during this period. As I have observed, the focus of the parties in this regard is movement in the CPI. The CPI for Canada rose over the corresponding period for the previous year; 12.7 percent in the third quarter of 1981 (July - Spetember), 12.3 percent in the fourth quarter of 1981 (October - December) and 11.8 percent in the first quarter of 1982 (January - March). The CPI for Canada rose 11.3 percent for April 1982; the most recent monthly release. The CPI for Toronto rose over the corresponding period for the previous year; 12.8 percent in the third quarter of 1981, 12.5 percent in the fourth quarter of 1981 and 11.6 percent in the first quarter of 1982. The CPI for Toronto rose by 11.8 percent for the month of April 1982; the most recent monthly release. These figures and the trend which they identify, suggest that an increase of about 11.5 percent would be required to maintain the salaries put into effect on July 1, 1981 in real terms. If my estimate of year over year cost of living increase as of June 30, 1982 is in error an adjustment can be made in the next round of bargaining.

56 It seems to me that where the focus in calculating "catch-up" has been a comparison with movement in the CPI, the focus for calculating the amount of the current economic increase should also be movement in the CPI. This is especially so where salary increases outpaced inflation during the period of erosion and where inflation is outpacing wage and salary increase during the current year. During the period July 1, 1981 - March 31, 1982, wage increases did not keep pace with inflation. The results of collective bargaining settlements involving 500 or more employees across Canada, as reported by Labour Canada in *Wage Developments Resulting from Major Collective Bargaining Settlements* show that settlements lagged slightly behind (.1 percent) the rate of inflation during this period. In Ontario, negotiated settlements involving 200 or more employees, as reported by the Research Branch, Ontario Ministry of Labour in *Wage Developments Collective Bargaining Settlements in Ontario*, during the period July 1, 1981 to March 31, 1982 lagged 1.3 percent behind the rate of increase in the CPI.

57 I now turn to the issue of catch-up and to a consideration of that issue in light of the sixth criterion. I have determined that an increase of the magnitude of 25 percent is required to compensate faculty members and librarians for the erosion in the real value of their salaries prior to July 1981. I have also determined that the sixth criterion requires me to take into account the need for the University to act in a fiscally responsible manner. It falls to me to strike a balance between the competing concepts of "catch-up" and fiscal responsibility. I recognize that where there has been erosion of the magnitude which exists here, any meaningful effort at "catch-up" will inevitably bring the salary award up against the limits imposed by the operating budget; if not this year then next and in years following. I start from the premise, however, that where salaries have been allowed to erode as they have, to the economic benefit of both the University and the provincial government, I am obliged to provide for a significant rectification. The equities weigh heavily in favour of the faculty. Furthermore, an award which significantly addresses the issue at this time permits the compounding of increases in future years to work towards a complete restoration of salary levels; an objective which must stand notwithstanding considerations of fiscal responsibility.

58 This is not to say that consideration of fiscal responsibility should receive only marginal weight. Although a proper balancing of the criteria requires that the issue of catch-up be addressed in a meaningful way in this award, the outer limit to the annual increase on base salary, the mechanics of providing for such an increase in this and future years and the time frame within which the parties attempt to achieve the objective of complete restoration are all factors governed in large measure by the need for the University to act in a fiscally responsible manner. In recognition of the budget restrictions which are already in place for 1982-83 I propose that the 11.5 percent needed to maintain salaries at the July 1981 level be spread over two instalments; one on July 1, 1982 of 8 percent, and a further 3.5 percent on January 1, 1983. I propose in addition that the restoration of salary levels, which have eroded over a number of years, not commence until January 1, 1983, at which time an additional 2.5 percent increase (for a total increase effective January 1, 1983 of 6 percent) be provided. I propose a further restoration of 4 percent effective April 1, 1983. The 8 percent increase effective July 1, 1982 is to be given in the form of an across the board $500 increase to all faculty members and librarians, in recognition of the relatively poor position of those at the lower end of the age/salary profile, with the remainder given as a fixed percentage across the board increase. The parties are agreed that this percentage increase is to include the .73 percent improvement to benefits as negotiated between the parties. The increase effective July 1, 1982 and the subsequent percentage increases effective January 1, 1983 and April 1, 1983 are on the salary rates in effect on June 30, 1982.

59 The salary award I have made has an annualized cost to the University of 12 percent; a figure well within the confines of the 1982-83 operating budget. It provides, however, for a "catch-up" factor of 6.5 percent over its term; a substantial contribution towards eventual restoration. I do not deny that this award may present a problem to the University in formulating its 1983-84 budget. What the award does is to provide a one-year period, perhaps longer, within which to make whatever decisions must be made or to make whatever submissions must be made, to accommodate the process of faculty salary restoration. In my view, the format I have adopted in providing for a substantially improved end rate while minimizing the annualized cost to the University has much to commend it to the parties during the whole of the period during which salaries are being restored.

60 I do not intend to suggest, by providing for a 6.5 percent catch-up factor, that the objective of salary restoration must necessarily be achieved within a four-year time span. Even if a specific time frame could be justified, which it cannot, the effect of proposing that the matter be resolved within a fixed number of years would place the parties in a straitjacket with respect to future rounds of bargaining; a straitjacket from which it might prove very difficult to achieve voluntary agreement. All that need be said at this point is that salary restoration should be achieved within some reasonable period.

61 I wish to thank both parties for their able and complete presentations.

62 I will remain seized of this matter in the event of any difficulty with the implementation of my award.

DATED at Toronto, Ontario this 3rd day of June, 1982.

Kevin M. Burkett
Sole Arbitrator

TAB 3

Financial Report 2023

April 30, 2023

University of Toronto Financial Services

UNIVERSITY OF TORONTO

DEFY GRAVITY

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RESULTS AT A GLANCE

ENROLMENT

Student enrolment increased by 0.6% to

86,297 FTE

REVENUE

Revenue increased by 11.6% year-over-year to

$4.3 billion

NET INCOME

Positive net income of 12.9% of revenues before allocations to reserves

$551 million

DEBT

Debt burden is 2.1% of expenses based on outstanding debt of

$895 million

ENDOWMENTS

Donations and grants of $55 million and 4.3% return in LTCAP result in market value of

$3.3 billion

CAPITAL ASSETS

Value of capital assets after $536 million additions and $214 million amortization

$5.8 billion

Highlights

Established in 1827, the University of Toronto (the "University") is Canada's top-ranked university, providing world-class research and teaching to over 97,000 students across our three campuses: downtown Toronto ("St. George"), Scarborough ("UTSC") and Mississauga ("UTM").

As one of the largest universities in North America, the University provides students with a broad range of academic programs and courses, while a unique college system offers the rich learning experience of small, close-knit communities. The following financial report reveals a vibrant university in positive financial shape approaching its bicentennial year in 2027.

Over the past 5 years, the University has benefited from the Ontario and Federal governments' continued financial support for higher education and advanced research, helping to ensure access, increase graduate enrolment, and finance vital infrastructure. During that same period, the University has grown significantly, with an increase of 7% in the number of students.

Looking ahead, the University of Toronto remains focused on implementing the priorities articulated in the Towards 2030 academic plan. The University's Three Priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University:

- Finding new ways to take advantage of prime locations in the Greater Toronto Area. This includes deepening relationships with local partners and heightening contributions to the success of the GTA as one of the world's most diverse and dynamic metropolitan regions;
- Strengthening international partnerships with other great universities, by facilitating student mobility and faculty exchanges, as well as joint initiatives in research, conferences, and teaching; and
- Developing new, innovative curricula and non-curricular activities that enhance the student experience, to re-imagine undergraduate education. This includes embracing the demand to prepare students for the labour market and the opportunities of the digital age.

As the University builds upon its great success to date, it will continue to draw on the talent and leadership of faculty and staff, as well as the loyalty and generosity of alumni and benefactors. At the same time, the University will need strong support from government partners—at all levels—that recognize the University's unique and critical role within Canadian higher education.

Financial Results and Challenges

As we emerge from the COVID-19 global pandemic, the University continues to be in a strong financial position. Throughout the pandemic, our faculty, librarians, and staff worked tirelessly to ensure operational continuity while maintaining excellence in our academic and research programs. Our students demonstrated outstanding resiliency and adapted to changes required to meet public health measures. Demand for our programs remained strong, and our scholars had an outsized impact on pandemic-related research and through contributions to health care and public health planning.

The World Health Organization has now declared an end to COVID-19 as a global health emergency, and the University has also begun to turn focus away from crisis management and back towards planning for the future. As is often the case with historic events like this, the pandemic has led to innovations that will benefit the institution as we move forward. The University expects to continue as an in-person institution but acknowledges that there are benefits and demand for a greater selection of online courses going forward. The Provost has established a University Resilience Project Team (RPT) to build upon the work and insights gained over the last two years, capitalize on the innovations developed during the pandemic, and build strategies for long-term institutional resilience.

In fiscal 2023, the University's net assets increased by $531 million to a total of $9.0 billion. This increase was a result of $551 million in net income, which reflects funds set aside for future capital projects and other priorities, resulting in an increase of $395 million in central and divisional reserves. The positive net income also includes capital infrastructure costs that were capitalized and not expensed in the year offset by amortization expense. These capital investments included projects such as the UTM Science building, the Schwartz Reisman Innovation Campus, new Student Residences at UTSC and St. George, the Fitzgerald Building Revitalization, and the UTSC Instructional Centre II.

Fiscal 2023 saw the beginning of recovery in ancillary operations from the effects experienced over the previous two years due to the pandemic. As restrictions on capacity relaxed, residences were able to return to full occupancy. The increased presence of students, faculty, and staff on campus saw a partial rebound in demand for most services. However, residual impacts from the pandemic – particularly related to continuing flexible work arrangements which have reduced the population of staff and faculty on campus from pre-pandemic levels – had a negative effect on revenues from parking and some food service facilities.

Despite the strong recovery in 2023, the University faces challenges ahead. Revenues are expected to grow at a slower rate compared to the past decade due to a reduced pace of enrolment growth and limits on domestic and international fees. This comes at a time of increasing pressures on expenses. Compensation costs are likely to increase as we exit the Bill 124 wage increase moderation period. High inflation is increasing the costs of goods and services overall, with particular pressures on energy costs and construction. This will lead to some difficult decisions as divisions work to fund their highest priorities.

Statement of Operations

Over the past five years, the number of students at the University has grown by 7%. This substantial increase in enrolment has raised revenues from student fees and government grants while also increasing expenses in salaries and benefits, due to the resulting growth in faculty and staff and related salary increases. In turn, higher numbers of students, faculty, and staff have increased the need for construction and renovations, which impact operating expenses as well as interest and amortization expenses. Planning for these capital infrastructure needs has included a prudent increase in financial reserves.

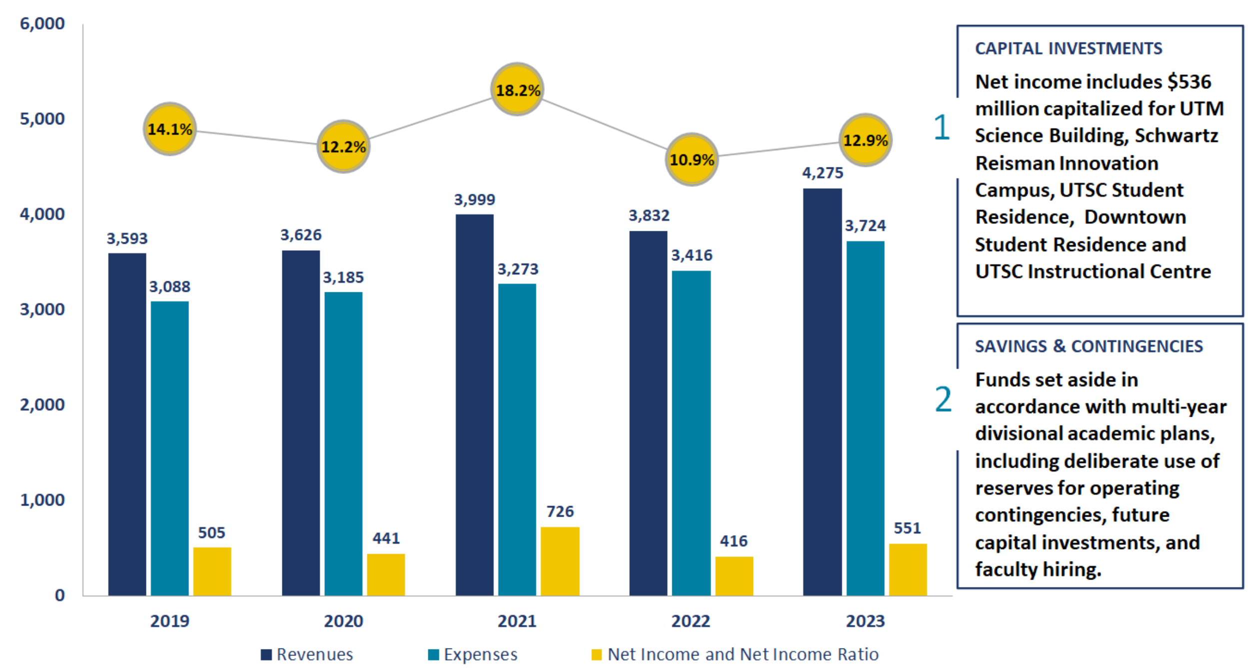
The University continues to welcome a large community of international students. Experience and data show consistently that this is an important factor in academic excellence and global competitiveness, as well as a major benefit to the regional and national economy. To mitigate the ways international student recruitment can be affected by geopolitical developments, the University has successfully pursued initiatives to diversify global recruitment. Fall 2022 saw significant progress in diversifying the incoming class of international students, which included students from 135 countries and less than half from any single source.

Fiscal year ending April 30, 2023:

Revenues:	$4.3 billion
Expenses:	$3.7 billion
Net income:	$551 million

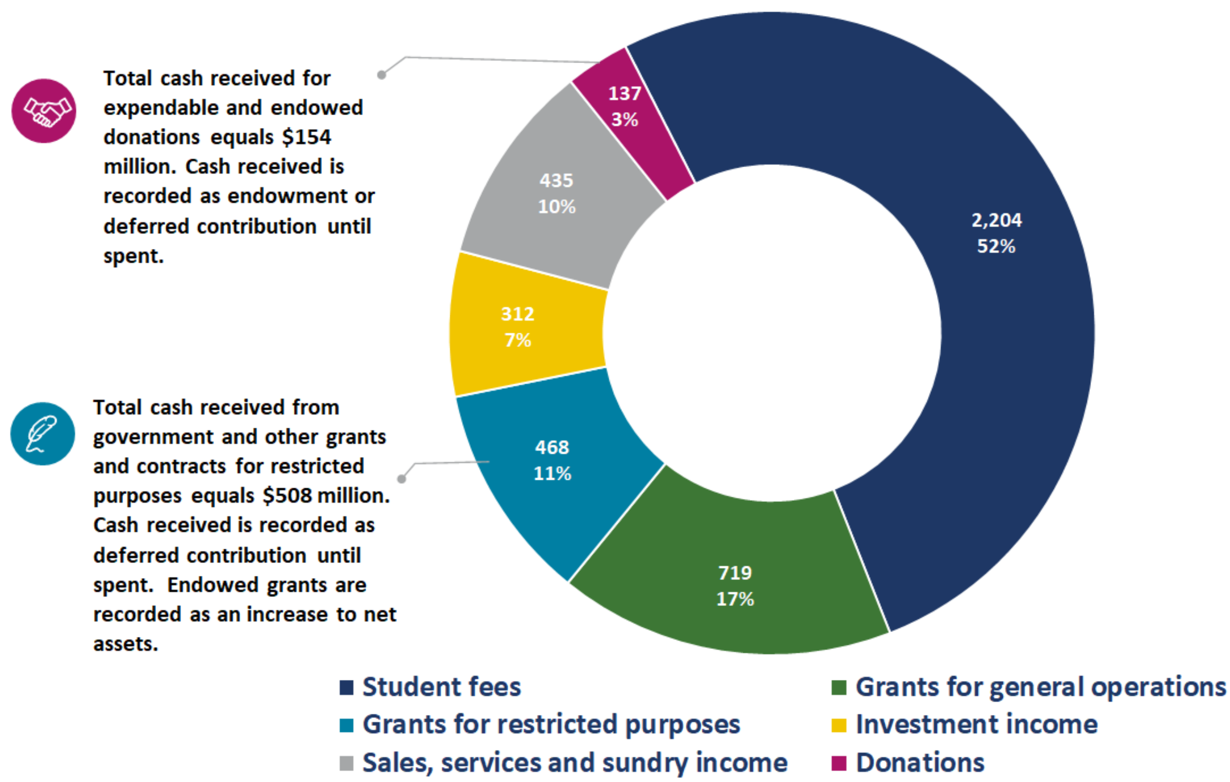
The net income of $551 million primarily reflects funds being used for capital infrastructure combined with funds set aside in accordance with multi-year divisional academic plans. These plans call for deliberate use of reserves for operating contingencies, future capital investment in academic facilities and other amenities, and faculty hiring.

Figure 1: Revenue and Expenses
($ millions) for the year ended April 30



In 2023, $2.9 billion or 68.4% of revenues were from student fees and government grants provided in support of student enrolments. An additional $468 million represented government and other grants and contracts for restricted purposes. Together these three sources accounted for 79.3% of revenues for the year. As noted above, sales, services, and sundry income (residence, parking, and food service operations) have seen substantial improvement, but continue to experience some negative impacts due to reduced activities on campus because of the pandemic.

Figure 2: Revenues by Category
($ millions)

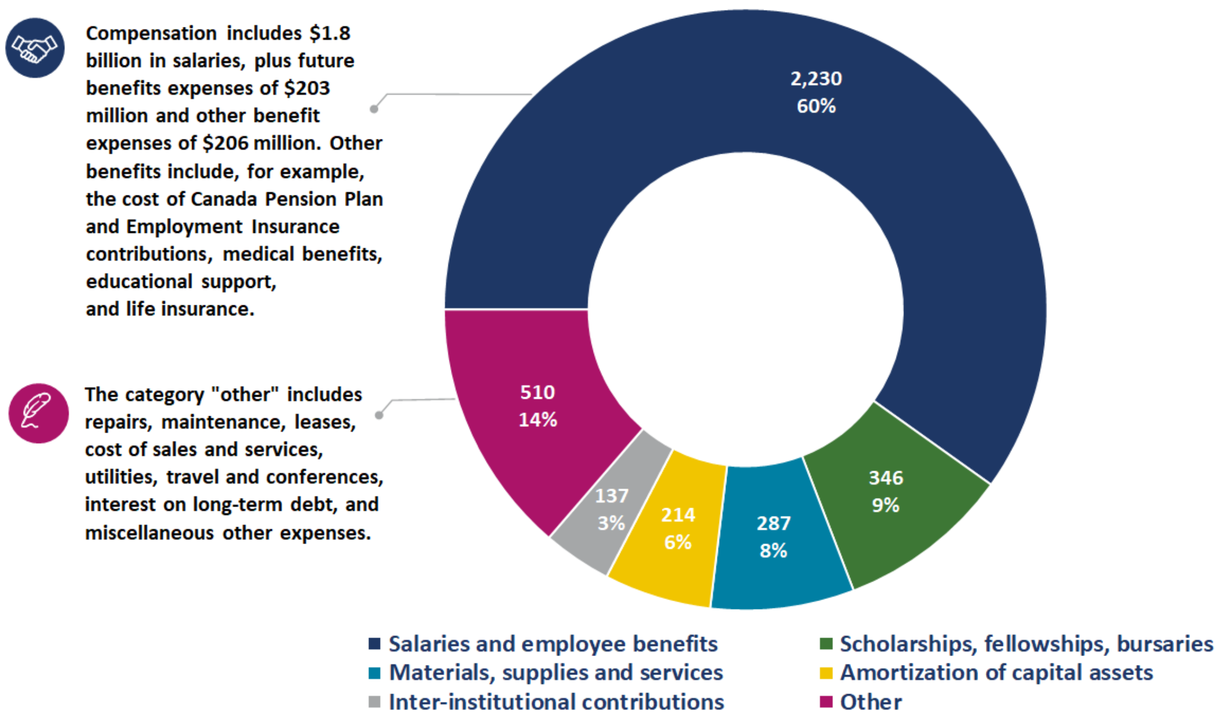


In 2023, the University paid $2.2 billion for salaries and employee benefits comprising 59.9% of the University's $3.7 billion in expenses. Faculty and staff salaries and benefits relating to teaching, research and administrative activities are predominantly funded from University operating funds (mostly student fees and government grants).[1] Additional details on expenses include:

- $346 million for scholarships, fellowships, and bursaries (9.3% of total expenses)
- $287 million for materials, supplies and services (7.7% of total expenses)
- $214 million for amortization of capital assets (5.7% of total expenses)
- $137 million for inter-institutional contributions (3.7% of total expenses)

[1] Additional details are provided in the "Salaries and Benefits" section below.

Figure 3: Expenses by Category
($ millions)



Balance Sheet

Fiscal year ending April 30, 2023:

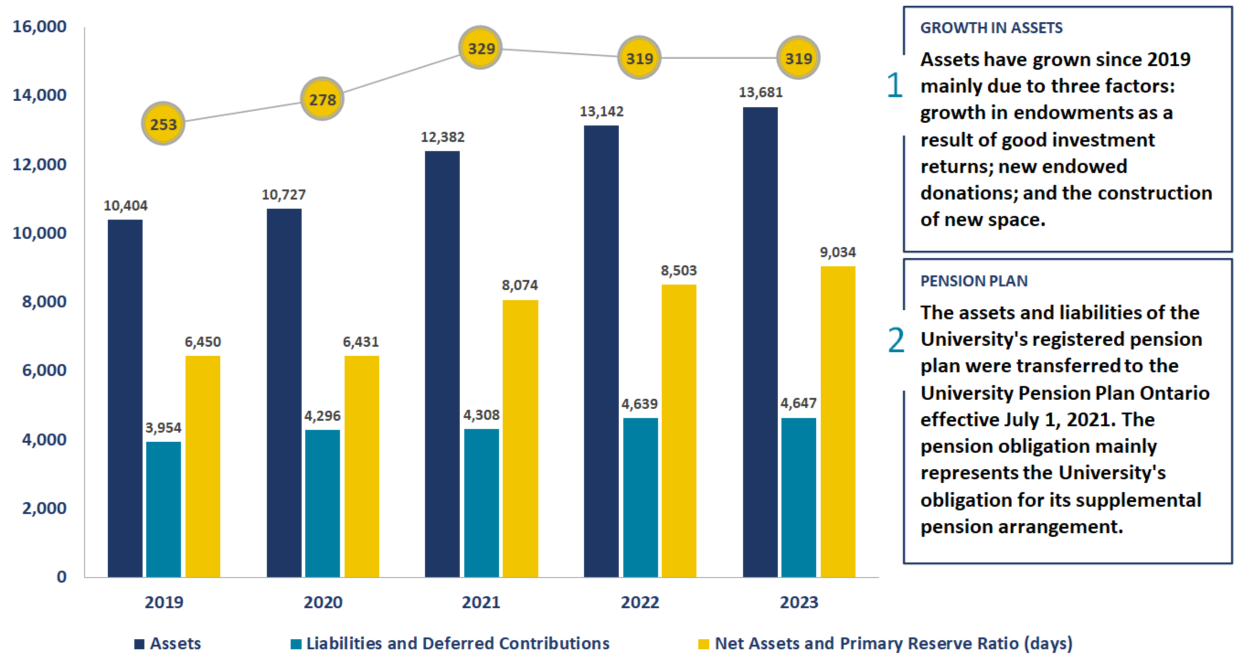
Assets:	$13.7 billion
Liabilities:	$4.7 billion
Net assets:	$9.0 billion

Assets have grown since 2019 mainly due to three factors: the growth in endowments as a result of investment returns; the receipt of endowed donations; and the construction of additional space to accommodate the increased number of students.

Net assets[2] increased by $531 million to $9.0 billion in 2023. This increase is mainly due to net income of $551 million, endowed donations and grants of $55 million, gain on externally restricted endowments of $22 million, offset by $97 million in remeasurements on employee future benefit obligations.

[2] Net assets reflect the University's net worth and change over time through the net income or net loss for the year, and changes in endowments. Changes in endowments may derive from receipt of endowed donations and investment income on externally restricted endowments (representing income earned above the amount made available for spending). Such income does not flow through the consolidated statement of operations but rather is added directly to the endowment balance in accordance with current generally accepted accounting principles for not-for-profit organizations.

Figure 4: Assets, Liabilities and Net Assets
($ millions) for the year ended April 30



Net assets are composed of the following:

- $3.3 billion of endowments, representing 36.2% of net assets,
- $6.3 billion of internally restricted net assets, and
- ($483 million) of deficit.[3]

The $3.3 billion of endowments represent over 7,100 individual endowment funds, which are restricted by Governing Council or donor agreements to approved academic priorities. Endowment funds for student aid and support totaled $1.4 billion in 2023.

The $6.3 billion of internally restricted net assets comprises:

- $2.4 billion in land
- $1.9 billion of investment in other capital assets[4]
- ($0.7 billion) in net unfunded liability associated with pension and other employee future benefits, including the pension special payment reserve
- $1.8 billion in capital projects and infrastructure reserves
- $331 million of operating contingency reserves
- $539 million in other reserves held for future spending

[3] The deficit is largely due to the internal financing of capital construction in accordance with the University's debt strategy (see the "Debt" section below).
[4] This figure represents internal monies previously spent by the University for capital projects which will be reduced over time as these capital assets are amortized.

Deferred contributions increased by $22 million in 2023, mainly due to unspent donations and research grants.

Role of the Government of Ontario

The provincial government provides operating grants and regulates tuition fees for domestic students in publicly funded programs. The provincial government also invests in student financial support, research, and infrastructure.

Provincial Operating Grants[5]

The Ontario post-secondary education system operates under a differentiation policy framework. The framework is operationalized through a series of institutional Strategic Mandate Agreements, which specify the role of each university in the system and how they will build on institutional strengths to drive system-wide objectives and government priorities.

Fiscal year 2020-21 was the first year of the University's third Strategic Mandate Agreement with the Province ("SMA3"). With the implementation of SMA3, a significant portion of existing operating grant revenue is being re-directed to a differentiation envelope tied to performance metrics.

Over the course of 2019, the Council of Ontario Universities worked with the Ministry of Colleges and Universities to introduce mechanisms to the SMA3 performance-based funding formula that increase predictability and minimize volatility for institutions. For funding purposes, each university is measured against its own past performance, not against other institutions. Targets are established formulaically, taking into consideration past performance and the variability of results in recent years. Each target includes a range of allowable performance outcomes, with partial funding provided if performance falls below the allowable performance range.

As Canada's leading research-intensive university, performance-based funding allows the University to benchmark its strengths in areas such as innovation, research funding, and graduate employment, and have funding reflect its achievements in these areas. The University has allocated its performance-based funding envelope among ten metrics and may re-weight the metrics each year in response to changing priorities. However, in recognition of the potential impact of the COVID-19 pandemic on performance metrics, the Province suspended any financial impacts from the new funding framework for the first three years of the SMA3 period. In March, 2023, the Province confirmed that the new framework will be activated in year four, which will inform operating grant allocations in the University's 2024-25 fiscal year given the slip-year nature of the model. Performance-based funding will represent 10% and 25% of total Provincial operating grants in 2023-24 and 2024-25, respectively. The University exceeded all of its metrics targets in the first three years of the SMA3 evaluation period and does not anticipate any reductions to funding when the performance-based framework is activated.

The SMA3 also sets out a multi-year enrolment plan. In response to Ontario's changing demographics, the University and the Province have agreed to hold constant the level of domestic undergraduate enrolment at the University of Toronto over the period of the agreement. The University will be eligible for full enrolment funding provided it maintains a five-year average enrolment within ±3% of its target. This excludes separately funded enrolment expansions in nursing and the Scarborough Academy of Medicine & Integrated Health described below.

[5] For more information on Ontario's operating grants, see the Appendix entry for Provincial Operating Grants.

In May 2022, the Government announced funding to support the new Scarborough Academy of Medicine and Integrated Health (SAMIH), which will expand enrolment in our MD, Physical Therapy, and undergraduate life sciences programs on the Scarborough campus. In addition, the physician assistant program and a portion of our nurse practitioner program will be delivered through SAMIH. The Government is also providing funding for a modest expansion of our undergraduate nursing program as part of their broader strategy to address health sector workforce shortages.

Tuition Fees and Student Aid[6]

On January 17, 2019, the Province announced a 10% cut to domestic tuition fees beginning in 2019-20, and a freeze at that level for 2020-21. The freeze was subsequently extended through 2023-24. Tuition fees paid by international students are not regulated by the Province and were therefore unaffected. The tuition fee freeze is applied to domestic students enrolled in all programs that are funded via the provincial operating grant, including direct entry undergraduate, second entry and professional master's, and doctoral stream programs. The cumulative impact of the 10% reduction and four-year freeze is a reduction in domestic student fee revenue of approximately $167 million in 2023 relative to the previous 3% framework, which had a differential impact across the University depending on program mix and divisional revenue sources. Strategies used to mitigate the impact included changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies.

Student fees revenue increased by $83 million from last year to $2.2 billion mainly because of increased international fees and enrolment growth.

The University remains committed to the goal of accessibility and to working with the Provincial and Federal governments to support access. In 2023, the University spent $346 million on scholarships, fellowships, and bursaries, a 35.7% increase from $255 million in 2019.

The Province's 2019 changes to the Ontario Student Assistance Program ("OSAP") have reduced the overall amount of non-repayable student aid for students, including the University's regulatory obligation to cover unmet financial need as defined by OSAP under the Student Access Guarantee. However, the University remains firm in its internal access guarantee that financial circumstances should not stand in the way of a qualified domestic student entering or completing their degree and has provided additional needs-based support to students beyond the government requirements.

Capital Funding

In 2022, the Province announced an investment of $583 million over three years to help colleges and universities provide a modern and safe learning environment, both virtually and on campuses. This funding will help modernize classrooms and support virtual learning projects that increase access to post-secondary education for students. This investment incudes $493 million through the Facilities Renewal Program to help with the critical maintenance repairs, upgrades, and renewal of existing facilities. The University receives about $11 million in annual funding under this program.

Capital investments made by the Province to the University since 2019 include:

- $34 million under the Greenhouse Gas Campus Retrofit Program to support a number of projects to reduce greenhouse gas emissions across the three campuses in fiscal 2019.

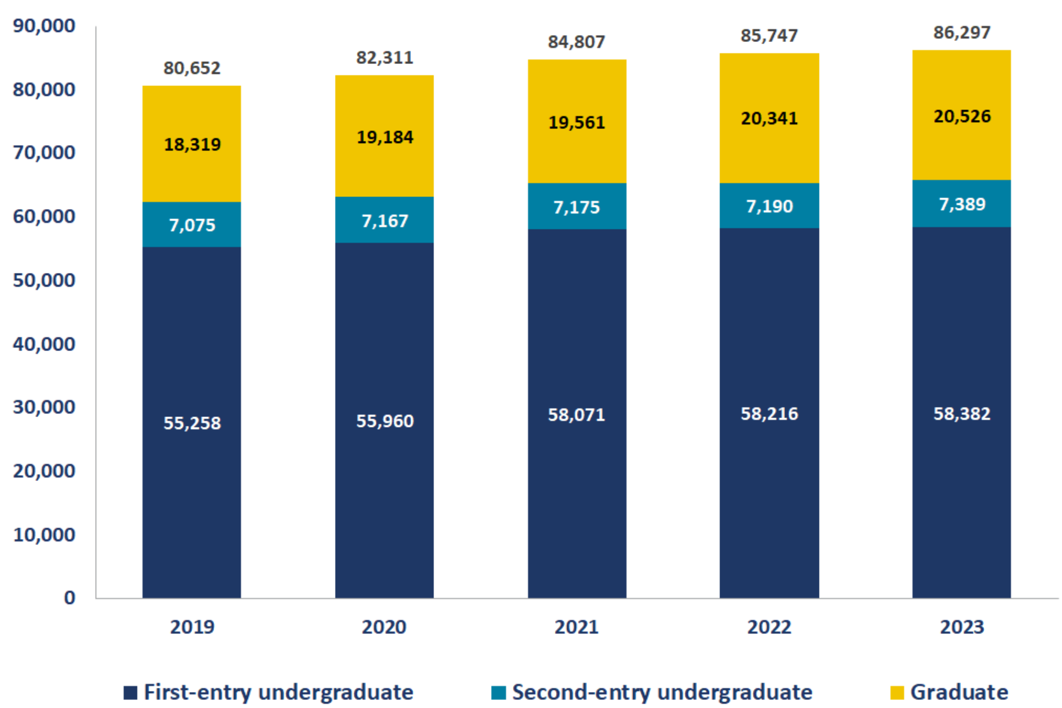
[6] For more information on provincial policies, see the Appendix entry for Tuition Fees and Student Aid.

Student Enrolment

Demand for student spaces has increased significantly since 2019 as a result of population growth in Ontario, increased higher education participation rates and a growing reputation around the globe as a destination of choice for international students. The University has increased enrolment to accommodate this additional student demand with student FTE enrolment increasing from 80,652 in 2019 to 86,297 in 2023, an increase of 7.0%. Given the current limits on domestic enrolment under the Government's SMA3 enrolment corridor, the majority of growth over this period has been in international enrolment as part of the University's academic plan. Approximately 2/3 of domestic students entering direct entry undergraduate programs come from the Greater Toronto Area.

Although the University has received full average funding from the Province for enrolment of additional domestic students under previous expansion programs, neither government grants nor regulated tuition fees have kept pace with inflation over time. Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities.

Figure 5: Number of FTE Undergraduate and Graduate Students as at November 1



Financial Planning

Revenues are expected to increase modestly over the next several years, primarily as a result of increasing international enrolment, domestic enrolment changes within the ±3% flexibility of the fixed provincial funding envelope, and modest fee increase assumptions. Since the potential for new revenues is primarily tied to enrolment growth, the University will need to continue pursuing initiatives to increase the effectiveness of service delivery and expense containment measures to ensure that resources are directed to the highest priorities.

The long-range academic and budget plan for 2023-24 to 2027-28 incorporates the freeze of domestic tuition fees for 2023-24 and assumes a return to a framework of modest annual fee increases in future years. With enrolment growth slowing and limits to domestic and international tuition fees, revenue growth is anticipated to slow over the next five years. This will have a differential impact on each division, depending on program mix and divisional revenue sources, although the University Fund component of the University's budget allocation model can be used to help smooth some of the most significant impacts. Adjustments to divisional budgets will differ based on local priorities but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies.

Research and Capital Infrastructure

The 2018-23 Institutional Strategic Research Plan ("ISRP")[7] articulates an approach that empowers our researchers to continue their outstanding work. Strong research funding support from the Provincial and Federal governments, and a broad range of other public and private sector entities, are key to the University's research and innovation preeminence, including support for research operations and infrastructure that help the University to attract and retain top research talent from across Canada and around the world.

University researchers, scholars and innovators are successful in securing funds from a rich array of national and international sources, including the federal and provincial governments, the not-for-profit sector, and private-sector partnerships.

One hallmark of the successful combination of the innate strength of the University research community and the intense institutional focus is the achievement of the goal of increased Canada Research Chair ("CRC") allocations over five years. The University currently holds 330 CRC's compared to 275 in 2019, and has the highest allocation in the country by a margin of more than 130 Chairs. In order to increase the participation of underrepresented groups nationally in the CRC Program, institutions are required to progressively meet targets for the representation of four designated groups (women and gender minorities, Indigenous peoples, racialized minorities, and persons with disabilities) among their chair cohorts, leading up to a December 2029 deadline. The University is surpassing its equity targets for CRCs in all four federally designated groups.

The federal Research Support Fund ("RSF") contributes to the institutional (also known as "indirect") costs of tri-agency funded research. Additional funding is provided through the federal Incremental Project Grant program. In 2021-22, the RSF and the Incremental Project Grant provided critical indirect cost support at a combined rate of 20% of direct costs. In contrast, the actual institutional costs of research incurred by the University correspond to a rate of more than 56%. This gap (37%) constrains our potential as an internationally competitive research institution and requires the redirection of funds to indirect costs of research from other operations, including our teaching function. The University will continue to work with the government with the goal of ensuring that the full costs of research are supported.

In 2022, the Federal government announced $125 million over five years, starting in 2022-23, and $25 million ongoing, for the Research Support Fund to build capacity within post-secondary institutions to

[7] For more information, see the Appendix entry on the Institutional Strategic Research Plan.

identify, assess, and mitigate potential risks to research security. The University's new Office of Research Security, launched in 2022, provides geopolitical advice to researchers so they can better understand the new dynamics in government research security policy. This service supports U of T's ongoing efforts to assist researchers in identifying, managing, and addressing risks related to international research collaboration.

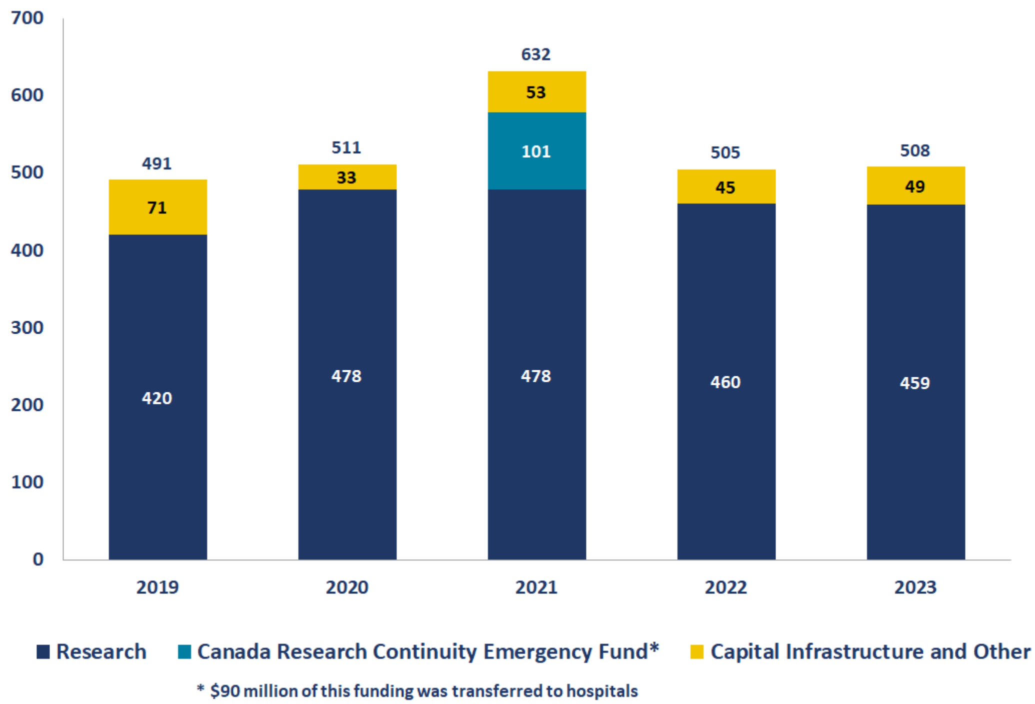
The University enhanced support for Institutional Strategic Initiatives including the creation of more large-scale, cross-disciplinary initiatives to pursue bold ideas that address the world's challenges. In 2019, the Schwartz Reisman Institute for Technology and Society was established with the support of a major philanthropic gift, drawing on the University's strength in the social sciences, physical sciences, and humanities and to explore the benefits and challenges of AI, biotechnology, and other technological advances for society. The Centre for Research and Applications in Fluidic Technologies (CRAFT)**,** established in 2020, is a partnership between the University and the National Research Council to advance microfluidics and the deployment of this technology in point-of-care diagnostics, organ-on-a-chip devices, and organ-scale tissue substitutes. These advances will contribute to improving the health of Canadians and lay the foundation of a thriving, internationally competitive industry sector. The Tanenbaum Institute for Science in Sport at the University of Toronto, established in 2023, will be a global centre of excellence for high-performance sport science and sports medicine. Also established in 2023, the Institute for Pandemics will help the public and policymakers better navigate the next global outbreak.

The University continues to attract investment in the future of research and innovation. In 2023, the University received $35 million in critical research infrastructure funding from the federal government's Canada Foundation for Innovation's (CFI) Biosciences Research Infrastructure Fund (BRIF), to revitalize the Toronto High Containment Facility (THCF), an investment that positions the facility to play a significant role in addressing future pandemic and health threats in Ontario and Canada. The investment is the largest CFI grant U of T has received to date and will support the University's $85-million plan to modernize the 20-year-old facility. In 2023, U of T was the only Canadian university chosen for the Schmidt Futures program, which invested $148 million in nine universities globally with the goal of accelerating scientific research through the application of artificial intelligence. This investment launched the Eric and Wendy Schmidt AI in Science Postdoctoral fellowship, a large-scale initiative supporting the work of early career scholars in engineering and the natural sciences, mathematics, chemistry or physics, to foster the uptake of leading-edge artificial intelligence tools in research. The University will host 110 postdoctoral fellows throughout the six-year program.

The University continues to expand its efforts in the innovation and entrepreneurship space, including the development of the Schwartz Reisman Innovation Campus. In 2023, the Canadian Hub for Health Intelligence and Innovation in Infectious Diseases (HI^3) was established. Led and anchored by the University, HI^3 is a collaborative, multidisciplinary, and multi-sector coalition of over 80 partners, forming a powerful network to support a robust domestic pipeline of life-saving vaccines and therapeutics targeting existing and emerging infectious threats. HI^3 is one of five newly created hubs established with support from the Canada Biomedical Research Fund (CBRF), which is part of a larger investment in Canada's Biomanufacturing and Life Sciences Strategy.

The University has been awarded a $200-million grant from the Canada First Research Excellence Fund (CFREF) to revolutionize the speed and impact of scientific discovery through its Acceleration Consortium. The funding – the largest federal research grant ever awarded to a Canadian university – will support the consortium's work on "self-driving labs" that combine artificial intelligence, robotics and advanced computing to discover new materials and molecules in a fraction of the usual time and cost. Applications include everything from life-saving medications and biodegradable plastics to low-carbon cement and renewable energy.

Figure 6: Government and Other Grants and Contracts Received for Restricted Purposes
($ millions) for the year ended April 30



The University continues to be successful at generating funding for research, including support for personnel, operations, and infrastructure. These financial statements account for funds received as follows:

- Research grants are recorded as revenue when the related expenditures are incurred.
- Unspent research grants are recorded as deferred contributions

Government and other grants received in 2023 for restricted purposes totaled $508 million, including $459 million for research and $49 million for capital infrastructure and other purposes. These were reported as follows: $468 million as revenue from grants for restricted purposes, $36 million as deferred contributions and deferred capital contributions, and $4 million as a direct addition to endowments.

Salaries and Benefits

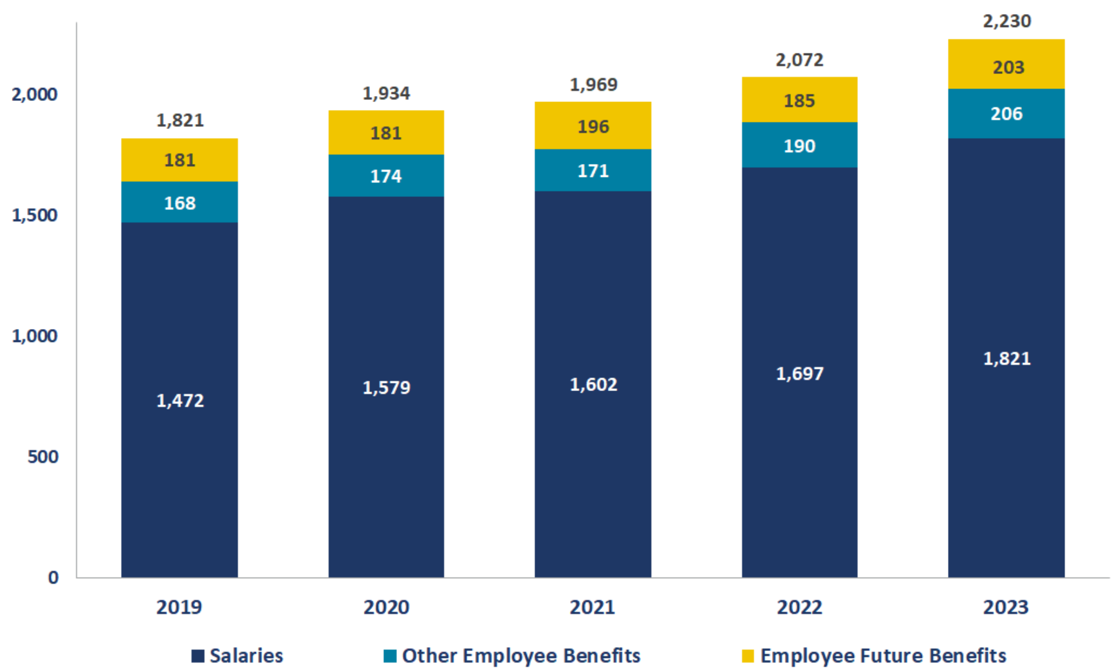
Over the period 2019 to 2023, salaries and benefits increased from $1.8 billion to $2.2 billion. This is the result of negotiated compensation increases for employee groups as well as an increase of 18.0% in the total number of faculty and staff over that time period.

In 2023, the University had 3,434 faculty, 169 librarians, 9,056 administrative staff and 5,990 teaching and graduate assistants.[8]

The following are the most current agreements to April 30, 2023:

- Two-year agreement with administrative and technical staff, represented by the United Steelworkers (USW), starting July 1, 2021, to June 30, 2023, with 1% across-the-board salary increase at July 1, 2021, and 1% at July 1, 2022.
- Three-year agreement with its faculty and librarians starting July 1, 2020, to June 30, 2023, with salary and benefits improvements agreed for the first two years, including across-the-board salary increases of 1.0% on July 1, 2020, and 1% on July 1, 2021.
- Three-year agreement with the Canadian Union of Public Employees (CUPE), Local 3902, Unit 3 representing employees engaged in teaching, lab demonstration, tutoring, or marking/grading on contracts of less than one year starting September 1, 2021, to August 31, 2024, for across-the-board salary increases of 4% on September 1, 2021, 4% on September 1, 2022, and 3% on September 1, 2023.
- Three-year agreement with the CUPE, Local 3902, Unit 1 representing students, mainly graduate students, working as teaching assistants, teaching laboratory assistants, markers, graders, and instructors starting January 1, 2021, to December 31, 2023. Compensation increases of 1% occurred on January 1, 2021 (effective ratification date), and 1% increases on January 1, 2022, and January 1, 2023.

Figure 7: Salaries and Benefits
($ millions) for the year ended April 30



[8] A total of 13,069 Sessional, Clinical and Research Associates also have teaching and research responsibilities.

Employee benefits expenses of $409 million for the year is made up of employee future benefits expenses of $203 million and other employee benefits expenses of $206 million.[9] Other employee benefits expenses include, for example, the cost of legislated benefits (e.g., Canada Pension Plan and Employment Insurance), medical benefits for active staff, educational support, life insurance and several types of leaves.

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer defined benefit pension plan. The UPP was formally established on January 1, 2020, to cover employees, retired employees, and other members under the currently existing plans at the University, University of Guelph and Queen's University. The assets and liabilities of the University's registered pension plan ("RPP") were transferred to the UPP as at July 1, 2021 (the "Effective Date"). As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, all of whom transferred to the UPP, and benefits and contributions under the RPP ceased. The plan reported an actuarial surplus of $792.5 million on a transfer basis as of July 1, 2021.

The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, with any deficits to be funded over 15 years. The net pension obligations may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other participants of the UPP, after which the responsibility is totally shared with all participants. The University does not recognize any share of the UPP's pension surplus or deficit in its financial statements, but accounts for contributions to the UPP on a defined contribution basis.

At April 30, 2023, the accrued pension obligation of $136 million in the University's financial statements relates mainly to its supplemental pension arrangement. The obligation for employee future benefits other than pension at April 30, 2023 is $803 million. The obligation is determined based on actuarial valuations using accounting assumptions. The annual current service and finance costs are included in the consolidated statement of operations and any actuarial gains or losses are recorded directly in net assets instead of being reported in the consolidated statement of operations.

April 30, 2023	Pension obligations	Other benefit plans
Plan status:		
Assets	**$7 million***	**$135 million**
Obligations	**$136 million**	**$803 million**
Deficit	**$129 million**	**$668 million**

[9] Employee future benefits represent benefits to be provided to employees in the future based on service in the current year. They include pensions, long-term disability insurance, cost of living adjustments for survivor income, and medical benefits for pensioners. These are accounted for using the accrual basis of accounting and therefore reflect the cost of providing these benefits irrespective of the amount of funding provided in support of these benefits.

April 30, 2022	Pension obligations	Other benefit plans
Plan status:		
Assets	$4 million	$140 million
Obligations	$126 million	$688 million
Deficit	$122 million	$548 million

* In addition to these assets, the University has set aside a pension special payment reserve of $89 million in internally restricted net assets.

Space

The University has undertaken an ambitious capital construction program to accommodate increased numbers of students and expand and update research infrastructure. This program includes a significant expansion of the Mississauga and Scarborough campuses and further expansion and renovation on the St. George campus. Additional space requirements are partially due to growth in the numbers of graduate students and undergraduate medical students.

The University's future obligations for deferred and pending maintenance of all academic and administrative buildings (excluding campus/utility infrastructure and asbestos containment and removal) across all three campuses increased from $821 million in 2022 to $961 million in 2023. Some of the growth can be attributed to high inflation as the cost of non-residential building construction in Toronto grew at the highest rate of all Canadian metropolitan areas. This obligation will continue to be managed strategically to ensure the reliability of building systems and prevent unexpected failures and incidents. The St. George campus is also planning deferred maintenance in the context of climate change. It is well established that climate change poses a significant risk to physical infrastructure. Decarbonization and infrastructure resilience are key prevention and mitigation strategies being employed alongside deferred maintenance.

The University continues to participate with all other Ontario universities in a study to assess the deferred maintenance liability. The methodology has recently been updated to include the associated costs of professional services and consulting fees in determining the deferred and pending maintenance obligations of every university in the Province. The long-range academic and budget plan for 2022-23 through 2026-27 includes funding to arrest further deterioration of the physical infrastructure.

In 2019, the University received funding through the Greenhouse Gas Campus Retrofits Program that assisted with the completion of renovations to reduce greenhouse gas emissions and to improve the energy efficiency of its campuses ($55 million) and completed both UTM's North Building B ($14 million) and UTSC's Highland Hall ($14 million).

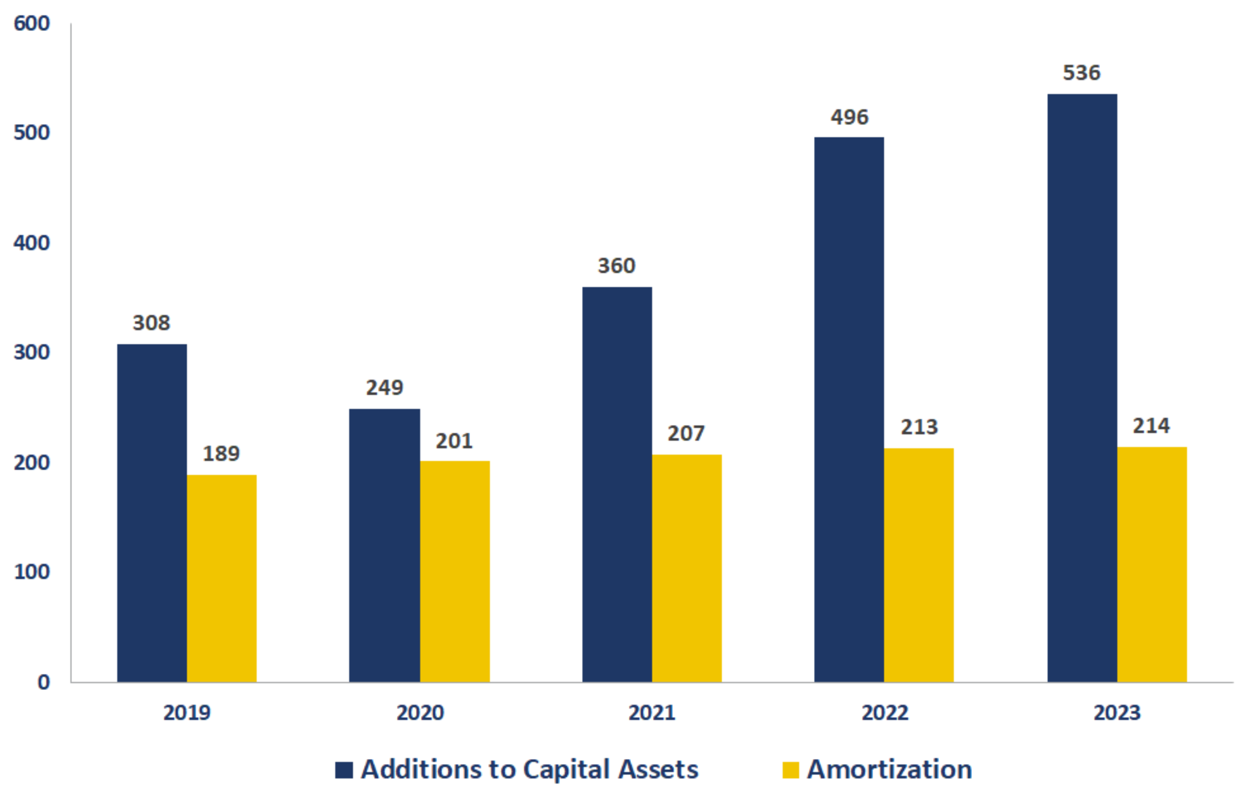
In 2020, the University spent $13 million on the construction of the Schwartz Reisman Innovation Campus, $9 million on the UTM Meeting Place and Design building and $7 million on the UTM Science Building.

In 2021, the University spent an additional $35 million on the construction of the Schwartz Reisman Innovation Campus and $35 million on the UTM Science Building. The University also spent $30 million on the construction of the UTSC Student Residence, $14 million on the Robarts Library Pavilion, $10 million on the Fitzgerald Building Revitalization, $7 million on the Landscape of Landmark Quality, and $6 million on the UTSC Instructional Centre II.

In 2022, the University spent an additional $77 million on the construction of the Schwartz Reisman Innovation Campus, $61 million on the UTM Science Building, $46 million on the construction of the UTSC Student Residence, $27 million on the Fitzgerald Building Revitalization, and $21 million on the UTSC Instructional Centre II.

In 2023, the University spent an additional $43 million on the construction of the Schwartz Reisman Innovation Campus, $30 million on the UTM Science Building, $43 million on the construction of the UTSC Student Residence, $13 million on the Fitzgerald Building Revitalization, $21 million on the Academic Wood Tower and $47 million on the UTSC Instructional Centre II. The University also spent $22 million on a new student residence at the St. George campus.

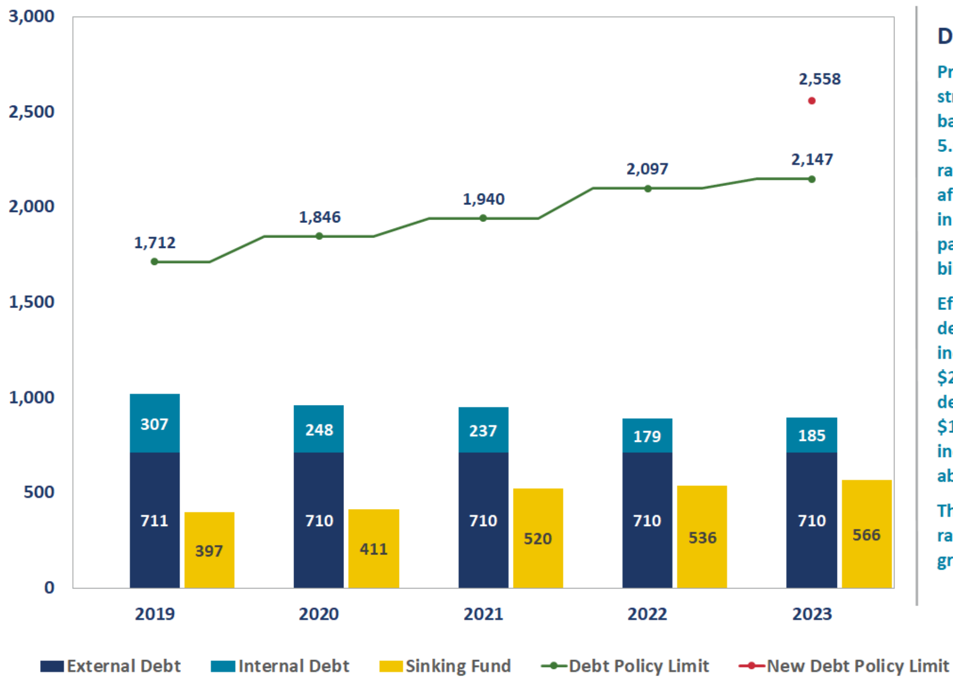
Figure 8: Capital Investment in Infrastructure
($ millions) for the year ended April 30



Debt

The University's debt strategy sets the debt policy limit based on a debt burden ratio of 5.0% (interest plus principal repayments divided by adjusted total expenditures). Effective May 1, 2023, the debt burden limit is increased to 6.0% using an expanded definition of debt that includes exposure to indirect (off balance sheet) debt held by joint venture partners.

Figure 9: Outstanding Debt and Debt Policy Limit
($ millions) for the year ended April 30



DID YOU KNOW ...

Prior to May 1, 2023, U of T's debt strategy set the debt policy limit based on a debt burden ratio of 5.0%. The current debt burden ratio is 2.1%, meaning U of T can afford an additional $100 million in annual principal and interest payments - equivalent to $1.25 billion of borrowing room.

Effective May 1, 2023, the revised debt burden ratio at 6% will increase the total debt limit to $2.56 billion, made up of external debt capacity of $1.49 billion plus $1.07 billion in internal financing, including indirect debt as noted above.

The University's credit ratings rank it as a strong investment-grade credit.

The University is committed to prudently and strategically allocating debt to high priority capital projects. At 5.0% debt burden ratio, the debt strategy provides for a total debt limit of $2.15 billion at April 30, 2023, made up of external debt capacity of $1.08 billion plus $1.07 billion in internal financing. Effective May 1, 2023, the revised debt burden ratio at 6% will increase the total debt limit by $411 million to $2.56 billion, made up of external debt capacity of $1.49 billion plus $1.07 billion in internal financing, including indirect debt as noted above.

In 2023, the actual outstanding external debt consists of $710 million (gross of $1 million of issue costs and premiums) of debentures, and outstanding internal debt of $185 million. At April 30, 2023, the actual debt burden ratio was 2.1%, well below the 5.0% policy limit. The University has a voluntary sinking fund in the amount of $566 million that was established for the purposes of accumulating funds to repay the principal of the University's debentures at maturity.

At April 30, 2023, the University's long-term credit ratings are Aa1 with stable outlook (Moody's Investors Service), AA+ with stable outlook (S & P Global Ratings), and AA with stable trends (DBRS Morningstar), which ranks the University as a strong investment-grade credit. All credit rating agencies rate the University above the Province of Ontario.

Donations

All fundraising conducted on behalf of the University's faculties, colleges, schools, and divisions is done in service to academic plans and priorities approved by the Provost with the involvement of Principals, Deans and faculty.

Immediately following the successful closure of the Boundless campaign on December 31, 2018, with $2.641 billion raised, the University entered the quiet phase of the new Defy Gravity campaign that will elevate the University's position as one of the world's leading public universities and advance the University community's outsized impact in solving complex social, economic, and health problems. The campaign will also seek to engage 225,000 alumni in one million contributions of time and talent and to raise $4 billion for the University's highest priorities—a target that reflects the ambition and scale of the University's community and its potential for global impact. Since January 1, 2019, the campaign has seen significant growth in fundraising momentum and alumni engagement, reaching record levels in 2021.

For the period May 1, 2022 to April 30, 2023, the University raised a total of $308 million.[10] This amount includes $256 million in pledges and gifts (donations) and $52 million in philanthropic research grants from non-government sources.

Total fundraising performance (pledges, gifts, and grants) for the years ended April 30 was as follows:

	(millions of dollars)		
Year	**Pledges and gifts raised**	**Philanthropic research grants**	**Total**
2023	256	52	308
2022	365	45	410
2021	406	39	445
2020	196	40	236
2019	323	55	378

Donations[11] are recorded in the financial statements as follows:

- Unrestricted expendable donations are recorded as revenue when received
- Restricted expendable donations are recorded as revenue when the related expenditures are incurred
- Unspent restricted expendable donations are recorded as liabilities (deferred contributions or deferred capital contributions)
- Endowed donations are not recorded as revenue, rather, they are added directly to endowments, as additions to net assets.

In 2023, donations received[12] by the University (excluding receipts by the federated universities, other affiliated institutions, philanthropic research grants and donations to partner hospitals) totaled $154 million and were reported as follows: $137 million in expendable donations was reported as revenue, of which $103 million was received in the current year and $34 million was received and deferred in prior years, and $51 million was added directly to endowments. It should be noted that the following graph

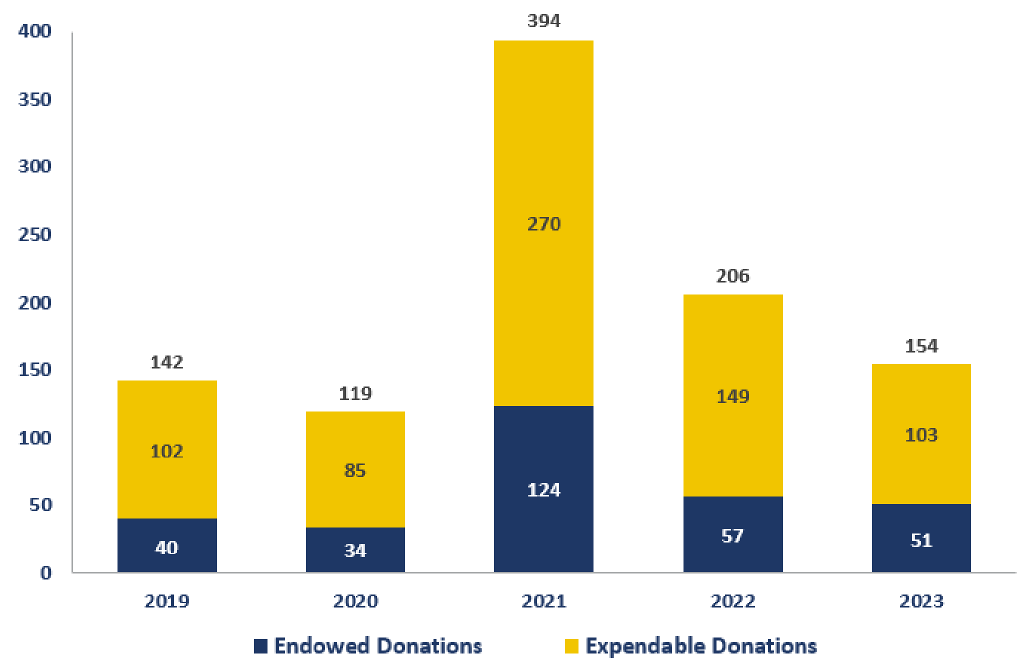
[10] This number includes federated universities and other affiliated institutions, but excludes donations to partner hospitals.

[11] Donations revenue recorded in the University's financial statements does not include donations to the federated universities: Victoria University, University of St. Michael's College, and The University of Trinity College. Nor does it include philanthropic research grants, which are recorded as government and other grants revenue for restricted purposes.

[12] In fiscal 2021, the University received $394 million in donations of which $250 million ($79 million endowed and $171 million expendable) was from the Temerty Foundation, established by James and Louise Temerty, making it the single largest gift in Canadian history.

tracks donations received by fiscal year. There is usually a lag between the growth in pledges and related commitments, and the actual cash receipt of funds.

Figure 10: Total Cash and Gifts-in-Kind Donations Received
($ millions) for the year ended April 30



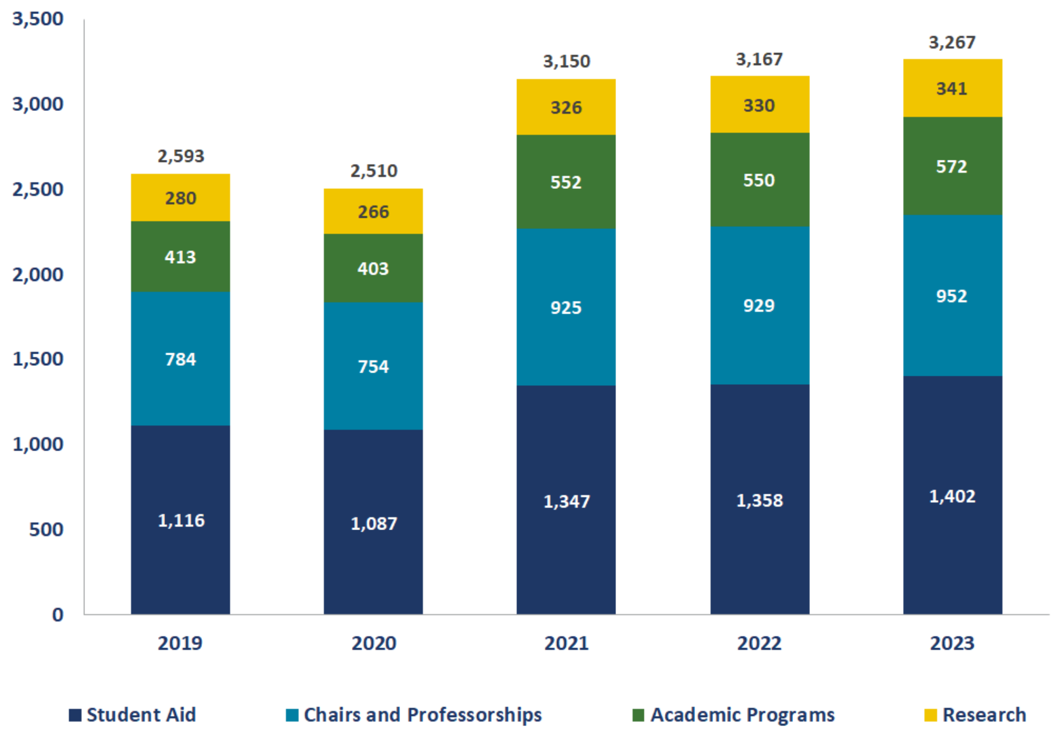
Endowments

Endowments are funds that are subject to restrictions relating both to capital and to investment earnings. The investment income earned on endowments are subject to the University's preservation of capital policy and must be used in accordance with purposes jointly agreed upon by the University and donors, or as determined by Governing Council. Endowments are not available for use in support of general operating activities.

Endowments are managed in a unitized pool with an annual spending rate. The University's endowment spending objective is to provide a predictable amount for spending (payout) each year that increases with inflation. To do this, the University preserves capital by constraining the annual spending rate and setting funds aside when investment returns are good. This strategy protects against inflation and creates a provision for investment return fluctuations from which funds can be released to maintain spending when there is a moderate downturn in the financial markets. The annual spending rate is expected to be between 3% and 5% of the opening market value of endowments.

At April 30, 2023, there were more than 7,100 individual endowment funds, usually supported by an agreement between the University and a donor or reflecting a collection of small donations with common restrictions. The University's endowment value was $3.3 billion (book value of $2.91 billion with full inflation protection of $870 million) and preservation above inflation (provision for investment return fluctuations) of $354 million against a possible future market downturn. The majority of endowments are in support of student aid ($1.4 billion) and chairs and professorships ($952 million).

Figure 11: Endowments at Fair Value
($ millions) at April 30



In fiscal 2023, the total fair value of endowments increased by $100 million as follows:

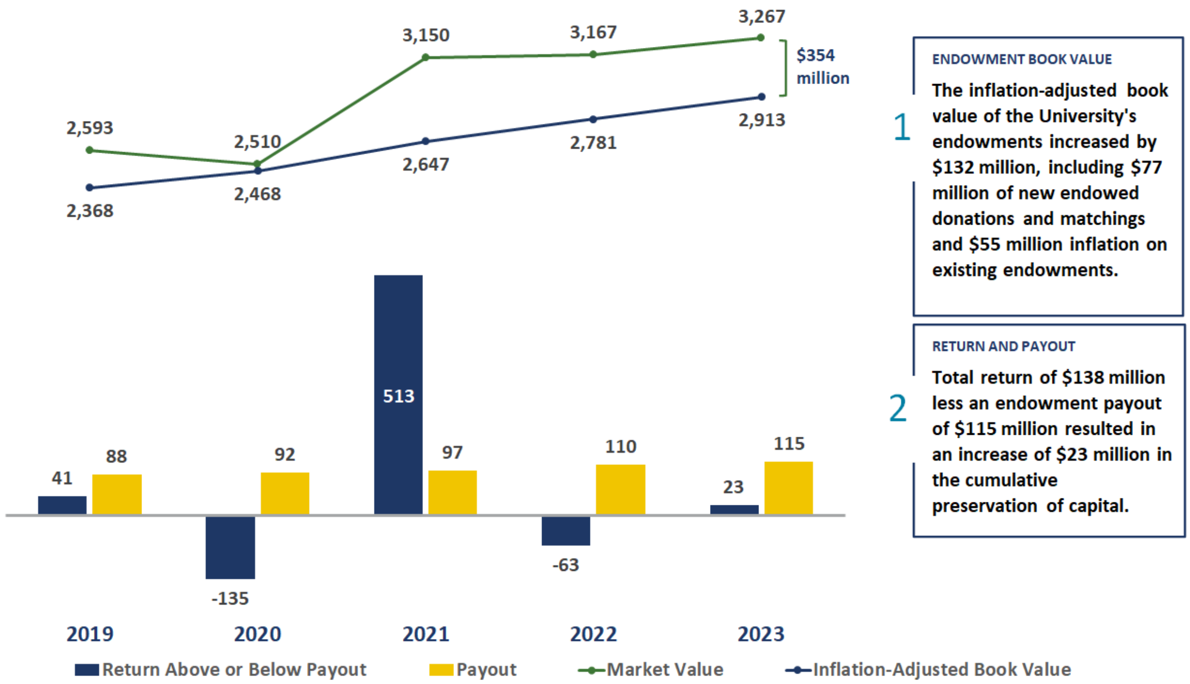
- $22 million increase on externally restricted endowments, consisting of a $121 million investment gain and a $99 million withdrawal for payout
- $1 million increase on internally restricted endowments, consisting of a $17 million investment gain and a $16 million withdrawal for payout
- $55 million of externally endowed donations and grants
- $22 million transfer into endowments

In fiscal 2022, the total fair value of endowments increased by $17 million as follows:

- $54 million decrease on externally restricted endowments, consisting of a $41 million investment gain and a $95 million withdrawal for payout
- $9 million decrease on internally restricted endowments, consisting of a $6 million investment gain and a $15 million withdrawal for payout
- $57 million of externally endowed donations
- $23 million transfer into endowments

The following diagram shows the preservation of capital and payout over the five-year period starting in 2019:

Figure 12: Endowment Market Value, Preservation of Capital, Return, and Payout
($ millions) for the year ended April 30



Investment Earnings

Total investment earnings for the year amounted to $334 million (gross of $54 million in fees and other expenses) consisting of $175 million gain on investments held for endowments and $159 million gain on other investments. These earnings were recorded in the financial statements as follows:

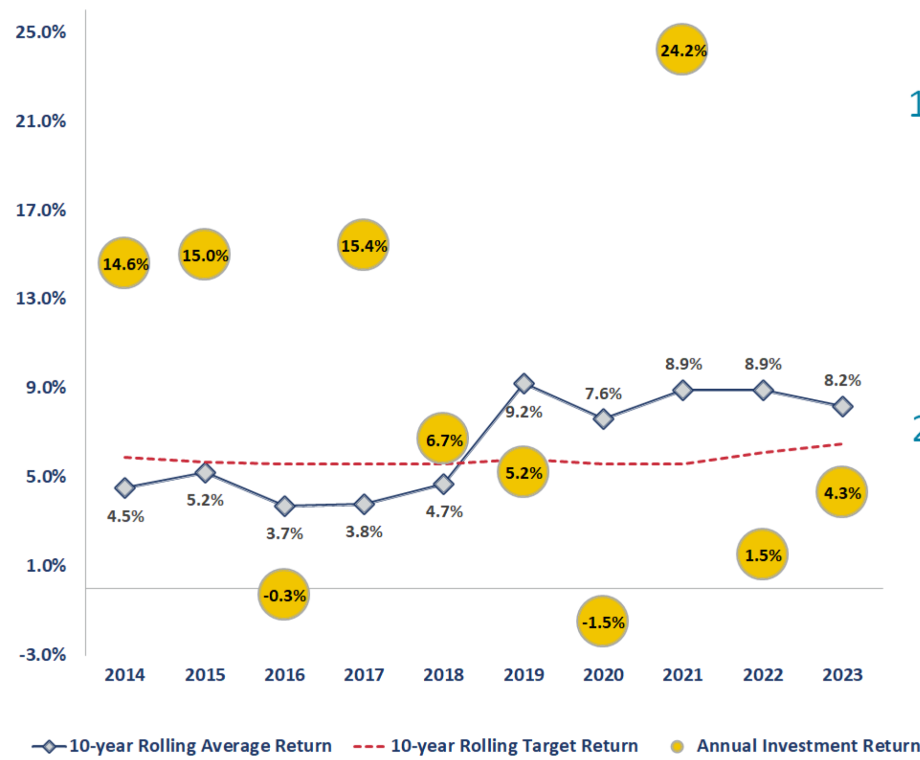
- $175 million gains on investments held for endowments (gross of $37 million in fees and other expenses), of which:
  - $22 million investment gain was recorded as a direct increase to endowments in the consolidated statement of changes in net assets
  - $153 million was recorded as investment income in the consolidated statement of operations, of which
    - $115 million was made available for spending
    - $37 million in fees and other expenses
    - $1 million gain on internally restricted endowments
- $159 million gain on other investments (gross of $17 million in fees and other expenses) was recorded as an increase of investment income in the consolidated statement of operations

Almost all of the University's investments are invested in the long-term capital appreciation pool ("LTCAP") or the expendable funds investment pool ("EFIP"). The University establishes the investment risk and return objectives for each of these pools via the University Funds Investment Policy, which is approved by the Business Board. These objectives reflect the liability requirements and aim to produce balanced, secure returns for the University. Nonetheless, there is variability in investment returns on an annual basis. The actual investment return is a key determinant of whether the University records a net income or a net loss for the year.[13]

Long-term Capital Appreciation Pool

The fair value of LTCAP was $3.9 billion at April 30, 2023, of which $3.3 billion was for endowments, representing 82.5% of the balance invested in LTCAP.

Figure 13: Long Term Capital Appreciation Pool (LTCAP) Returns
Annual and Ten-year Rolling Average



1 **OBJECTIVES**

The University establishes risk and return objectives via the University Funds Investment Policy. While the aim is to produce balanced, secure investment returns for the University, there is nonetheless variability in investment returns on an annual basis.

2 **TARGET RETURN**

In order to meet planned spending allocations to LTCAP unitholders, the investment target is a real return of at least 4% over 10-year periods, net of all investment fees and expenses. LTCAP takes an appropriate amount of risk to achieve this target.

In order to meet planned spending allocations to LTCAP unitholders, the investment target is a real investment return of at least 4% over 10-year periods, net of all investment fees and expenses.[14] The University evaluates investment performance for the LTCAP against the target investment return and risk limits, as well as against the returns of a benchmark Reference Portfolio. The primary objective

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[13] For more information, see the Appendix entry on Investment Earnings.

[14] Prior to June 2017, the investment return and risk targets for LTCAP were a 4% investment return plus inflation, net of all investment fees and expenses, and a 10% return volatility risk target (representing one standard deviation), over a ten-year period.

is the achievement of the LTCAP target investment return over the long term, while controlling risk within the specified risk limits. The Reference Portfolio serves as an objective yardstick for measuring the value gained or lost through UTAM's investment management activities compared to the returns that would be available in the market using a low-cost, passive investment approach. LTCAP takes an appropriate amount of risk to achieve its target. Despite considerable volatility in capital markets, LTCAP realized a return of 4.3% (net of all fees and expenses) during fiscal year 2023. LTCAP's fiscal year return benefited from a significant rebound in capital markets that began in Q4 2022. Over the same period, the Reference Portfolio returned 4.5%. UTAM continues to add significant value to investment performance over the long term.

Expendable Funds Investment Pool

The investment policy for EFIP reflects very short-term investments managed by the University and short-term and medium-term portfolios managed by the University of Toronto Asset Management Corporation ("UTAM").

EFIP is invested in fixed income instruments, swaps referencing a fixed income index, as well as cash and cash equivalent instruments. Fixed income investments are sensitive to interest rate movements, where, depending upon their duration,[15] they are subject to mark-to-market gains when interest rates decrease, and mark-to-market losses when interest rates increase. During the fiscal year, EFIP achieved a return of 2.8% (net of all fees and expenses). The primary driver of the return was the portfolio yield, although the return was negatively affected by the rise in interest rates. Over the same period, the benchmark recorded a return of 3.2%.

The EFIP short-term portfolio is invested in swaps that reference a Canadian short-term fixed income index, and in cash and cash equivalent instruments. The duration of this portfolio is approximately 1.3 years at the end of the fiscal year. The portion of this portfolio invested in cash and cash equivalents generated positive returns and was sufficient to offset the net losses arising from the interest rate swaps. Despite the negative impact of rising interest rates on the swaps' return, the cash and cash equivalent investments benefited from the higher interest rate. Overall, the EFIP short-term portfolio realized a return of 3.0% (net of all fees and expenses) during the fiscal year, which compared to its benchmark return of 2.8% over the same period.

The EFIP medium-term portfolio is invested in longer term fixed income securities. The duration of this portfolio is approximately 5.1 years at the end of the fiscal year. This portfolio's net return benefited less from the rise in interest rates than the EFIP short-term portfolio due to its longer interest rate duration exposure. During the fiscal year, the portfolio achieved a return of 1.8% (net of all fees and expenses). The return was primarily influenced by the portfolio yield, but it was adversely affected by both the increase in interest rates and the credit spread widening. The EFIP medium-term portfolio benchmark returned 4.1% in the fiscal year.

[15] Duration is a measure of interest rate sensitivity of the price of a fixed income instrument. Duration is primarily impacted by a fixed income security's coupon rate, yield and remaining time to maturity. All things equal, an immediate increase in interest rates of 100 bps (1%) would result in a fixed income instrument with a duration of 5 years losing 5% of its value (i.e., the loss would be equivalent to its duration).

The return objective and risk tolerance for each category of EFIP funds (excluding funds loaned internally) is as follows:

	Risk Tolerance	Return Objective
Investments managed by the University	Minimal risk	30-day Treasury bill return
Short-term portfolio managed by UTAM	Minimal risk	50% of the 1-month Canadian Bankers' Acceptance rate plus 50% of the FTSE short-term universe ex Fossil Fuels Enhanced TRI
Medium-term portfolio managed by UTAM	Low risk of losses over a 3-to-5-year period (i.e., avoidance of permanent capital impairment) with mark-to-market fluctuations tolerated over shorter time horizons	FTSE Corporate BBB Index ex Fossil Fuels Enhanced TRI

The fair values and returns for the 2023 fiscal year were as follows:

	Fair Value	Total Return
Investments managed by the University	$221 million	3.51%
Short-term portfolio managed by UTAM	$2.6 billion	3.04%
Medium-term portfolio managed by UTAM	$951 million	1.85%

The fair values and returns for the 2022 fiscal year were as follows:

	Fair Value	Total Return
Investments managed by the University	$333 million	0.70%
Short-term portfolio managed by UTAM	$2.5 billion	-1.58%
Medium-term portfolio managed by UTAM	$751 million	-6.16%

Figure 14: Investment Returns for the year ended April 30, 2023

LONG TERM CAPITAL APPRECIATION $3.9B	MEDIUM TERM EXPENDABLE $951M	SHORT TERM EXPENDABLE $2.6B	DAILY LIQUIDITY $221M
+4.3%	+1.8%	+3.0%	+3.5%
Includes endowments, sinking fund, and other long term assets. Target is 4.0% real return over 10-year period.	**Funds set aside for spending in a 3-5 year horizon. Tolerance for some volatility, while avoiding permanent impairment of capital.**	**Funds set aside for short-term expenditure. Minimal tolerance for risk.**	**Funds managed by the University for day-to-day liquidity needs. Minimal tolerance for risk.**

RISK TOLERANCE AND RETURN OBJECTIVES

The University establishes the investment risk and return objectives for each of these pools via the University Funds Investment Policy, which is approved by the Business Board. These objectives reflect the University's liability requirements and aim to produce balanced, secure returns for the University over time.

Responsible Investing

The University of Toronto Asset Management Corporation (“UTAM”) focuses exclusively on investing University-owned assets. UTAM incorporates environmental, social and governance (ESG) factors into its investment decision-making, stewardship activities (engagement, proxy voting and advocacy), and reporting and disclosure. The University believes that ESG factors can have a material impact on the long-term risk and return of a given investment and incorporating relevant and material ESG issues into the decision-making processes is consistent with the University’s fiduciary duty.

A key component of the University of Toronto’s 2021 climate announcement is the commitment to net zero emissions in the LTCAP portfolio by 2050. This commitment coincided with UTAM joining the Net-Zero Asset Owner Alliance. The Alliance has established a framework for setting interim targets on various decarbonization initiatives to guide members in achieving net zero emissions in their portfolios by 2050. In accordance with the Alliance’s Target Setting Protocol, in 2022 UTAM established interim targets with respect to emissions, engagement and transition financing.

In October 2022, UTAM announced a new carbon footprint target for the LTCAP portfolio – a 50% reduction by 2030, using 2019 baseline levels. This target, measured in tonnes of CO_2 equivalent per million dollars invested ($tCO_2e/\$M$), includes the impact of carbon contributions from equities (including equity-like assets) and corporate bonds. Going forward, UTAM will report its progress only against this new target. UTAM’s new carbon footprint target builds on the successful achievement of UTAM’s previous carbon footprint goal. In 2019, UTAM committed to reducing the carbon footprint of the equity and equity like sub-portfolio of the LTCAP by 40% compared to 2017 levels by 2030. UTAM has met this target – almost a decade ahead of schedule.

By the end of 2022, UTAM had also implemented notable changes to reduce exposure to fossil fuel companies:

1. Since the commitment was announced in October 2021, UTAM delivered on its promise and has fully divested the LTCAP portfolio from all direct investments in fossil fuel companies. For those investments made indirectly – typically through pooled and commingled vehicles managed by third-party fund managers – UTAM will divest the LTCAP from its indirect investments in fossil fuel companies by no later than 2030. UTAM will also report regularly to stakeholders on its progress towards this goal.

2. In EFIP, there was no direct exposure to fossil fuel companies and, during 2022, UTAM eliminated all material indirect exposure to fossil fuel companies.

3. Effective October 1, 2022, UTAM has transitioned Reference Portfolio benchmarks to indexes that exclude fossil fuel companies.

4. UTAM made a new allocation to an active global equity manager that is a recognized leader in sustainable investing and excludes fossil fuel companies from its investment universe.

5. UTAM made a new commitment to a fund launched by a sustainability focused private equity manager.

6. UTAM partnered with RP Investment Advisors, a longstanding active corporate bond manager in the LTCAP, to seed a new strategy that excludes fossil fuel companies from its investment universe. This strategy is benchmarked to the newly launched FTSE All Corporate Ex Fossil Fuels Enhanced Bond Index.

7. UTAM engaged PricewaterhouseCoopers LLP (PwC) to verify, through a limited assurance review, UTAM’s carbon footprint calculations and reporting. UTAM are committed to continuing this enhancement to its reporting each year.

Appendix A: Background Information

This appendix provides relevant background information that may be useful for understanding the highlights of the fiscal 2022 financial report given above.

Provincial Operating Grants

- October 2017: the Province signed the second Strategic Mandate Agreements ("SMA2") with each university and college covering the period of 2017-20
- September 2020: the Province signed the third Strategic Mandate Agreements ("SMA3") with each university and college covering the period of 2020-25
  - Over the five-year SMA3 period, the Province is gradually shifting the proportion of base operating grant funding in the differentiation envelope from 25% in 2021 and ultimately to 60% by fiscal 2025.
  - Through the SMA3, the Government is linking funding allocations in the differentiation envelope to a set of 10 performance metrics with institution-specific targets. Given the potential impact of the COVID-19 pandemic on performance metrics, the Province has committed to suspending any financial impacts from the new funding formula until at least 2022-23. Performance on the metrics will continue to be assessed annually but results will be decoupled from the differentiation funding envelope.

Tuition Fees and Student Aid

Ontario university tuition fees for domestic students are regulated by the provincial government.

- January 2019: the provincial government announced a 10% cut to domestic tuition fees beginning in 2019–20, and a freeze at that level for 2020–21
  - The tuition fee reduction applied to domestic students enrolled in all programs that are funded via the provincial operating grant, including direct entry undergraduate, second entry and professional master's, and doctoral stream programs
  - Tuition paid by international students is unregulated, and is therefore unaffected
  - This new framework did not affect fiscal 2019; however, it resulted in a reduction in domestic tuition fee revenue for fiscal 2020.
- February 2019: the Ontario Budget announced a new set of changes to OSAP for the 2019-20 academic year
  - Changes to OSAP included a reduction in the income threshold under which students qualify for non-repayable aid (grants), an increase in the proportion of aid provided as loans, and increases in required parental and student contributions to the cost of education

    - The government targeted OSAP funds to students with the greatest financial need, distributing a larger proportion of grant funding to students with family incomes of less than $50,000

- April 2021: the provincial government announced a one-year extension of the domestic fee freeze for 2021-22 and introduced a new policy allowing for differentiated fees for out-of-province domestic students. Fees for Ontario residents would remain frozen while fees for non-Ontario resident domestic students as defined under the OSAP definitions, could be increased by up to 3%. Given the lateness of the announcement of the fee framework, coming at the start of the Summer 2021 session, the University opted to not implement differentiated out-of-province fees for 2021-22.

- March 2021: the provincial government announced an additional one-year extension of the domestic fee freeze for Ontario residents in 2022-23. The University will proceed with establishing differentiated fees for non-Ontario resident domestic students, with a 3% increase to fees for all undergraduate programs in 2022-23.

- March 2023: the provincial government announced an additional one-year extension of the domestic fee freeze for Ontario residents in 2023-24 and the launching of a blue-ribbon panel (the "panel") to address the sector's financial stability. The panel will provide advice and recommendations to the Minister of Colleges and Universities to help keep the postsecondary education sector financially strong and focused on providing the best student experience possible. The panel will be made up of leaders from the academic and business communities. They have expertise in postsecondary education, research and innovation, financial management, and economic development.

Other Ontario Budget Priorities

The 2019 Ontario Budget announced the planned significant shift of operating grant support towards performance-based outcomes funding through the differentiation envelope under SMA3. The budget rolled back funding related to the increases for the OSAP program implemented under the previous government. Operating grant plans included funding for completion of the previously announced graduate expansion program under SMA2 and planned new investments in mental health supports.

According to the 2020 Ontario Budget, the Government is not planning any material new investments in the post-secondary education sector over the next three years, including no inflationary increases to the University's operating grant. Areas of priority investment for the Government include: development, delivery, and expansion of Ontario's micro-credentials strategy; supporting the ongoing cost of the Ontario Student Assistance Program (OSAP); and continued investment in deferred maintenance.

Institutional Strategic Research Plan 2018–23

The Institutional Strategic Research Plan ("ISRP") expresses the University's core commitment to supporting excellence in research and innovation, across our three campuses in collaboration with our research and innovation partners. The themes of the ISRP reflect the breadth of the University's research within a flexible framework. Broad consultation helped shape and align these themes with current and potential future areas of research and innovation, and also helped to refine our strategic objectives and the metrics by which we will measure our success.

The ISRP identifies five strategic objectives to enable the University to continue to increase its research excellence:

- Demonstrating our leadership in research and innovation
- Fostering collaborations, partnerships, and engagement
- Advancing equity, inclusion, and diversity
- Supporting the integration of research and innovation in the student experience
- Strengthening the institutional supports that foster research and innovation excellence

Consultations are underway towards the development of the University's next strategic plan for 2024-2029.

Federal Investments in Research

In the 2019 Federal Budget, the government followed up the multi-year investments in research announced in 2018 with new investments and initiatives, including $114 million over five years, starting in 2019–20, with $27 million per year ongoing, to the federal granting councils to create 500 more master's level scholarship awards annually and 167 more three-year doctoral scholarship awards annually through the Canada Graduate Scholarship program

The 2020 Federal Budget was scheduled to be tabled in March 2020 but was postponed indefinitely as the government responded to the COVID-19 pandemic. The in-year economic and fiscal update was focused on targeted relief to families and businesses in response to the pandemic.

As a result, the 2021 Federal Budget was the first budget in more than two years. The government announced significant new investments in targeted research areas, including:

- $500 million over four years for the Canada Foundation for Innovation to support the bio-science capital and infrastructure needs of post-secondary institutions and research hospitals, and $250 million over four years for the federal research granting councils to create a new tri-council biomedical research fund

- $400 million over six years in support of a Pan-Canadian Genomics Strategy, including $137 million for Genome Canada to kick-start the new Strategy and complement the government's existing genomics research and innovation programming

- $444 million over ten years in support of the Pan-Canadian Artificial Intelligence Strategy, including $185 million to support the commercialization of artificial intelligence innovations and $162 million to help retain and attract top academic talent across Canada

- $360 million over seven years to launch a National Quantum Strategy. The strategy will amplify Canada's significant strength in quantum research; grow quantum-ready technologies, companies, and talent; and solidify Canada's global leadership in this area. This funding will also establish a secretariat at the Department of Innovation, Science and Economic Development to coordinate this work

In the 2022 Federal Budget the government announced research support focused primarily in science, technology, and engineering including:

- $750 million over six years to support the further growth and development of Canada's Global Innovation Clusters, of which many universities and research institutions are, which are meant to bring together government, academia, and industry to create new companies, jobs, intellectual property, and boost economic growth.

- $100 million over six years to the federal granting councils to support post-secondary research in developing technologies and crop varieties that will allow for net-zero emission agriculture
- $125 million over five years, starting in 2022-23, and $25 million ongoing, for the Research Support Fund to build capacity within post-secondary institutions to identify, assess, and mitigate potential risks to research security; and $34 million over five years, starting in 2022-23, and $8 million ongoing, to enhance Canada's ability to protect our research, and to establish a Research Security Centre that will provide advice and guidance directly to research institutions.
- $47.8 million over five years, and $20.1 million ongoing, to improve the country's intellectual property performance through a new "lab to market" program that will help Canadian graduate students and academics patent their research
- $38 million over four years, starting in 2023-24, and $13 million ongoing for the federal granting councils to add new, internationally recruited Canada Excellence Research Chairs in the fields of science, technology, engineering, and mathematics and
- $41 million over 5 years, starting in 2022-23, and $10 million ongoing to support targeted scholarships and fellowships for promising Black student researchers.

In the 2023 Federal Budget, the government made no significant new commitments to research in the post-secondary sector.

Investment Earnings

The investment risk and return targets for University funds are operationalized by the President of the University with input from the Investment Committee. The Investment Committee reports to the President of the University and provides expert advice to the University Administration, collaborating extensively with the University Administration and with the management at UTAM on investment objectives and investment activities.

UTAM is a separate non-share capital corporation whose members are appointed by the University. The funds invested in LTCAP and EFIP that the University desires to have invested by UTAM are invested on behalf of the University in accordance with a Business Board approved Delegation of Authority from the University to UTAM.

The President of the University and the UTAM Board have agreed that consistent with the foregoing, the Investment Committee approves various elements of strategy execution proposed by UTAM management and provides monitoring and oversight of investment performance. A detailed review of investment performance, which is managed and measured on a calendar year basis by UTAM, is available on the UTAM web site at www.utam.utoronto.ca.

Governance oversight of investments is provided by the Business Board (for University funds) and by the UTAM Board which provides oversight of the operations of UTAM.

Audited Consolidated Financial Statements

For the year ended April 30, 2023

UNIVERSITY OF TORONTO

DEFY GRAVITY

Statement of Administrative Responsibility

The administration of the University of Toronto (the “University”) is responsible for the preparation of the consolidated financial statements, the notes thereto and all other financial information contained in this Financial Report.

The administration has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations developed by the Chartered Professional Accountants of Canada. The administration believes that the consolidated financial statements present fairly the University’s consolidated financial position as at April 30, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgments were employed. Additionally, management has ensured that financial information presented elsewhere in this Financial Report has been prepared in a manner consistent with that in the consolidated financial statements.

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 permanent loss and that the accounting records are a reliable basis for the preparation of consolidated financial statements.

Aon has been retained by the University in order to provide an estimate of the University’s liability for pension and other employee future benefits. Management has provided the valuation actuary with the information necessary for the completion of the University’s actuarial report and retains ultimate responsibility for the determination and estimation of the pension and other employee future benefits liabilities reported.

Governing Council carries out its responsibility for review of the consolidated financial statements and this Financial Report principally through the Business Board and its Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets regularly with the administration, as well as the internal auditors and the external auditors, to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the administration.

The consolidated financial statements as at and for the year ended April 30, 2023 have been reported on by Ernst & Young LLP, the auditors appointed by Governing Council. The independent auditor’s report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

(signed)
Trevor Rodgers
Chief Financial Officer

(signed)
Meric S. Gertler
President

Independent Auditor’s Report

To the Members of Governing Council of the **University of Toronto**:

Opinion

We have audited the consolidated financial statements of the **University of Toronto** (the “University”), which comprise the consolidated balance sheet as at April 30, 2023, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Report prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the University to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 27, 2023

Statement 1

UNIVERSITY OF TORONTO
CONSOLIDATED BALANCE SHEET
AS AT APRIL 30
(millions of dollars)

	2023	2022
ASSETS		
Current		
Cash and cash equivalents	**221**	333
Short-term investments at fair value (note 3)	**828**	865
Accounts receivable (note 3)	**115**	146
Inventories and prepaid expenses	**45**	47
	1,209	1,391
Investments at fair value (notes 3 and 17)	**6,657**	6,258
Capital assets, net (note 4)	**5,815**	5,493
	13,681	13,142
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 3, 6 and 17)	**728**	847
Deferred contributions (note 8)	**1,054**	1,032
	1,782	1,879
Accrued pension liability (note 5)	**136**	126
Employee future benefit obligation		
other than pension (note 5)	**803**	688
Long-term debt (note 7)	**709**	709
Deferred capital contributions (note 9)	**1,217**	1,237
	4,647	4,639
NET ASSETS (Statement 3)		
Deficit	**(483)**	(314)
Internally restricted (note 10)	**6,250**	5,650
Endowments (notes 11, 12 and 13)	**3,267**	3,167
	9,034	8,503
	13,681	13,142

Contingencies, commitments and collections (notes 3, 4, 19, 20 and 21)

See accompanying notes

On behalf of Governing Council:

(signed)	*(signed)*
Janet L. Ecker	Meric S. Gertler
Chair	President

Statement 2

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED APRIL 30
(millions of dollars)

	2023	2022
REVENUES		
Student fees	**2,204**	2,121
Government grants for general operations	**719**	721
Government and other grants for restricted purposes (note 16)	**468**	458
Sales, services and sundry income	**435**	350
Investment income (notes 3 and 11)	**312**	79
Donations (note 15)	**137**	103
	4,275	3,832
EXPENSES		
Salaries	**1,821**	1,697
Employee benefits (note 5)	**409**	375
Scholarships, fellowships and bursaries	**346**	309
Materials, supplies and services	**287**	292
Amortization of capital assets	**214**	213
Repairs, maintenance and leases	**183**	170
Inter-institutional contributions	**137**	134
Cost of sales and services	**130**	106
Utilities	**55**	48
Travel and conferences	**50**	9
Interest on long-term debt	**38**	38
Other	**54**	25
	3,724	3,416
NET INCOME	**551**	416

See accompanying notes

Statement 3

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED APRIL 30
(millions of dollars)

	Deficit	Internally restricted (note 10)	Endowments (note 11)	2023 Total	2022 Total
Net assets, beginning of year	(314)	5,650	3,167	8,503	8,074
Adjustment for opening balance for employee future benefits and internally restricted net assets (note 2(n))	(84)			(84)	
Net change in internally restricted (note 10)	84	(84)			
Net assets, beginning of year, as restated	(314)	5,566	3,167	8,419	8,074
Net income	551			551	416
Net change in internally restricted (note 10)	(684)	684			
Remeasurements and other items (note 5)	(13)			(13)	10
Investment gain (loss) on externally restricted endowments (note 11)			22	22	(54)
Externally endowed contributions					
- donations (note 15)			51	51	57
- grants (note 16)			4	4	
Transfer to internally restricted endowments (note 11)					
- investment gain	(1)		1		
Transfer to endowments (note 11)					
- donations	(7)		7		
- matching funds	(15)		15		
Net assets, end of year	(483)	6,250	3,267	9,034	8,503

See accompanying notes

Statement 4

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED APRIL 30
(millions of dollars)

	2023	2022
OPERATING ACTIVITIES		
Net income	**551**	416
Add (deduct) non-cash items:		
Amortization of capital assets	**214**	213
Amortization of deferred capital contributions	**(74)**	(77)
Net unrealized gains from investments	**(250)**	(26)
Employee future benefits expense	**203**	185
Employee future benefits contributions	**(175)**	(184)
Net change in other non-cash items (note 14)	**(88)**	374
	381	901
INVESTING ACTIVITIES		
Net sale of short-term investments	**37**	212
Net purchase of investments	**(127)**	(606)
Purchase of capital assets	**(512)**	(468)
	(602)	(862)
FINANCING ACTIVITIES		
Contributions for capital asset purchases	**54**	45
Endowment contributions		
- donations	**51**	57
- grants	**4**	
	109	102
Net (decrease) increase in cash during the year	**(112)**	141
Cash and cash equivalents, beginning of year	**333**	192
Cash and cash equivalents, end of year	**221**	333
Supplemental cash flow information		
Increase in capital asset acquisitions funded by accounts payable and accrued liabilities	**24**	28

See accompanying notes

Notes to the Consolidated Financial Statements

1. Description

The Governing Council of the University of Toronto, which operates under the name University of Toronto (the "University"), is a corporation under the *University of Toronto Act*, a statute of the Legislative Assembly of Ontario. The University is an institution dedicated to providing post-secondary education and to conducting research. The University's vision is to be a leader among the world's best public universities in its discovery, preservation and sharing of knowledge through its teaching and research and its commitment to excellence and equity.

These consolidated financial statements include the assets, liabilities, revenues, expenses, and other transactions of all the operations and organizations, including wholly owned subsidiaries, under the jurisdiction of Governing Council. These consolidated financial statements do not include the assets, liabilities and operations of Victoria University, The University of Trinity College, University of St. Michael's College, Sunnybrook Health Sciences Centre ("Sunnybrook") and the affiliated colleges under the memorandum of agreement with the Toronto School of Theology, each of which is a separate, non-controlled corporate body with separate financial statements.

The University holds title to the land and original buildings of Sunnybrook. The land and original buildings were acquired for the sum of one dollar and are used for hospital purposes and for related medical research and teaching purposes. The property is leased to the Board of Directors of Sunnybrook, a separate corporation, under a ground lease, which is perpetually renewable every 21 years at the option of the Board of Directors of Sunnybrook.

The University is a registered charitable organization and, as such, is exempt from income taxes under the *Income Tax Act* (Canada).

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles ("GAAP") for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

a. Investments and investment income

Investments are carried at fair value except for the real estate directly held by the University for investment purposes. Fair value amounts represent estimates of the consideration that would be agreed on between knowledgeable, willing parties who are under no compulsion to act. It is best evidenced by a quoted market price if one exists. The calculation of estimated fair value is based upon market conditions at a specific point in time and may not be reflective of future fair values.

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

i. Short-term notes and treasury bills are valued based on cost plus accrued interest, which approximates fair value. Money market funds are valued based on closing quoted market prices.

ii. Bonds and publicly traded equities are valued based on quoted market prices. If quoted market prices are not available for bonds, estimated values are calculated using discounted cash flows based on current market yields and comparable securities, as appropriate.

iii. Investments in pooled funds (other than private investment interests and hedge funds) are valued at their reported net asset value per unit.

iv. Hedge funds are valued based on the most recently available reported net asset value per unit, adjusted for the expected rate of return of the fund through April 30. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

v. Private investment interests consisting of private investments and real assets comprise private externally managed pooled funds with underlying investments in equities, debt, real estate assets, infrastructure assets and commodities. The investment managers of these interests perform and provide valuations of the underlying investments on a periodic basis. Annual financial statements of the private investment interests are audited and are also provided by the investment managers. The value of the investments in these interests is based on the latest valuations provided (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

vi. Real estate directly held by the University for investment purposes is originally valued at cost and, when donated, at the value determined through an appraisal process at the date of donation. Subsequently, real estate is valued at cost less any provision for impairment.

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

Investment income is recorded on an accrual basis, consisting of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses. Investment income is recorded as revenue in the consolidated statement of operations except for investment income earned on externally restricted endowments, for which only the amount made available for spending is recorded as revenue. In years where the investment income earned is more than the amount made available for spending, the excess is recorded as a direct increase in endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in endowments.

b. Derivative financial instruments

Derivative financial instruments are used to manage particular market and currency exposures for risk management purposes primarily with respect to the University's investments and as a substitute for more traditional investments. Derivative financial instruments and synthetic products that may be employed include bonds, equity and currency futures, options, swaps and forward contracts. The majority of the notional exposure of the derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. The fair value of derivative financial instruments reflects the daily quoted market amount of those instruments, thereby taking into account the current unrealized gains or losses on open contracts. Investment dealer quotes or quotes from a bank are available for substantially all the University's derivative financial instruments.

Derivative financial instruments are carried at fair value, with changes in fair value during the year recorded in the consolidated statement of operations.

c. *Investments in significantly influenced entities and interests in joint venture arrangements*

Joint ventures and investments in for-profit entities subject to significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost, net of any impairment and adjusted thereafter for the University's share of the entity's net surplus or deficit and any further impairments. Any distributions received are accounted for as a reduction in the investment.

d. *Senior unsecured debentures and other long-term debt*

Senior unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Senior unsecured debentures and other long-term debt are reported net of related premiums, discounts and transaction issue costs.

e. *Other financial instruments*

Other financial instruments, including cash and cash equivalents, accounts receivable, government assistance receivable, and accounts payable and accrued liabilities, are initially recorded at their fair value. They are not subsequently revalued and continue to be carried at this value, which represents cost, net of any provisions for impairment.

f. *Cash and cash equivalents*

Cash and cash equivalents consist of balances with banks and investments in money market funds. Cash and investments meeting the definition of cash and cash equivalents held for investing rather than liquidity purposes are classified as investments.

g. *Inventory valuation*

Retail inventories are carried at the lower of cost, determined using the first-in, first-out method, and net realizable value.

h. *Employee benefit plans*

(i). Pension plans

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer jointly sponsored, defined benefit plan. The University does not recognize any share of the UPP's pension surplus or deficit as insufficient information is available to identify the University's share of the underlying pension assets and liabilities. The University also accounts for its contributions to the UPP on a defined contribution basis. The University's contributions are expensed in the period they come due.

The University also provides an unfunded and unregistered Supplementary Account Plan ("SAP") effective July 1, 2021. The SAP is a defined contribution arrangement established to provide retirement income on the portion of eligible members' (faculty members, librarians, and professional or managerial staff, who are active members of the UPP) salary that is not covered by the UPP, up to a specified cap. The contribution of 10% of the eligible salary and the investment return based on the annual investment return (net of fees and expenses) earned under the UPP are expensed in the year they are earned by eligible members and credited to each member's notional account.

Prior to the SAP, the University had a Supplemental Retirement Arrangement ("SRA"), an unfunded and unregistered arrangement that is now closed for future accruals. The SRA provided defined benefits for retired and deferred vested members whose benefits exceeded the *Income Tax Act (Canada)* maximum pension at the time of their retirement or termination. Finance costs are expensed during the year, while remeasurements and other items, representing actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability is determined using a roll-forward technique to estimate the accrued liability using accounting assumptions from the most recent actuarial valuation report.

(ii). Other employee benefits plans

The University maintains other retirement and post-employment benefits for most of its employees and accounts for these using the immediate recognition approach. Under this approach, the University recognizes the amount of the accrued obligation net of the fair value of plan assets in the consolidated balance sheet. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability for unfunded plans is prepared using accounting assumptions. Employee future benefit plans' assets are measured at fair value as at the date of the consolidated balance sheet.

i. Capital assets and collections

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis using the following annual rates:

Buildings and land improvements	2.5% - 10%
Equipment and furnishings	4% - 20%
Library books	20%

The University allocates salary and benefit costs related to personnel who work directly on managing capital projects through a project management fee based on 3.25% of construction, furnishings and equipment, and landscaping costs for projects up to $75 million and 2.50% of those same costs for projects above $75 million.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the capital asset and an expense in the consolidated statement of operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

The value of library, art and other special collections has been excluded from the consolidated balance sheet except for a nominal value of $1. Donated collections are recorded as revenue at values based on appraisals by independent appraisers and are expensed in the year received. Purchased collections are expensed in the year they are acquired.

When collections are deaccessioned and then sold, proceeds from the sale are included in deferred contributions and recognized as revenue when the cost of insurance, cleaning, restoration, and conservation of works in the collection are expensed.

j. Revenue recognition

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

The University actively fundraises and unrestricted donations, contributed rare books and other collections are recorded as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Due to the uncertainty involved in collecting pledged donations, they are not recognized until received.

Contributions externally restricted for purposes other than endowment are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties. Externally restricted contributions received towards the acquisition of depreciable capital assets are deferred when initially recorded in the accounts and amortized to revenue on the same basis as the related capital assets are amortized.

Endowment contributions and contributions of non-amortizable capital assets are recorded as direct increases in net assets in the year in which they are received or receivable.

Student fees are recorded as revenue when courses and seminars are held. Sales, services and sundry income revenues are recorded at point of sale for goods or when the service has been provided.

k. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at year-end. Operating revenues and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses arising from these translations are included in income except to the extent that they relate to investments, in which case they are recognized in the same manner as investment income.

l. Use of accounting estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include the assumptions used in the determination of the fair value of financial instruments where the values are based on non-observable inputs that are supported by little or no market activity, the valuation of pension and other retirement benefit obligations and the recording of contingencies. Actual results could differ from those estimates.

m. Contributed services and materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the consolidated financial statements.

n. Change in accounting policy

During the year, the University adopted the amendments to accounting standards Section 3462, Employee Future Benefits and Section 3463, Reporting Employee Future Benefits by Not-for-Profit Organizations. These amendments remove the accommodation which allowed organizations, under certain conditions, to make an accounting policy choice to measure their defined benefit obligations using either an actuarial valuation prepared for accounting purposes or an actuarial valuation prepared for funding purposes. These standards now require the University to value its defined benefit obligations using an actuarial valuation prepared for accounting purposes. The only impact of the change in accounting policy is a change in the discount rate used to measure the University's defined benefit obligations as at May 1, 2022, which is recorded as a direct reduction to opening net assets.

3. Investments

The University's investments are managed using two pools: the long-term capital appreciation pool ("LTCAP"), and the expendable funds investment pool ("EFIP"). LTCAP mainly includes endowment funds, the voluntary sinking fund (note 7) established to repay the principal of the University's debentures at maturity and funds set aside to cover long-term disability payments (note 5). EFIP consists mainly of the University's working capital for operations. The University of Toronto Asset Management Corporation ("UTAM") manages each of the pools according to the investment return target and risk tolerance of each pool as described in the University Funds Investment Policy. UTAM incorporates environmental, social and governance factors into its investment decision-making and practices active ownership in its management of both portfolios.

The table below shows the University's investments at fair value, mapped into the Reference Portfolio asset classes for the LTCAP and investment benchmarks for EFIP:

(millions of dollars)

	April 30, 2023			April 30, 2022		
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**(515)**	**1,343**	**828**	(369)	1,234	865
Government and corporate bonds and other fixed income investments	**1,586**	**2,217**	**3,803**	1,556	1,982	3,538
Canadian equities	**42**	**1**	**43**	44	1	45
United States equities	**917**	**2**	**919**	873	2	875
International equities	**384**		**384**	333		333
Emerging markets equities	**160**		**160**	151		151
Global equities	**880**		**880**	816		816
Other	**468**		**468**	499	1	500
	3,922	**3,563**	**7,485**	3,903	3,220	7,123
Less amounts reported as short-term investments	**515**	**(1,343)**	**(828)**	369	(1,234)	(865)
Total long-term investments	**4,437**	**2,220**	**6,657**	4,272	1,986	6,258

The University has adopted an investment benchmark called the Reference Portfolio for LTCAP which, has an asset mix that reflects the University's long-term return objective and risk appetite for this pool. The Reference Portfolio is designed to be a simple portfolio that can be easily implemented, and it only includes public market asset classes. However, the actual investments in LTCAP include asset classes and strategies, such as hedge funds and private investments, that are not represented in the Reference Portfolio. These other investments have been reclassified and mapped to the most appropriate Reference Portfolio asset classes in the table above. In some cases, derivative financial instruments are used to obtain market exposures to various asset classes. The majority of the notional exposure of derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. Leverage is however used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection. The table above includes the notional exposure (including any mark-to-market gains/losses) of derivative financial instruments other than currency derivatives in the Reference Portfolio asset classes.

Short-term investments consist of cash and bank term deposits. The negative amount of short-term investments in the LTCAP represents the notional exposure of the derivative financial instruments that is not backed by liquid assets as a result of the use of leverage. International equities include developed equity markets in Europe, Australasia and the Far East ("EAFE") and exclude the United States and Canada. Global equities include all developed equity markets as well as various emerging equity markets. Investments in the "other" category consist mainly of absolute return hedge funds.

The table below shows the fair value of the same investments for each pool without the reallocation of short-term investments (related to derivative instruments), hedge funds, private investments and real assets to the relevant Reference Portfolio asset class or classes.

	(millions of dollars)					
	April 30, 2023			April 30, 2022		
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**1,121**	**2,633**	**3,754**	1,236	2,462	3,698
Government and corporate bonds and other fixed income investments	**177**	**926**	**1,103**	178	755	933
Canadian equities	**1**	**1**	**2**	1	1	2
United States equities	**1**	**2**	**3**	1	2	3
International equities	**210**		**210**	178		178
Emerging markets equities	**83**		**83**	84		84
Global equities	**836**		**836**	780		780
Hedge funds	**655**		**655**	653		653
Private investments	**776**		**776**	734		734
Real assets	**62**		**62**	58		58
Other		**1**	**1**			
Total investments	**3,922**	**3,563**	**7,485**	3,903	3,220	7,123

In fiscal 2023, the University's investment income of $312 million (2022 - $79 million) recorded in the consolidated statement of operations consists of income related to investments held for endowments of $153 million (2022 - $139 million), gross of $37 million (2022 - $38 million) in fees and other expenses (note 11), and a gain of $159 million (2022 – loss of $60 million) on investments other than those held for endowments, gross of $17 million (2022 - $14 million) in fees and other expenses.

During the year, the University recognized an unrealized loss of $18 million (2022 – unrealized gain of $56 million) as a result of the change in fair value of its investments that were estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates for certain of its investments. Management believes there are no other reasonable assumptions for these investments that would generate any material changes in investment income.

Uncalled commitments

As at April 30, 2023, approximately 11.2% (2022 – 11.1%) of the University's investments are 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, private credit and real asset investments (e.g., real estate, infrastructure), require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount) in response to a series of capital calls issued to the investors by the manager. As at April 30, 2023, the University had uncalled commitments of approximately $814 million (2022 - $695 million). The capital committed is called by the manager over a pre-defined investment period, which varies by fund, but is generally between three and five years from the date the private fund closes. In practice, for a variety of reasons, the total amount committed to a private fund is typically not fully called.

Derivative financial instruments

The following table summarizes the notional and fair values of the University's derivative financial instruments:

	(millions of dollars)					
	April 30, 2023			April 30, 2022		
		Fair values			Fair values	
Contracts	**Notional value**	**Receivable**	**Payable**	Notional value	Receivable	Payable
Foreign currency forward						
United States dollars	**1,519**	**5**		2,231		(25)
Other	**407**	**3**		368	8	
Equity and bond futures	**111**	**1**	**(1)**	116	2	(2)
Equity and bond swap	**2,892**	**10**		2,826		(106)
Interest rate swap	**3**			5		
	4,932	**19**	**(1)**	5,546	10	(133)

Derivatives are financial contracts, the value of which is derived from changes in an underlying asset, index of prices or rates, interest rate, foreign exchange rate, etc. The University uses derivative financial instruments as a substitute for traditional investments to manage financial risks and to manage currency exposures. The University has entered into foreign currency forward contracts to manage its exposure to exchange rate fluctuations on investments denominated in foreign currencies in accordance with its hedging policy (note 17).

The University has entered into equity and bond futures contracts, and equity and bond swap contracts to obtain exposure to those asset classes. These derivatives are used as a substitute for traditional investments to obtain market exposures to these asset classes. Equity and bond futures contracts oblige the University to pay or receive the difference between a predetermined amount (the notional amount) and the market value at contract expiry. Equity and bond swap contracts are agreements for the exchange of cash flows based on the notional amount of the contract whereby one party commits to making payments based on the return of an underlying instrument in exchange for fixed or floating interest rate payments. To the extent the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the University will receive a payment from, or make a payment to, the counterparty.

The notional amounts above do not represent amounts exchanged between parties. Instead, they represent the contractual amount to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as receivables or payables in the consolidated financial statements. The University may have contracts to buy and sell similar underlying assets; in these cases, the notional amounts are presented above on a gross basis.

Contracts with a positive mark-to-market (fair value) are recorded as receivables, while contracts with a negative mark-to-market are recorded as payables. These are included in accounts receivable, and accounts payable and accrued liabilities, respectively in the consolidated balance sheet. The maturity dates of the currency forwards and futures contracts as at April 30, 2023 range from May 2023 to September 2023. The maturity dates of the equity and bond swap contracts as at April 30, 2023 range from June 2023 to April 2024. Required collateral of $4 million (2022 - $4 million) has been provided to the relevant exchanges against the futures contracts as at April 30, 2023 in the form of short-term investments. As at April 30, 2023, the University had $2.5 billion (2022 - $2.5 billion) in short-term investments compared to the $3.0 billion (2022 - $2.9 billion) of notional value of equity and bond futures, and equity and bond swap contracts. Leverage is used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection.

4. Capital assets

	(millions of dollars)			
	April 30, 2023		April 30, 2022	
	Total cost	**Accumulated amortization**	Total cost	Accumulated amortization
Land	**2,362**		2,329	
Buildings	**4,602**	**1,718**	4,254	1,606
Equipment and furnishings	**2,188**	**1,735**	2,095	1,663
Library books	**850**	**794**	822	764
Land improvements	**60**		26	
	10,062	**4,247**	9,526	4,033
Less accumulated amortization	**(4,247)**		(4,033)	
Net book value	**5,815**		5,493	

The University develops replacement property values of buildings and contents for insurance purposes using various sources and valuation methods that conform to insurance industry practice and standards. The insured replacement value of buildings is approximately $6.5 billion, and contents is approximately $2.7 billion, which includes library books of approximately $0.9 billion.

The University holds a wide range of library, art and other special collections that are protected and preserved for public exhibition, education, research and the furtherance of public service. Rare books and special collections include manuscripts, archives, and cartographic, graphic, film, audio and video materials. The University rarely disposes of items in these collections.

As at April 30, 2023, the University had $907 million (2022 - $601 million) of construction-in-progress that was included in buildings, and equipment and furnishings, which will not be amortized until the capital assets are put into use.

5. Employee benefit plans

The University has a number of funded and unfunded defined benefit plans that provide pension (including a supplementary account plan and supplemental retirement arrangement), other retirement and post-employment benefits to most of its employees.

The assets and liabilities, including the pension obligations, of the University's registered pension plan ("RPP") were transferred to the UPP as at July 1, 2021 (the "Effective Date"). As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, all of whom have been transferred to the UPP, and benefits and contributions under the RPP ceased. During fiscal 2021, the University amended the RPP to allow for the July 1, 2021 transfer of assets and liabilities into the UPP and the subsequent termination of the RPP.

As at July 1, 2021, the University transferred $792 million in excess of its defined benefit obligations to the UPP. Due to the uncertainty around the ability of the University to fully realize the RPP's accrued benefit surplus in the future under the UPP, the funding excess is not reflected in the University's consolidated financial statements in accordance with Canadian generally accepted accounting principles.

Any pension surplus or deficit of the UPP is a joint responsibility of the members and employers for service after the transition date of July 1, 2021, and may affect future contribution rates for members and employers. The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, over 15 years. The net pension obligations may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other members of the UPP, after which the responsibility is totally shared with all members.

Contribution rates are determined by the UPP Sponsors (representing employees and employers). The most recent actuarial valuation filed with pension regulators by the UPP as at January 1, 2022 indicated an actuarial surplus on a going concern basis of $1.2 billion.

Contributions made to the UPP during the year are included in employee benefits expense in the consolidated statement of operations and amounted to $130 million (2022 - $104 million).

Other retirement benefit plans are contributory health care plans with retiree contributions adjusted annually, such as extended health, semi-private and dental care. Another plan also provides for long-term disability income benefits after employment, but before retirement.

The employee benefits expense for the year includes pension expense of $141 million (2022 - $129 million), other retirement benefits expense of $62 million (2022 - $56 million) and other employee benefits of $206 (2022 - $190 million). Remeasurements, which are recorded in the consolidated statement of changes in net assets, rather than in the consolidated statement of operations, are as follows:

	(millions of dollars)			
	April 30, 2023		April 30, 2022	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Difference between actual and expected return on plan assets			13	
Actuarial gains (losses)	**(2)**	**(3)**	(38)	54
Past service cost		**(8)**		(19)
	(2)	**(11)**	(25)	35

The actuarial valuation for retirement benefit plans other than pension is performed every two years, the most recent being as at July 1, 2021 for contributory health care plans and January 1, 2023 for both the long-term disability income benefits plan and the SRA. The University measures its accrued benefit obligation (using a roll-forward technique from the most recent actuarial valuation) and the fair value of plan assets for accounting purposes as at April 30 of each year.

To measure the accrued benefit obligation for retirement benefit plans, other than pension, as at April 30, 2023, the rate of increase in the per capita cost of covered health care benefits was assumed to be 4.25%, except for prescription drug costs, which are assumed to increase at 6.06% in 2023, with the rate of increase decreasing gradually to 4.25% in 2030 and remaining at that level thereafter.

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation and benefits cost are set out below:

	April 30, 2023		April 30, 2022	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation:				
Discount rate*	**4.70%**	**4.85%**	5.35%	5.35%
Rate of compensation increase		**4.00%**		4.00%
Rate of inflation	**2.00%**	**2.00%**	1.75%	1.75%
Benefits cost:				
Discount rate*	**4.40%**	**4.70%**	5.35%	5.35%
Rate of compensation increase		**4.00%**		3.75%
Rate of inflation	**2.00%**	**2.00%**	2.00%	1.75%

* During the year, the University adopted the amendments to accounting standards Section 3462, Employee Future Benefits and Section 3463, Reporting Employee Future Benefits by Not-for-Profit Organizations. As a result, the University revalued its defined benefit obligations using a discount rate appropriate under an accounting valuation at April 30, 2022, and immediately recognized the resulting actuarial loss of $84 million at May 1, 2022. The revised discount rate for the accrued benefit obligation at April 30, 2022 and the benefit cost for 2023 was 4.40% for its pension plans and 4.70% for its other benefit plans.

Information about the University's benefit plans, which are mainly defined benefit plans, is as follows:

(millions of dollars)

	April 30, 2023		April 30, 2022	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation	**136**	**803**	126	688
Fair value of plan assets				
Plan deficit	**(136)**	**(803)**	(126)	(688)

The accrued pension liability of $136 million (2022- $126 million) mainly represents the University's obligation for its supplemental retirement arrangement.

As at April 30, 2023, the University has set aside investments of $7 million (2022 - $4 million) for its Supplementary Account Plan, $89 million (2022 - nil) for its pension special payments obligations, and $135 million (2022 - $140 million) for its other benefit plans.

6. Government remittances payable

As at April 30, 2023, accounts payable and accrued liabilities include government remittances payable of $51 million (2022 - $51 million).

7. Long-term debt

Long-term debt consists of the following senior unsecured debentures:

	(millions of dollars)	
	April 30, 2023	April 30, 2022
Series A senior unsecured debenture bearing interest at 6.78% payable semi-annually on January 18 and July 18, with the principal amount maturing on July 18, 2031	**160**	160
Series B senior unsecured debenture bearing interest at 5.841% payable semi-annually on June 15 and December 15, with the principal amount maturing on December 15, 2043	**200**	200
Series C senior unsecured debenture bearing interest at 4.937% payable semi-annually on May 16 and November 16, with the principal amount maturing on November 16, 2045	**75**	75
Series D senior unsecured debenture bearing interest at 4.493% payable semi-annually on June 13 and December 13, with the principal amount maturing on December 13, 2046	**75**	75
Series E senior unsecured debenture bearing interest at 4.251% payable semi-annually on June 7 and December 7, with the principal amount maturing on December 7, 2051	**200**	200
Net unamortized transaction costs	**(1)**	(1)
	709	709

Net unamortized transaction costs comprise premiums and transaction issue costs. A voluntary sinking fund (note 3) was established for the purpose of accumulating funds to repay the principal of the University's debentures at maturity. The value of the fund included in investments as at April 30, 2023 amounted to $566 million (2022 - $536 million).

8. Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balance are as follows:

	(millions of dollars)	
	April 30, 2023	April 30, 2022
Balance, beginning of year	**1,032**	907
Add grants, donations and investment income	**593**	651
Less amount recognized as revenue during the year	**(571)**	(526)
Balance, end of year	**1,054**	1,032

The deferred contributions must be spent for the following purposes:

	(millions of dollars)	
	April 30, 2023	April 30, 2022
Research	**450**	461
Student aid (notes 12 and 13)	**128**	121
Other restricted purposes	**476**	450
	1,054	**1,032**

9. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recognized as revenue in the consolidated statement of operations as government and other grants for restricted purposes.

The changes in the deferred capital contributions balance for the year are as follows:

	(millions of dollars)	
	April 30, 2023	April 30, 2022
Balance, beginning of year	**1,237**	1,269
Less amortization of deferred capital contributions	**(74)**	(77)
Add contributions recognized for capital asset purchases	**54**	45
Balance, end of year	**1,217**	1,237

This balance represents:

	April 30, 2023	April 30, 2022
Amount used to purchase capital assets	**1,118**	1,135
Amount to be spent on capital assets	**99**	102
	1,217	1,237

10. Internally restricted net assets

The change in internally restricted net assets consists of the following:

	(millions of dollars)	
	April 30, 2023	April 30, 2022
Investment in land and other capital assets	**4,338**	4,012
Employee benefits		
Pension	**(129)**	(128)
Other plans	**(668)**	(548)
Pension special payment reserve	**89**	
Capital projects and infrastructure reserves	**1,750**	1,555
Operating contingencies	**331**	284
Research support	**324**	282
Departmental trust funds	**107**	97
Student assistance	**63**	63
Other funds	**45**	33
	6,250	5,650
Adjustment for opening balance for employee benefits (note 2(n))		(84)
Balance, end of year and as restated	**6,250**	5,566

Internally restricted net assets are funds set aside that reflect the application of Governing Council policy.

a. Investment in land and other capital assets

Investment in land and other capital assets represents the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. It consists of unamortized capital assets purchased with unrestricted resources (net of debt) plus the carrying amount of capital assets purchased with unrestricted resources (net of debt) that will not be amortized.

b. Employee benefits

Internally restricted net assets have been reduced by the portion of employee future benefits obligations to be funded by future operating budgets.

c. Pension special payment reserve

This reserve represents funds that have been set aside as a contingency against future pension special payment risk (note 5).

d. Capital projects and infrastructure reserves

These represent reserves in respect of capital projects at various stages of planning, design and construction, including:

- **Capital Projects in Progress -** $787 million (2022 - $699 million) – unspent funds at the end of the fiscal year, in respect of capital projects and alterations and renovations in progress that are part of the University's major infrastructure building and renewal program less amounts spent without funding on hand;

- **Reserves for future major capital projects -** $757 million (2022 - $666 million) – funds set aside for specific, major capital projects in the project planning stage with an anticipated project cost in excess of $5 million; and

- **Other divisional infrastructure reserves -** $206 million (2022 - $190 million) – funds held by divisions as a general reserve for alterations and renovations, as well as funds earmarked for capital projects in the project planning stage with an anticipated project cost less than $5 million.

e. Operating contingencies

These funds represent departmental operating reserves available for spending by divisions to protect against possible adverse circumstances such as changes in student enrolment due to geopolitical events, investment return fluctuations and salary cost escalations.

f. Research support

These funds represent departmental funds reserved for Canada Research Chairs and related research allowances, start-up research funds and funds provided to faculty and librarians under an expense reimbursement program.

g. Departmental trust funds

These funds represent departmental trust funds available for spending by divisions with no external restrictions.

h. Student assistance

These funds represent departmental operating funds available to provide scholarships, bursaries, and other student assistance.

i. Other funds

These funds are held primarily to support various initiatives to enhance the quality, structure, and organization of programs and activities, as well as the restructuring needed to adapt to the long-range budget plan and to improve the productivity of physical assets.

11. Endowments

Endowments consist of externally restricted donations received by the University and internal resources transferred by Governing Council in the exercise of its discretion. With respect to the latter case, Governing Council may have the right to subsequently decide to remove the designation. The investment income generated from endowments must be used in accordance with the various purposes established by donors or Governing Council. 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.

University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income made available for spending and requiring the reinvestment of income not made available for spending. The investment policy has set the real rate of return objective of at least 4% over 10-year periods, net of all investment fees and other expenses, while taking an appropriate amount of risk to achieve this target, but without undue risk of loss. The amount made available for spending must normally fall between a range of 3% and 5% of the fair value per unit of the endowment pool. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending or if the investment return is negative, the amount that is made available for spending is funded by the accumulated reinvested income. However, for endowment funds, where the fair value of the endowment is below the donated capital and does not have sufficient accumulated reinvestment income, endowment capital is used in the current year as this is deemed prudent by the University. This amount is expected to be recovered by future net investment income. As at April 30, 2023, there were 256 endowments with the original gift value of $91 million that had a fair value of $89 million and a deficiency of $2 million. As at April 30, 2022, there were 248 endowments with the original gift value of $82 million that had a fair value of $79 million, and a deficiency of $3 million. In fiscal 2023, $9.55 (2022 - $9.36) per unit of LTCAP was made available for spending, representing 4.00% (2022 – 3.94%) of the five-year average fair value per unit of the endowment pool.

The change in net assets restricted for endowments consists of the following:

(millions of dollars)

	April 30, 2023			April 30, 2022		
	Externally restricted	**Internally restricted**	**Total**	Externally restricted	Internally restricted	Total
Balance, beginning of year	**2,719**	**448**	**3,167**	2,702	448	3,150
Donations (notes 15 and 16)	**55**		**55**	57		57
Investment income, net of fees and other expenses of $37 (2022 - $38) (note 3)	**121**	**17**	**138**	41	6	47
Investment income made available for spending	**(99)**	**(16)**	**(115)**	(95)	(15)	(110)
Transfer of donations and matching funds from deficit	**10**	**12**	**22**	14	9	23
Balance, end of year	**2,806**	**461**	**3,267**	2,719	448	3,167

12. Ontario Student Opportunity Trust Fund

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

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 8) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael's College and the Toronto School of Theology) are not included in these consolidated financial statements.

Phase 1:	**(thousands of dollars)**	
	April 30, 2023	April 30, 2022
Endowments at book value, beginning of year	**395,007**	386,681
Donations	**1**	
Transfer (to) from expendable funds	**(15,778)**	8,326
Endowments at book value, end of year	**379,230**	395,007
Cumulative unrealized gains	**62,225**	42,797
Endowments at fair value, end of year	**441,455**	437,804

	(thousands of dollars)	
	April 30, 2023	April 30, 2022
Expendable funds available for awards, beginning of year	**33,360**	31,350
Realized investment (loss) income	**(338)**	23,780
Transfer from (to) endowment balance	**15,778**	(8,326)
Bursaries awarded	**(14,282)**	(13,444)
Expendable funds available for awards, end of year	**34,518**	33,360
Number of award recipients	**3,027**	2,872

Phase 2:

	(thousands of dollars)			
	April 30, 2023		April 30, 2022	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**51,658**	**5,756**	50,674	5,598
Transfer (to) from expendable funds	**(1,964)**	**27**	984	158
Endowments at book value, end of year	**49,694**	**5,783**	51,658	5,756
Cumulative unrealized gains	**3,025**		705	
Endowments at fair value, end of year	**52,719**		52,363	

	(thousands of dollars)			
	April 30, 2023		April 30, 2022	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**3,739**	**832**	3,531	733
Realized investment income (loss)	**(48)**	**431**	2,841	464
Transfer from (to) endowment balance	**1,964**	**(27)**	(984)	(158)
Bursaries awarded	**(1,635)**	**(262)**	(1,649)	(207)
Expendable funds available for awards, end of year	**4,020**	**974**	3,739	832
Number of award recipients	**492**	**125**	509	106

13. Ontario Trust for Student Support

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Support matching program to award student aid as a result of raising an equal amount of endowed donations. The University also matched certain endowed donations.

	(thousands of dollars)			
	March 31, 2023*		March 31, 2022*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**95,617**	**16,301**	92,115	16,006
Donations received	**157**	**273**	1,372	8
University matching		**1**	11	2
Transfer (to) from expendable funds	**(4,557)**	**82**	2,119	285
Endowments at book value, end of year	**91,217**	**16,657**	95,617	16,301
Cumulative unrealized gains	**9,568**		8,700	
Endowments at fair value, end of year	**100,785**		104,317	

	(thousands of dollars)			
	March 31, 2023*		March 31, 2022*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**5,831**	**2,863**	5,208	2,465
Realized investment (loss) income	**(931)**	**1,115**	5,635	1,352
Donations received			2	
University matching and contribution	**46**		69	
Transfer from (to) endowment balance	**4,557**	**(82)**	(2,119)	(285)
Bursaries awarded	**(3,116)**	**(609)**	(2,964)	(669)
Expendable funds available for awards, end of year	**6,387**	**3,287**	5,831	2,863
Number of award recipients	**952**	**260**	937	270

*As per Ministry of Colleges and Universities guidelines.

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 8) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael’s College and the Toronto School of Theology) are not included in these consolidated financial statements.

14. Net change in other non-cash items

The net change in other non-cash items is as follows:

	(millions of dollars)	
	April 30, 2023	April 30, 2022
Accounts receivable	**31**	27
Inventories and prepaid expenses	**2**	3
Accounts payable and accrued liabilities	**(143)**	219
Deferred contributions	**22**	125
	(88)	374

15. Donations

During the year, the University raised pledges, gifts and philanthropic grants of $154 million (2022 - $206 million). In 2023, $137 million was recorded as revenue, of which $103 million was received in the current year and $34 million was received and deferred in prior years, and $51 million was recorded as a direct addition to endowments (note 11) and is not recorded as donations revenue. In 2022, $103 million was recorded as revenue, $57 million was recorded as a direct addition to endowments (note 11) and is not recorded as donations revenue, and $46 million was deferred.

16.Government and other grants for restricted purposes

During the year, the University received $459 million (2022 - $460 million) of government and other grants for research and $49 million (2022 - $45 million) for capital infrastructure and other purposes, of which $468 million (2022 - $458 million) was recorded as revenue, $36 million (2022 - $47 million) was deferred (see notes 8 and 9) and $4 million (2022 - nil) was recorded as a direct addition to endowments (note 11) and is not recorded as donations revenue.

17.Financial risks and risk management

The University is exposed to various financial risks through transactions in financial instruments. The majority of these risks are related to investments in the LTCAP. To manage the investment risk of the LTCAP portfolio, the University has set the benchmark Reference Portfolio with an asset mix that reflects its long-term return objectives and risk appetite. The University monitors and limits the active risk, which is defined as the volatility in the actual portfolio minus the volatility in the Reference Portfolio. The University uses risk systems and data management tools to evaluate risk exposures across multiple asset classes, as well as the total portfolio. If the measured risk of the portfolio exceeds the limit, actions will be taken to reduce the portfolio's risks.

Foreign currency risk
The University is exposed to foreign currency risk from direct and indirect (e.g., pooled funds) investments that are denominated in currencies other than the Canadian dollar. Fluctuations caused by changes in the currency rates applied to these investments can result in a positive or negative effect on the fair value of the investments and on the cash flows from these investments. To manage foreign currency risk, the University has established a benchmark currency hedging policy for both the LTCAP and EFIP. In 2023, the benchmark policy for the LTCAP is to hedge 50% (2022– 50%) of the currency exposure of all the asset classes of the Reference Portfolio, with the exception of emerging markets which are unhedged. The benchmark policy for EFIP is to hedge 100% (2022 – 100%) of its non-Canadian currency exposure. As at April 30, 2023, the fair value of investments denominated in foreign currencies was $3.0 billion (2022- $2.8 billion), of which $1.9 billion (2022 - $1.8 billion) was hedged.

Credit risk
The University is exposed to credit risk in connection with its fixed income investments and derivative contracts because of the risk of a financial loss caused by a counterparty's potential inability or unwillingness to fulfil its contractual obligations. To manage the credit risk exposed from direct fixed income holdings or from the use of derivatives, limits are established for individual counterparties, and these are monitored regularly. The majority of the University's fixed income investments are in highly rated securities. As at April 30, 2023, 38% (2022 - 38%) of the University's bond exposure from derivative instruments and direct fixed income investments were either unrated or had market appropriate credit equivalent ratings of A or lower.

Interest rate risk
The University is exposed to interest rate risk with respect to its investments in bonds. As at April 30, 2023, the fair value of total investments in bonds was $3.8 billion (2022 - $3.5 billion), composed of $1.5 billion (2022 - $1.3 billion) of bonds indirectly held through pooled funds and $2.3 billion (2022 - $2.2 billion) of notional bond exposure arising from derivative financial instruments. As at April 30, 2023, the University did not hold bonds directly (2022 - $9 million) in its portfolios. The interest rate risk of fixed income exposures is managed based on the interest rate risk of the Reference Portfolio in LTCAP and based on the interest rate risk of the target portfolio in EFIP.

Liquidity risk
The University is exposed to liquidity risk if it does not maintain sufficient liquidity to manage its obligations associated with its derivative financial instruments, the funding of calls from private market funds and the annual LTCAP distribution for spending. The University has developed a system that models the potential liquidity needs of the LTCAP under stressed market conditions. This helps ensure that adequate cash and other sources of liquidity are available to meet all liquidity needs over an stress-test extended period. The same modelling analysis ensures that the University can, if necessary, rebalance LTCAP's asset mix to match the target asset class weights of the Reference Portfolio.

Other price risk
The University is exposed to other price risk through changes in market prices (other than changes arising from interest rates or foreign currencies) with respect to its investments in public equity, private equity, fixed income, real estate, infrastructure and hedge funds. The factors that cause the changes in market prices may affect a specific individual investment, its issuer, or they may affect similar securities traded in the market. This risk is managed by having a benchmark Reference Portfolio, which reflects the University's risk appetite, and by monitoring actual risk against the risk of the Reference Portfolio.

18. Joint ventures

a. Toronto Pan Am Sports Centre Inc.

The Toronto Pan Am Sports Centre Inc. ("TPASC") is a jointly owned and controlled corporation (a joint corporation pursuant to the *Business Corporations Act* (Ontario) and the *City of Toronto Act* (2006)) by the University and the City of Toronto for the purpose of operating the Toronto Pan Am Sports Centre facilities that include a premier aquatics centre as well as a state-of-the-art training and competition venue. This joint venture is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes 50% of the joint venture's excess (deficiency) of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for TPASC was prepared in accordance with Canadian Public Sector Accounting Standards and represents the University's 50% share. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separately audited financial statements are prepared for TPASC (as at and year ended December 31, 2022).

	(millions of dollars)	
	December 31, 2022	December 31, 2021
Total financial and non-financial assets	**14**	13
Total financial liabilities	**1**	1
Accumulated surplus	**13**	12
Revenues	**6**	5
Expenses	**7**	6
Operating deficit	**(1)**	(1)
Cash flows used in operating activities	**(1)**	(1)
Cash flows used in investing activities	**(1)**	(1)
Cash flows from financing activities	**2**	2
Net change in cash		

As at December 31, 2022, the University's share of the accumulated surplus of $13 million (2021 - $12 million) represents unspent funds designated in support of major maintenance and capital requirements. No amounts have been recorded in these consolidated financial statements as the University's share of the accumulated surplus is not contemplated to be and is not readily realizable by the University.

During the year, the University paid $2 million (2022 - $2 million) in user fees to TPASC representing its share of the cost for using the facilities. During the year, the City of Toronto and the University each acquired an additional 5,360 (2022 – 5,340) common shares of TPASC in exchange for $2 million (2022 - $2 million) each representing funding from the Legacy Funding agreement dated December 18, 2014, to be contributed to TPASC to fund capital reserves and operating costs. These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The construction of the Toronto Pan Am Sports Centre was governed by virtue of an agreement prior to the establishment of TPASC. The University has recorded $90 million (2022 - $90 million) in capital assets (note 4), representing the University's 50% share of the construction cost of the facility.

b. TRIUMF

The University is a member, with 13 other universities, of TRIUMF, Canada's national laboratory for particle and nuclear physics located on the University of British Columbia ("UBC") campus. TRIUMF is a joint venture and was an unincorporated registered charity prior to June 1, 2021. On June 1, 2021, TRIUMF transferred all of its assets and liabilities to TRIUMF Inc., a not-for-profit corporation. From that day onward, the University became a member of the corporation with the 20 other universities. Each university has an undivided 1/21 interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal government grants, and the University has made no direct financial contribution to date. TRIUMF's net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities and results of operations of TRIUMF are not included in these consolidated financial statements (note 21c).

The following financial information for TRIUMF was prepared in accordance with Canadian Public Sector Accounting Standards, including accounting standards that apply to government not-for-profit organizations, except that all capital assets and related provisions for decommissioning costs, if any, are expensed in the year in which the costs are incurred. Any differences in the reporting framework are not material to the University's consolidated financial statements.

	(millions of dollars)	
	March 31, 2023 (unaudited)	March 31, 2022
Total assets	**59**	51
Total liabilities	**17**	10
Total fund balances	**42**	41
Revenues	**100**	99
Expenses	**99**	104
Excess (deficiency) of revenues over expenses	**1**	**(5)**

19. MaRS Phase 2 Investment Trust

During fiscal 2016, the University acquired a 20% interest in MaRS Phase 2 Investment Trust (the “Trust”), a unit trust governed by the laws of the Province of Ontario, established by deed of trust dated July 15, 2011 with MaRS Discovery District, a charitable organization, as settlor for $31 million. The Trust was established to develop and manage a 20-storey state-of-the-art building that is a world-class convergence centre dedicated to improving commercial outcomes from Canada’s science, technology, and social innovations. This investment is accounted for using the equity method. The University has assessed the investment value in the Trust upon acquisition and as a result, the University has written down the investment to nil at April 30, 2016. There have been no changes to the investment value as at April 30, 2022 and 2023.

During the year, the University made payments of $13 million (2022 - $12 million) to the Trust for leasing certain premises and its related operating costs.

These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The future base rent lease payments for space rentals are as follows:

	(millions of dollars)
2024	5
2025	4
2026	4
2027	6
2028	6
Thereafter	76
	101

20. Other commitments

a. The estimated cost to complete construction and renovation projects in progress as at April 30, 2023, which will be funded by operations and donations, is approximately $1.7 billion (2022 - $1.4 billion).

b. The future annual payments under various operating equipment leases are approximately $6 million.

c. The future base rent lease payments for space rentals are as follows:

	(millions of dollars)
2024	18
2025	18
2026	17
2027	18
2028	17
Thereafter	115
	203

21. Contingencies

a. The University has a program under which it guarantees bank loans to faculty and staff members to assist in the purchase or refinancing of their homes. The University holds mortgages as collateral security against such guarantees. As at April 30, 2023, the amount of loans guaranteed was $12 million (2022 - $12 million). The University's estimated exposure under these guarantees is not material.

b. The University issues irrevocable standby letters of credit for its capital construction projects that guarantee payments to the City of Toronto if it fails to perform certain restorative work at the completion of its capital construction projects. As at April 30, 2023, the amount of outstanding letters of credit issued was $25 million (2022 - $19 million).

c. The members of TRIUMF and the Canadian Nuclear Safety Commission ("CNSC") approved a decommissioning plan that requires all members to be severally responsible for their share of the decommissioning costs as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has put in place a plan for funding the cost of decommissioning that does not require any payments from the joint venture partners.

d. 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 obligation for these assets will be recorded in the period in which a legal obligation exists or when there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

e. The nature of the University's activities is such that there are usually claims or potential claims in prospect at any one time. As at April 30, 2023, the University believes that it has valid defences and appropriate insurance coverage in place on certain claims that are not expected to have a material impact on the University's consolidated financial position. There also exists other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are required.

f. On January 1, 2023, the University entered into a membership with a reciprocal exchange of insurance risks, named the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). This self-insurance reciprocal, in association with 77 other Canadian universities, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. Plan members are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at December 31, 2022, the date of the latest financial statements available, CURIE was fully funded with surplus of $106 million.

TAB 4

Financial Report 2024

April 30, 2024

University of Toronto Financial Services

UNIVERSITY OF TORONTO

DEFY GRAVITY

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RESULTS AT A GLANCE

ENROLMENT

Student enrolment increased by 2.7% to

88,652 FTE

REVENUE

Revenue increased by 8.5% year-over-year to

$4.6 billion

NET INCOME

Positive net income of 10.9% of revenues before allocations to reserves

$508 million

DEBT

Debt burden is 2.1% of expenses based on internal and external debt of

$1.1 billion

ENDOWMENTS

Donations and grants of $66 million and 11.4% return in LTCAP result in market value of

$3.6 billion

CAPITAL ASSETS

Value of capital assets after $369 million additions and $222 million amortization

$6.0 billion

Highlights

Established in 1827, the University of Toronto (the "University") is Canada's top-ranked university, providing world-class research and teaching to over 97,000 students across our three campuses: downtown Toronto ("St. George"), Scarborough ("UTSC") and Mississauga ("UTM").

As one of the largest universities in North America, the University provides students with a broad range of academic programs and courses, while a unique college system offers the rich learning experience of small, close-knit communities. The following financial report reveals a vibrant university in positive financial shape approaching its bicentennial year in 2027.

Over the past 5 years, the University has benefited from the Ontario and Federal governments' continued financial support for higher education and advanced research, helping to ensure access, increase graduate enrolment, and finance vital infrastructure. During that same period, the University has grown significantly, with an increase of 7.7% in the number of students.

Looking ahead, the University of Toronto remains focused on implementing the priorities articulated in the Towards 2030 academic plan. The University's Three Priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University:

- Finding new ways to take advantage of prime locations in the Greater Toronto Area. This includes deepening relationships with local partners and heightening contributions to the success of the GTA as one of the world's most diverse and dynamic metropolitan regions;
- Strengthening international partnerships with other great universities, by facilitating student mobility and faculty exchanges, as well as joint initiatives in research, conferences, and teaching; and
- Developing new, innovative curricula and non-curricular activities that enhance the student experience, to re-imagine undergraduate education. This includes embracing the demand to prepare students for the labour market and the opportunities of the digital age.

As the University builds upon its great success to date, it will continue to draw on the talent and leadership of faculty and staff, as well as the loyalty and generosity of alumni and benefactors. At the same time, the University will need strong support from government partners—at all levels—that recognize the University's unique and critical role within Canadian higher education.

Financial Results and Challenges

The University continues to be in a strong financial position due to high demand for our programs. However, with slowing enrolment growth and limits on domestic and international fees, the University is heading into a period of lower revenue growth compared to the past decade. Conversely, expenses are outpacing revenue growth due to a recent period of high inflation and significant compensation increases as a result of recent collective agreements, putting pressure on divisional budgets going forward.

In fiscal 2024, the University's net assets increased by $923 million to a total of $9.9 billion. The increase was primarily the result of strong investment returns of $724 million, actuarial gains on employee future benefit plans of $131 million, and restricted donations to the University's endowment of $66 million.

The University's net income of $508 million was driven largely by strong returns on working capital investments in the current high interest rate environment, as well as funds set aside for future priorities in accordance with approved academic and budget plans. The positive net income also includes capital infrastructure costs that were capitalized and not expensed in the year offset by amortization expense. These capital investments included projects such as the UTSC Instructional Centre II, new Student Residences at the St. George campus, the Academic Wood Tower, the Scarborough Academy of Medicine and Integrated Health ("SAMIH") at UTSC, the Lash Miller Building expansion, and the UTM Science Building. Notwithstanding strong investment returns for the year, the increase in revenue from sources other than investment income was insufficient to offset the increase in expenses, primarily due to significant post-Bill 124 compensation increases negotiated with many of the University's bargaining units.

Overall, ancillary operations have recovered as revenues increased for the third consecutive year, exceeding pre-pandemic levels for the second straight year. Net income from ancillary operations has also returned to positive levels for the last two fiscal years. Despite the recovery, changes in demand due to flexible work arrangements, increased costs due to a period of high inflation, and rising staffing costs will continue to pose a challenge for ancillary operations.

Statement of Operations

Over the past five years, the number of students at the University has grown by 7.7%. This substantial increase in enrolment has raised revenues from student fees and government grants while also increasing expenses in salaries and benefits, due to the resulting growth in faculty and staff and related salary increases. In turn, higher numbers of students, faculty, and staff have increased the need for construction and renovations, which impact operating expenses as well as interest and amortization expenses. Planning for these capital infrastructure needs has included a prudent increase in financial reserves.

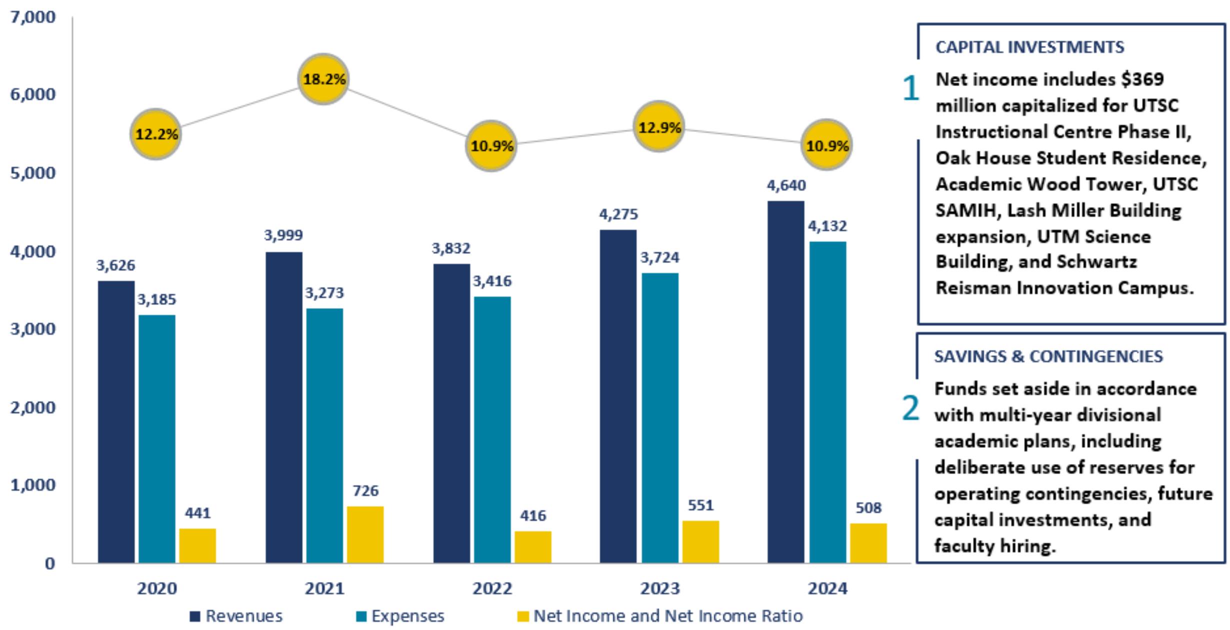
The University continues to welcome a large community of international students. Experience and data show consistently that this is an important factor in academic excellence and global competitiveness, as well as a major benefit to the regional and national economy. To mitigate the ways international student recruitment can be affected by geopolitical developments, the University has successfully pursued initiatives to diversify global recruitment. Fall 2023 saw significant progress in diversifying the incoming class of international students, which included students from 142 countries. The University drew more than forty students from 14 different countries and less than half from any single source.

Fiscal year ending April 30, 2024:

Revenues:	$4.6 billion
Expenses:	$4.1 billion
Net income:	$508 million

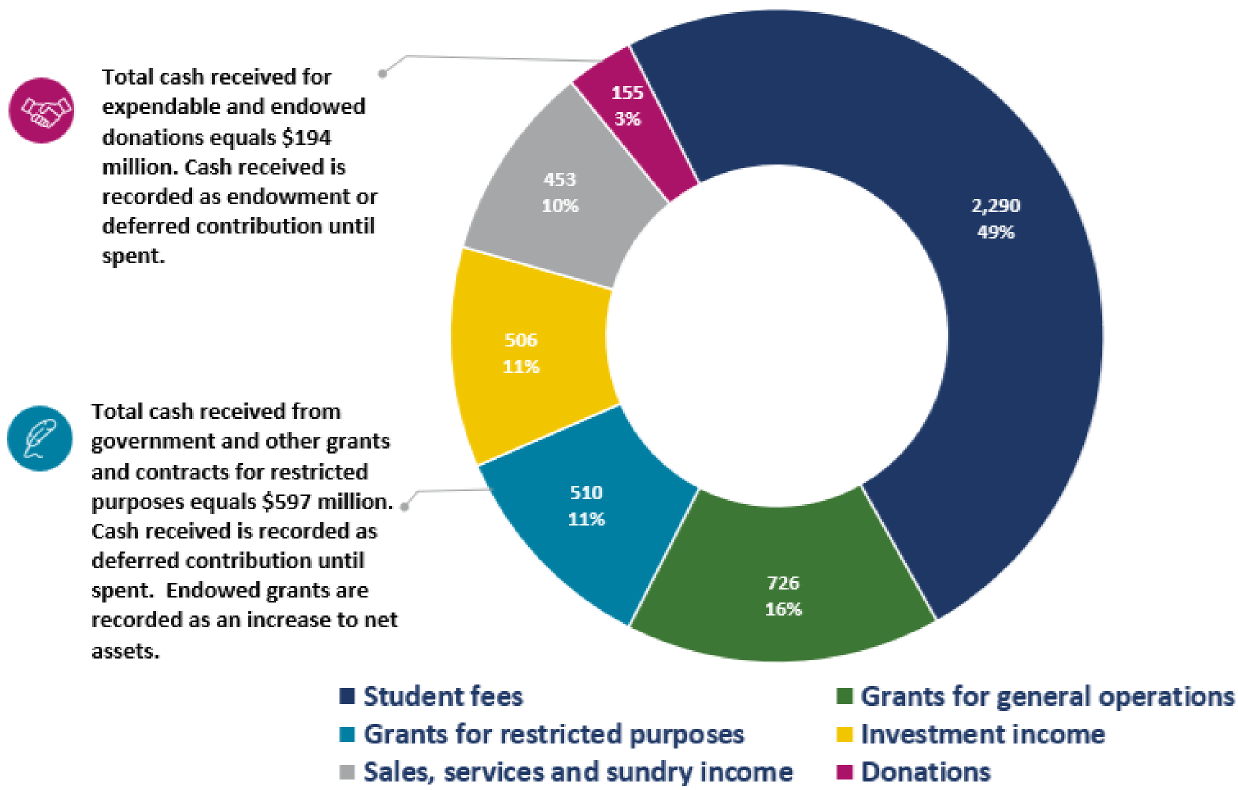
The net income of $508 million primarily reflects strong returns on working capital investments, funds used for capital infrastructure and funds set aside in accordance with multi-year divisional academic and budget plans. These plans call for deliberate use of reserves for operating contingencies, future capital investment in academic facilities and other amenities, and faculty hiring.

Figure 1: Revenue and Expenses
($ millions) for the year ended April 30



In 2024, $3.0 billion or 65.0% of revenues were from student fees and government grants provided in support of student enrolments. An additional $510 million represented government and other grants and contracts for restricted purposes. Together these three sources accounted for 76.0 % of revenues for the year. As noted above, sales, services, and sundry income (residence, parking, and food service operations) have seen substantial improvement, but continue to experience some negative impacts due to the adoption of flexible work arrangements.

Figure 2: Revenues by Category
($ millions)

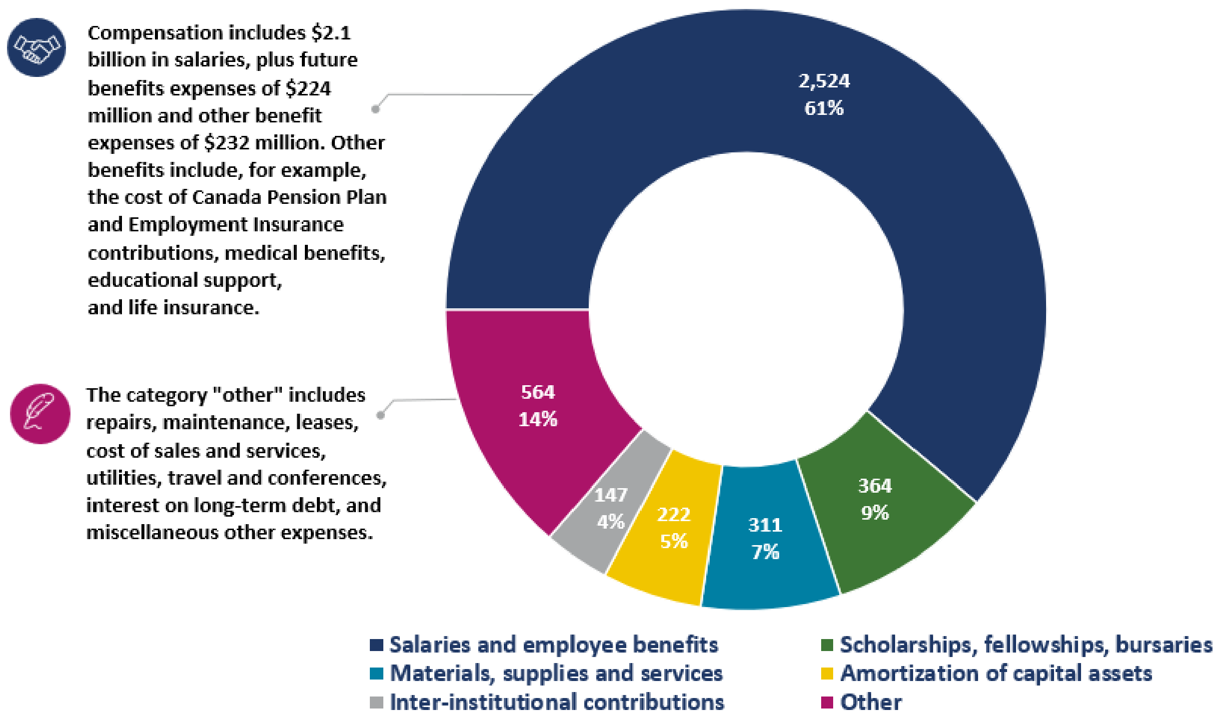


In 2024, the University paid $2.5 billion for salaries and employee benefits, comprising 61.1% of the University's $4.1 billion in expenses. Faculty and staff salaries and benefits relating to teaching, research and administrative activities are predominantly funded from University operating funds (mostly student fees and government grants).[1] Additional details on expenses include:

- $364 million for scholarships, fellowships, and bursaries (8.8% of total expenses)
- $311 million for materials, supplies and services (7.5% of total expenses)
- $222 million for amortization of capital assets (5.4% of total expenses)
- $147 million for inter-institutional contributions (3.6% of total expenses)

[1] Additional details are provided in the "Salaries and Benefits" section below.

Figure 3: Expenses by Category
($ millions)



Balance Sheet

Fiscal year ending April 30, 2024:

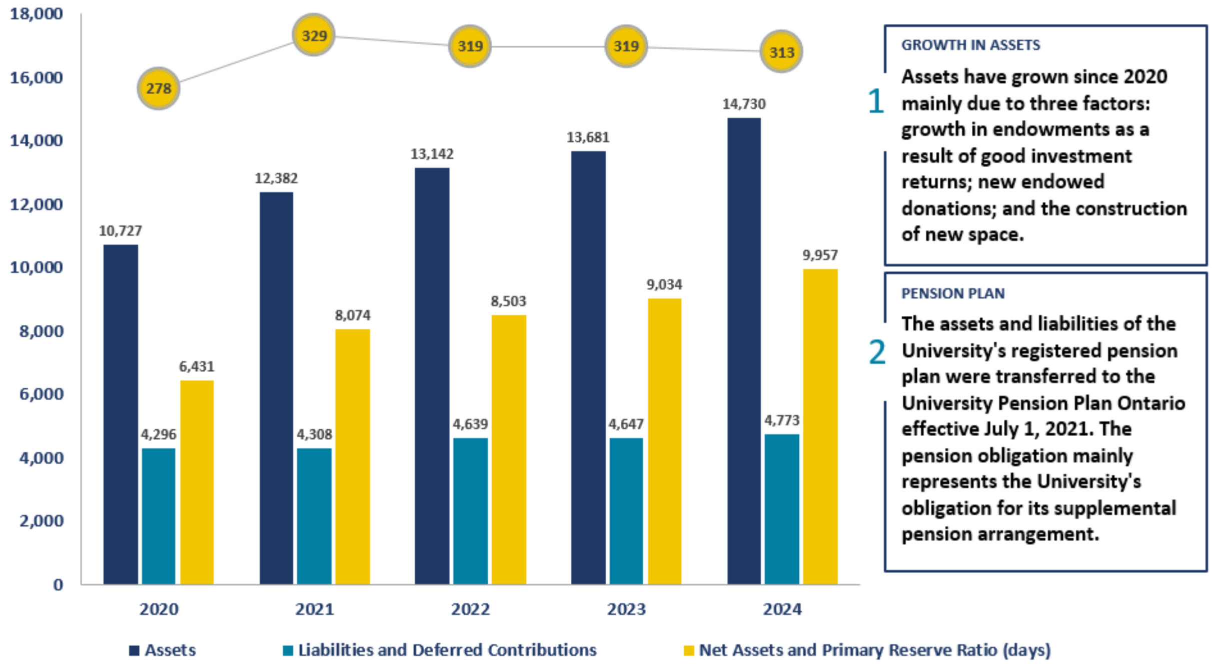
Assets:	$14.7 billion
Liabilities:	$4.8 billion
Net assets:	$9.9 billion

Assets have grown since 2020 mainly due to three factors: the growth in endowments as a result of investment returns; the receipt of endowed donations; and the construction of additional space to accommodate the increased number of students.

Net assets[2] increased by $923 million to $9.9 billion in 2024. This increase is mainly due to net income of $508 million, endowed donations and grants of $66 million, gain on externally restricted endowments of $218 million, and $131 million in remeasurements on employee future benefit obligations.

[2] Net assets reflect the University's net worth and change over time through the net income or net loss for the year, and changes in endowments. Changes in endowments may derive from receipt of endowed donations and investment income on externally restricted endowments (representing income earned above the amount made available for spending). Such income does not flow through the consolidated statement of operations but rather is added directly to the endowment balance in accordance with current generally accepted accounting principles for not-for-profit organizations.

Figure 4: Assets, Liabilities and Net Assets
($ millions) for the year ended April 30



Net assets are composed of the following:

- $3.6 billion of endowments, representing 36.3% of net assets,
- $6.8 billion of internally restricted net assets, and
- ($500 million) of deficit.[3]

The $3.6 billion of endowments represent over 7,200 individual endowment funds, which are restricted by Governing Council or donor agreements to approved academic priorities. Endowment funds for student aid and support totaled $1.6 billion in 2024.

The $6.8 billion of internally restricted net assets comprises:

- $2.4 billion in land
- $2.2 billion of investment in other capital assets[4]
- ($514 million) in net unfunded liability associated with pension and other employee future benefits, including the pension special payment reserve
- $1.8 billion in capital projects and infrastructure reserves
- $409 million of operating contingency reserves
- $556 million in other reserves held for future spending

[3] The deficit is largely due to the internal financing of capital construction in accordance with the University's debt strategy (see the "Debt" section below).
[4] This figure represents internal monies previously spent by the University for capital projects which will be reduced over time as these capital assets are amortized.

Deferred contributions increased by $73 million in 2024, mainly due to donations and research grants received and held for future spending.

Role of the Government of Ontario

The provincial government provides operating grants and regulates tuition fees for domestic students in publicly funded programs. The provincial government also invests in student financial support, research, and infrastructure.

Provincial Operating Grants

The Ontario post-secondary education system operates under a differentiation policy framework. The framework is operationalized through a series of institutional Strategic Mandate Agreements, which specify the role of each university in the system and how they will build on institutional strengths to drive system-wide objectives and government priorities.

Fiscal year 2023-24 was the fourth year of the University's third Strategic Mandate Agreement with the Province ("SMA3"), which covers the period April 1, 2020 to March 31, 2025. With the implementation of SMA3, a significant portion of existing operating grant revenue is being re-directed to a differentiation envelope tied to performance metrics.

Over the course of 2019, the Council of Ontario Universities worked with the Ministry of Colleges and Universities to introduce mechanisms to the SMA3 performance-based funding formula that increase predictability and minimize volatility for institutions. For funding purposes, each university is measured against its own past performance, not against other institutions. Targets are established formulaically, taking into consideration past performance and the variability of results in recent years. Each target includes a range of allowable performance outcomes, with partial funding provided if performance falls below the allowable performance range.

As Canada's leading research-intensive university, performance-based funding allows the University to benchmark its strengths in areas such as innovation, research funding, and graduate employment, and have funding reflect its achievements in these areas. The University has allocated its performance-based funding envelope among ten metrics, with an option to adjust each year in response to changing priorities. However, in recognition of the potential impact of the COVID-19 pandemic on performance metrics, the Province suspended any financial impacts from the new funding framework for the first three years of the SMA3 period. In 2023-24, the new framework was activated with 10% of funding linked to the metrics. This will increase to 25% in 2024-25. The University exceeded its targets in the first four years of the SMA3 evaluation period and does not anticipate any reductions to funding in the future.

The SMA3 also sets out a multi-year enrolment plan. In response to Ontario's changing demographics, the University and the Province have agreed to hold constant the level of domestic undergraduate enrolment at the University of Toronto over the period of the agreement. The University will be eligible for full enrolment funding provided it maintains a five-year average enrolment within ±3% of its target. This excludes separately funded enrolment expansions in nursing and the Scarborough Academy of Medicine & Integrated Health described below.

In May 2022, the Government announced funding to support the new SAMIH, which will expand enrolment in our MD, Physical Therapy, and undergraduate life sciences programs on the Scarborough campus. In addition, the physician assistant program and a portion of our nurse practitioner program will be delivered through SAMIH. In 2023, the Government announced a further expansion of some medical programs which will result in additional growth funding for spaces in health science programs.

The Government is also providing funding for the expansion of our undergraduate nursing program as part of their broader strategy to address health sector workforce shortages.

Tuition Fees and Student Aid

On January 17, 2019, the Province announced a 10% cut to domestic tuition fees beginning in 2019-20, and a freeze at that level for 2020-21. The freeze will be extended through to at least 2026-27, however institutions will be allowed to increase tuition by up to 5% for domestic, out-of-province students. Tuition fees paid by international students are not regulated by the Province and were therefore unaffected. The tuition fee freeze is applied to domestic students in Ontario enrolled in all programs that are funded via the provincial operating grant, including direct entry undergraduate, second entry and professional master's, and doctoral stream programs. The cumulative impact of the 10% reduction and four-year freeze is a reduction in domestic student fee revenue of approximately $195 million in 2024 relative to the previous 3% framework, which had a differential impact across the University depending on program mix and divisional revenue sources. Strategies used to mitigate the impact included changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies.

Student fees revenue increased by $86 million from last year to $2.3 billion mainly because of increased international fees and enrolment growth.

The University remains committed to the goal of accessibility and to working with the Provincial and Federal governments to support access. Students have access to a wide range of financial supports through the University in addition to those available through government loan and grant programs like the Ontario Student Assistance Program ("OSAP"). Some are based on need, and others on measures of merit, such as academic achievement or leadership. There are supports for international and Canadian students as well as dedicated supports for students with disabilities. In 2024, the University spent $364 million on scholarships, fellowships, and bursaries, a 40.5% increase from $259 million in 2020.

The Province's 2019 changes to the OSAP have reduced the overall amount of non-repayable student aid for students, including the University's regulatory obligation to cover unmet financial need as defined by OSAP under the Student Access Guarantee. However, the University remains firm in its internal access guarantee that financial circumstances should not stand in the way of a qualified domestic student entering or completing their degree and has provided additional needs-based support to students beyond the government requirements.

Capital Funding

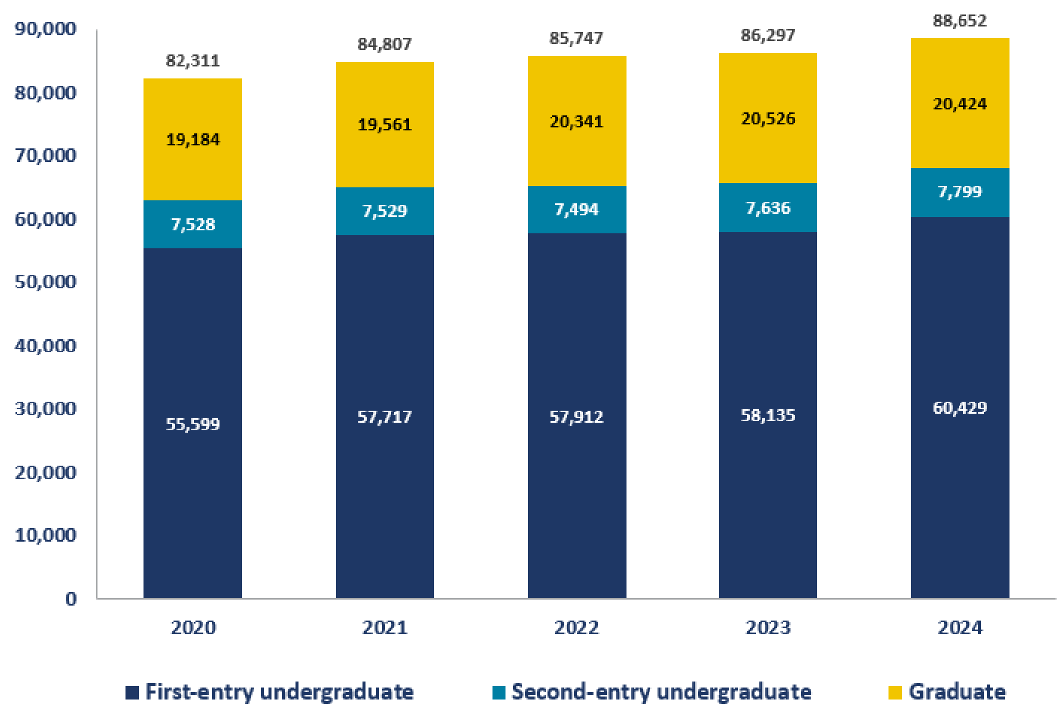
In 2022, the Province announced an investment of $583 million over three years to help colleges and universities provide a modern and safe learning environment, both virtually and on campuses. This funding will help modernize classrooms and support virtual learning projects that increase access to post-secondary education for students. This investment includes $493 million through the Facilities Renewal Program ("FRP") to help with the critical maintenance repairs, upgrades, and renewal of existing facilities. In 2024, the Province announced an additional $90.1 million over three years to repair and renovate existing facilities through the FRP and $72.8 million over three years for state-of-the-art, industry-standard equipment at colleges and universities. The University receives about $11 million in annual funding under the FRP.

Student Enrolment

Demand for student spaces has increased significantly since 2020 as a result of population growth in Ontario, increased higher education participation rates and a growing reputation around the globe as a destination of choice for international students. The University has increased enrolment to accommodate this additional student demand with student FTE enrolment increasing from 82,311 in 2020 to 88,652 in 2024, an increase of 7.7%. Given the current limits on domestic enrolment under the Government's SMA3 enrolment corridor, the majority of growth over this period has been in international enrolment as part of the University's academic plan. Approximately two-thirds of domestic students entering direct entry undergraduate programs come from the Greater Toronto Area.

Although the University has received full average funding from the Province for enrolment of additional domestic students under previous expansion programs, neither government grants nor regulated tuition fees have kept pace with inflation over time. Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities.

Figure 5: Number of FTE Undergraduate and Graduate Students
as at November 1



Financial Planning

The University is heading into a new planning environment of lower revenue growth compared to the past decade, with slowing enrolment growth and limits on domestic and international fees. Revenues are expected to increase modestly over the next several years, primarily as a result of increasing international enrolment, domestic enrolment changes within the ±3% flexibility of the fixed provincial funding envelope, separately funded enrolment expansion programs, and modest fee increase assumptions. Since the potential for new revenues is primarily tied to enrolment growth, the University will need to continue pursuing initiatives to increase the effectiveness of service delivery and expense containment measures to ensure that resources are directed to the highest priorities.

The long-range academic and budget plan for 2024-25 to 2028-29 incorporates the freeze of domestic tuition fees for 2024-25 and a modest increase in operating grant funding as announced by the Government in February 2024 in response to their Blue-Ribbon Panel on postsecondary financial sustainability. With enrolment growth slowing and limits to domestic and international tuition fees, revenue growth is anticipated to slow to less than 3% by the end of the five-year planning period. This will have a differential impact on each division, depending on program mix and divisional revenue sources, although the University Fund component of the University's budget allocation model can be used to help smooth some of the most significant impacts. Adjustments to divisional budgets will differ based on local priorities but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies.

Research and Capital Infrastructure

The Institutional Strategic Research Plan 2024-29 ("ISRP") will guide the University's efforts to solve global challenges and build partnerships with the community. The ISRP articulates five strategic objectives that will inform and propel the University's research and innovation over the next five years. Cultivating an environment to leverage opportunities and foster collaboration and partnerships is a key objective of the ISRP. Strong research funding support from the provincial and federal governments, and a broad range of other public and private sector entities, are key to the University's research and innovation preeminence, including support for research operations and infrastructure that help the University to attract and retain top research talent from across Canada and around the world.

University researchers, scholars and innovators are successful in securing funds from a rich array of national and international sources, including the federal and provincial governments, the not-for-profit sector, and private-sector partnerships.

One hallmark of the successful combination of the innate strength of the University research community, and the intense institutional focus, is the achievement of the goal of increased Canada Research Chair ("CRC") allocations over five years. The University currently holds 330 CRCs spread across three campuses and nine fully affiliated hospitals, compared to 315 in 2020. The University has the country's largest allocation of CRCs (the next largest university allocation of CRCs is 192). In order to increase the participation of underrepresented groups nationally in the CRC Program, institutions are required to progressively meet targets for the representation of four designated groups (women and gender minorities, Indigenous peoples, racialized minorities, and persons with disabilities) among their chair cohorts, leading up to a December 2029 deadline. The University is surpassing its interim targets for CRCs in all four federally designated groups and is continuing efforts to ensure compliance with the program requirements into 2029.

The federal Research Support Fund ("RSF") and the Incremental Project Grant ("IPG") contribute to the institutional (also known as "indirect") costs of tri-agency funded research. In 2022-23, the RSF and the IPG provided critical indirect cost support of $62.4 million. This includes $4.3 million awarded to the University through a dedicated new RSF funding stream to build capacity within post-secondary institutions to identify, assess, and mitigate potential risks to research security. The University's effective rate of federal indirect costs recovered from these programs has averaged around 20% over the last decade, relative to the University's average indirect cost rate of 59%. While this investment is welcome, the gap (39%) in funding constrains our potential as an internationally competitive research institution and requires the redirection of funds to indirect costs of research from other operations, including our teaching function. The University will continue to work with the government with the goal of ensuring that the full costs of research are supported.

Other important government funded initiatives include the following:

- In its 2024 budget, the federal government announced more than $3 billion in investments in Canada's research ecosystem over the next five years. This includes increases to the tri-council funding agency budgets, additional support for master's and PhD students and post-doctoral fellows, and more money for major research infrastructure projects. The budget also earmarks $2.4 billion, previously announced, to consolidate Canada's competitive edge in AI - a field where U of T researchers are playing a leading role.

- In its 2024 budget, the provincial government announced $65.4 million in funding over three years to support research and innovation, including $47.4 million for the infrastructure refresh of Ontario's Advanced Research Computing systems. Approximately $26 million of this funding is earmarked for SciNet, the supercomputer centre at the University, which hosts one of the fastest supercomputers in Canada.

- In April 2023, the University was awarded a $200-million grant from the Canada First Research Excellence Fund ("CFREF") — the largest federal research grant ever awarded to a Canadian university — to revolutionize the speed and impact of scientific discovery through the Acceleration Consortium. The funding will support work on "self-driving labs" that combine artificial intelligence, robotics and advanced computing to discover new materials and molecules in a fraction of the usual time and cost. Applications include everything from life-saving medications and biodegradable plastics to low-carbon cement and renewable energy.

- In 2023, the Canadian Hub for Health Intelligence and Innovation in Infectious Diseases ("HI^3") was established. Led and anchored by the University, HI^3 is a collaborative, multidisciplinary, and multi-sector network of over 80 partners, supporting a robust domestic pipeline of life-saving vaccines and therapeutics targeting existing and emerging infectious threats. HI^3 is one of five newly created hubs established with support from the Canada Biomedical Research Fund ("CBRF"). In 2024, four research programs in HI^3, including one at the University, have received $72 million in federal funding from the CBRF and the Biomedical Research Infrastructure Fund ("BRIF").

- In 2023, the University received $35 million in critical research infrastructure funding from the federal government's Canada Foundation for Innovation's ("CFI") BRIF, to revitalize the Toronto High Containment Facility ("THCF"), an investment that positions the facility to play a significant role in addressing future pandemic and health threats in Ontario and Canada. The investment is the largest CFI grant U of T has received to date and will support the University's $85-million plan to modernize the 20-year-old facility. The provincial government contributed an additional $10M in 2024.

- In 2022, the federal government announced $125 million over five years, starting in 2022-23, and $25 million ongoing, for the RSF to build capacity within post-secondary institutions to identify, assess, and mitigate potential risks to research security. The University was awarded $4.3 million through this dedicated new RSF funding stream.

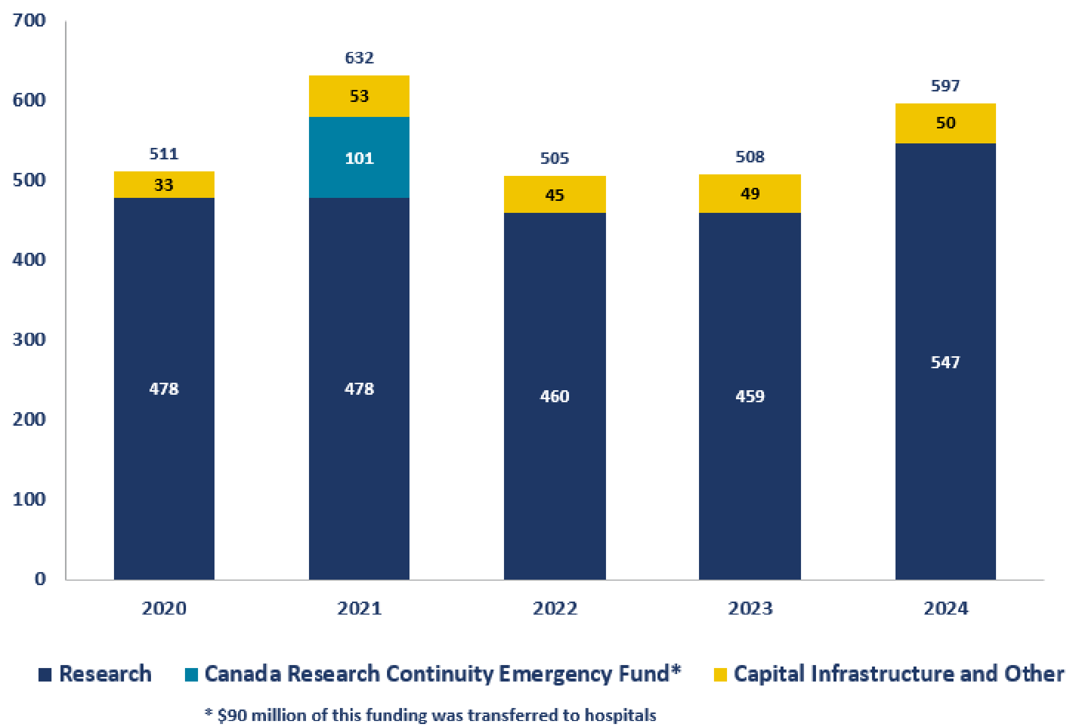
The University continues to expand its efforts in the innovation and entrepreneurship space, including the completion of the first phase of the Schwartz Reisman Innovation Campus. The project, which was made possible by a $100 million donation, will accelerate innovation in Toronto and Canada by creating the country's largest university-based innovation node. The 13-storey Schwartz Reisman West is the first of two buildings that will eventually comprise the Schwartz Reisman Innovation Campus.

The University continues to be successful at generating funding for research, including support for personnel, operations, and infrastructure. These financial statements account for funds received as follows:

- Research grants are recorded as revenue when the related expenditures are incurred; and
- Unspent research grants are recorded as deferred contributions.

Government and other grants received in 2024 for restricted purposes totaled $597 million, including $547 million for research and $50 million for capital infrastructure and other purposes. These were reported as follows: $510 million as revenue from grants for restricted purposes and $87 million as deferred contributions and deferred capital contributions.

Figure 6: Government and Other Grants and Contracts Received for Restricted Purposes
($ millions) for the year ended April 30



Salaries and Benefits

Over the period 2020 to 2024, salaries and benefits increased from $1.6 billion to $2.1 billion. This is the result of negotiated compensation increases for employee groups as well as an increase of 16.7% in the total number of faculty and staff over that time period. Salaries and benefits increased by more than 13% in 2024 as the cost of extraordinary post-Bill 124 compensation increases began to take effect.

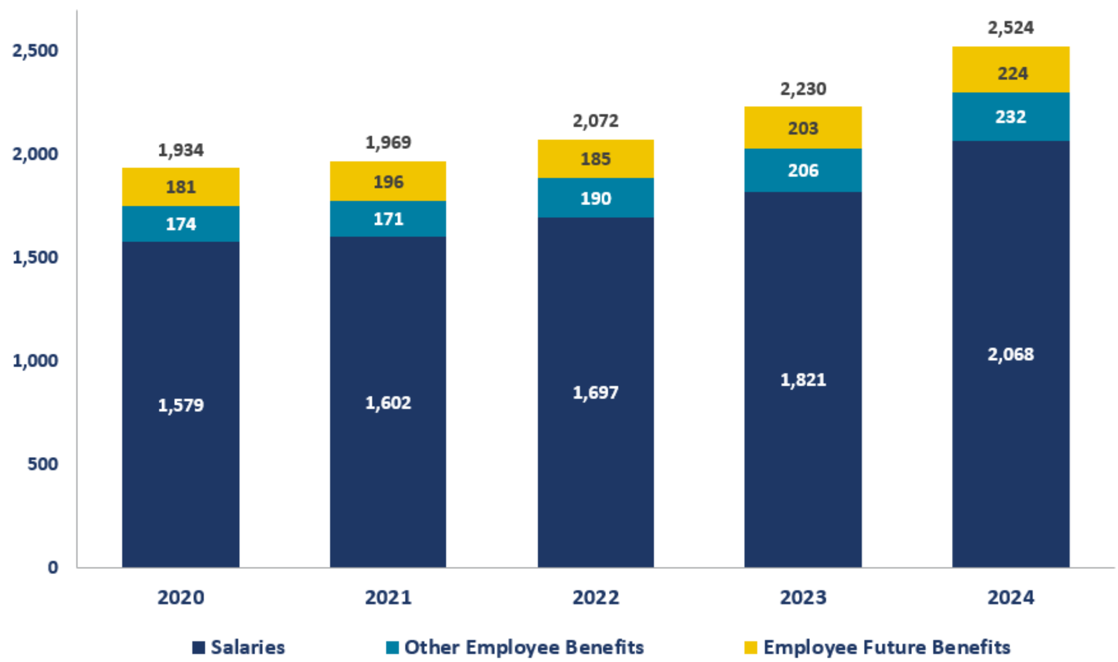
In 2024, the University had 3,624 faculty, 169 librarians, 9,048 administrative staff and 6,071 teaching and graduate assistants.[5]

The following are the most current agreements to April 30, 2024:

- Three-year agreement with administrative and technical staff, represented by the United Steelworkers (USW), starting July 1, 2023, to June 30, 2026, with 9% across-the-board salary increase at July 1, 2023, 2% at July 1, 2024, and 1.8% at July 1, 2025.
- An arbitrated award for across-the-board salary increases of 8% on July 1, 2022, the third year of a three-year agreement with faculty and librarians starting July 1, 2020, to June 30, 2023.
- Three-year agreement with the CUPE, Local 3902, Unit 1 representing students, mainly graduate students, working as teaching assistants, teaching laboratory assistants, markers, graders, and instructors starting January 1, 2024, to December 31, 2026. Compensation increases of 9% at January 1, 2024, 2% at January 1, 2025, and 1.8% at January 1, 2026.

Figure 7: Salaries and Benefits

($ millions) for the year ended April 30



Employee benefits expenses of $456 million for the year is made up of employee future benefits expenses of $224 million and other employee benefits expenses of $232 million.[6] Other employee benefits expenses include, for example, the cost of legislated benefits (e.g., Canada Pension Plan and Employment

[5] A total of 13,132 Sessional, Clinical and Research Associates also have teaching and research responsibilities.

[6] Employee future benefits represent benefits to be provided to employees in the future based on service in the current year. They include pensions, long-term disability insurance, cost of living adjustments for survivor income, and medical benefits for pensioners. These are accounted for using the accrual basis of accounting and therefore reflect the cost of providing these benefits irrespective of the amount of funding provided in support of these benefits.

Insurance), medical benefits for active staff, educational support, life insurance, and several types of leaves.

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer defined benefit pension plan. The UPP was formally established on January 1, 2020, to cover employees, retired employees, and other members under the currently existing plans at the University of Toronto, University of Guelph and Queen's University. The assets and liabilities of the University's registered pension plan ("RPP") were transferred to the UPP as at July 1, 2021 (the "Effective Date"). As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, all of whom transferred to the UPP, and benefits and contributions under the RPP ceased. The plan reported an actuarial surplus of $0.4 billion on a smoothed asset basis as of January 1, 2023.

The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, with any deficits to be funded over 15 years. The net pension obligations may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other participants of the UPP, after which the responsibility is totally shared with all participants. The University does not recognize any share of the UPP's pension surplus or deficit in its financial statements, but accounts for contributions to the UPP on a defined contribution basis.

At April 30, 2024, the accrued pension obligation of $140 million in the University's financial statements relates mainly to its supplemental pension arrangement. The obligation for employee future benefits other than pension at April 30, 2024 is $699 million. The obligation is determined based on actuarial valuations using accounting assumptions. The annual current service and finance costs are included in the consolidated statement of operations and any actuarial gains or losses are recorded directly in net assets instead of being reported in the consolidated statement of operations.

	Pension obligations		Other benefit plans	
	2024	**2023**	**2024**	**2023**
Plan status (at April 30):				
Assets	**$15 million***	$7 million	**$135 million**	$135 million
Obligations	**$140 million**	$136 million	**$699 million**	$803 million
Deficit	**$125 million**	$129 million	**$564 million**	$668 million

* In addition to these assets, the University has set aside a pension special payment reserve of $175 million in internally restricted net assets, including a payment of $60 million to the UPP as a prepayment of future obligations.

Space

The University has undertaken an ambitious capital construction program to accommodate increased numbers of students and expand and update research infrastructure. This program includes a significant expansion of the Mississauga and Scarborough campuses and further expansion and renovation on the St. George campus. Additional space requirements are partially due to growth in the numbers of graduate students and undergraduate medical students.

The University's future obligations for deferred and pending maintenance of all academic and administrative buildings (excluding campus/utility infrastructure and asbestos containment and removal) across all three campuses increased from $961 million in 2023 to $1.2 billion in 2024. Most of the growth can be attributed to two key factors - (i) persistent high inflation as the cost of non-residential building construction in the City of Toronto grew at the fastest rate in the last 40 years; and (ii) building systems simultaneously approaching end of useful life as many of these systems were constructed during two periods of large-scale facility growth at the University. This obligation will continue to be managed strategically to ensure the reliability of building systems and prevent unexpected failures and incidents.

The University is also planning to address deferred maintenance in the context of climate change. It is well established that climate change poses a significant risk to physical infrastructure. Decarbonization and infrastructure resilience are key prevention and mitigation strategies being employed alongside deferred maintenance. Project Leap, a $138 million infrastructure project which commenced in 2024, will cut emissions in half on the St. George campus by phasing out natural gas in favour of electricity in the campus's central steam plant and carry out deep energy retrofits to some of the most energy-intensive buildings.

The University continues to participate with all other Ontario universities in a study to assess the deferred maintenance liability. The methodology has recently been updated to include the associated costs of professional services and consulting fees in determining the deferred maintenance obligations of every university in the Province. The long-range academic and budget plan for 2024-25 through 2028-29 includes increases to our deferred maintenance capital budget to allow for increased investments in physical infrastructure.

In 2020, the University spent $13 million on the construction of the Schwartz Reisman Innovation Campus, $9 million on the UTM Meeting Place and Design building and $7 million on the UTM Science Building.

In 2021, the University spent an additional $35 million on the construction of the Schwartz Reisman Innovation Campus and $35 million on the UTM Science Building. The University also spent $30 million on the construction of the UTSC Student Residence, $14 million on the Robarts Library Pavilion, $10 million on the Fitzgerald Building Revitalization, $7 million on the Landscape of Landmark Quality, and $6 million on the UTSC Instructional Centre II.

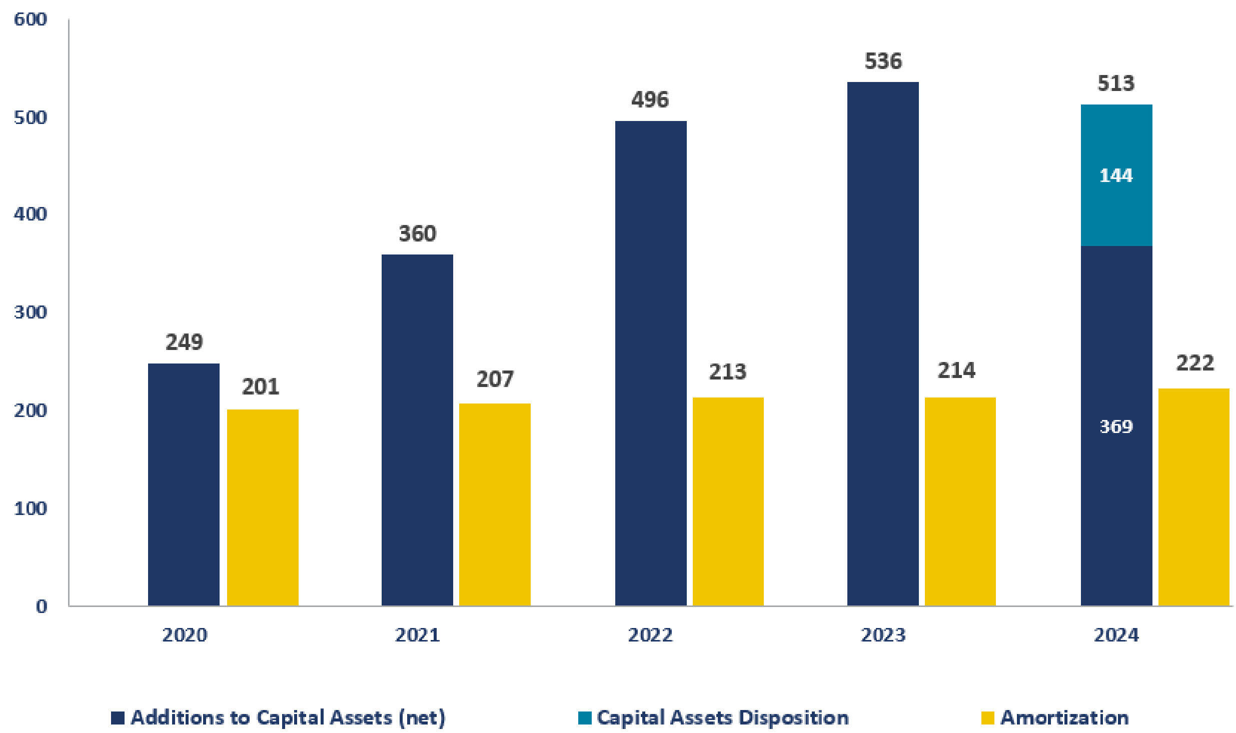
In 2022, the University spent an additional $77 million on the construction of the Schwartz Reisman Innovation Campus, $61 million on the UTM Science Building, $46 million on the construction of the UTSC Student Residence, $27 million on the Fitzgerald Building Revitalization, and $21 million on the UTSC Instructional Centre II.

In 2023, the University spent an additional $43 million on the construction of the Schwartz Reisman Innovation Campus, $30 million on the UTM Science Building, $43 million on the construction of the UTSC Student Residence, $13 million on the Fitzgerald Building Revitalization, $21 million on the Academic Wood Tower and $47 million on the UTSC Instructional Centre II. The University also spent $22 million on the new Oak House student residence at the St. George campus.

In 2024, the University spent an additional $76 million on the construction of the UTSC Instructional Centre II, $35 million on the new Oak House student residence at the St. George campus, $27 million on the Academic Wood Tower, $18 million on the UTSC SAMIH, $13 million on the UTM Science Building, and $10 million on the Lash Miller Building expansion. The University also completed construction of the Schwartz Reisman Innovation Campus (Phase 1).

The University also completed construction of Harmony Commons, a student residence located at the Scarborough campus. Harmony Commons was subsequently sold to a related party for $147 million, however, the University will continue to operate the residence for its students. The University also acquired a 20% share of CampusOne, a residence located near the St. George campus. Both these transactions give the University access to much needed student housing.

Figure 8: Capital Investment in Infrastructure
($ millions) for the year ended April 30



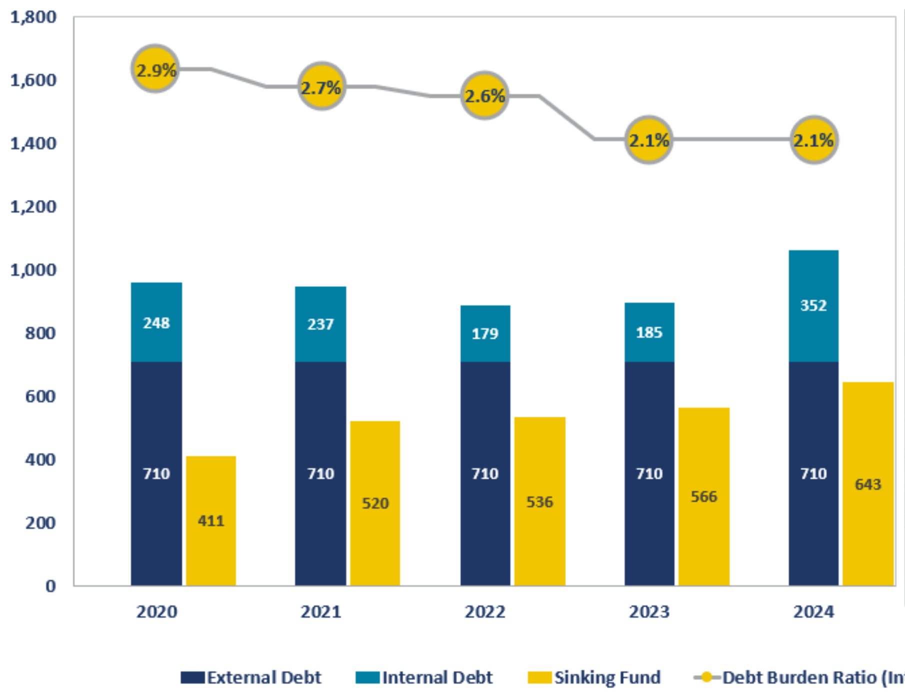
Debt

The University's debt strategy sets the debt policy limit based on a debt burden ratio of 6.0% (interest plus principal repayments divided by adjusted total expenditures). The University's definition of debt includes exposure to indirect (off balance sheet) debt held by joint venture partners. Prior to May 1, 2023, the debt policy limit was based on a debt burden ratio of 5.0%, however the definition of debt did not consider indirect debt.

The University is committed to prudently and strategically allocating debt to high priority capital projects. At 6.0% debt burden ratio, the debt strategy provides for a total debt limit of $2.95 billion at April 30, 2024, made up of external debt capacity of $1.81 billion plus $1.14 billion in internal financing. At April 30, 2024, the actual outstanding long-term debt consists of $710 million (gross of $1 million of issue costs and premiums) of debentures, and internal debt of $352 million. At April 30, 2024, the actual debt burden ratio was 2.1%, well below the 6.0% policy limit. The University has a voluntary sinking fund in the amount of $643 million that was established for the purposes of accumulating funds to repay the principal of the University's debentures at maturity.

Figure 9: Outstanding Debt

($ millions) for the year ended April 30



DID YOU KNOW ...

The University's debt policy limit is based on a debt burden ratio of 6.0% of total expenses, equivalent to $2.95 billion of internal, external, and indirect debt.

The current debt burden ratio is 2.1%, meaning the University can afford an additional $152 million in annual principal and interest payments - equivalent to $1.86 billion of unused borrowing room.

The University's credit ratings rank it as a strong investment-grade credit.

During the year, as part of Project Leap, the University secured two new credit facilities to fund the acquisition of clean and energy efficient equipment for use at its St. George campus in order to significantly reduce the University's annual carbon emissions. At April 30th, the University had not yet drawn on these facilities.

At April 30, 2024, the University's long-term credit ratings are Aa1 with stable outlook (Moody's Investors Service), AA+ with stable outlook (S & P Global Ratings), and AA with stable trends (DBRS Morningstar), which ranks the University as a strong investment-grade credit. All credit rating agencies rate the University above the Province of Ontario.

Donations

All fundraising conducted on behalf of the University's faculties, colleges, schools, and divisions is done in service to academic plans and priorities approved by the Provost with the involvement of Principals, Deans and faculty.

Immediately following the successful closure of the Boundless campaign on December 31, 2018, with $2.64 billion raised, the University entered the quiet phase of the new Defy Gravity campaign that will elevate the University's position as one of the world's leading public universities and advance the University community's outsized impact in solving complex social, economic, and health problems. The campaign will also seek to engage 225,000 alumni in one million contributions of time and talent and to raise $4 billion for the University's highest priorities—a target that reflects the ambition and scale of the University's community and its potential for global impact. Since January 1, 2019, the campaign has seen significant growth in fundraising momentum and alumni engagement.

For the period May 1, 2023 to April 30, 2024, the University raised a total of $312 million.[7] This amount includes $258 million in pledges and gifts (donations) and $54 million in philanthropic research grants from non-government sources.

Total fundraising performance (pledges, gifts, and grants) for the years ended April 30 was as follows:

	(millions of dollars)		
Year	**Pledges and gifts raised**	**Philanthropic research grants**	**Total**
2024	258	54	312
2023	256	52	308
2022	365	45	410
2021[8]	406	39	445
2020	196	40	236

Donations[9] are recorded in the financial statements as follows:

- Unrestricted expendable donations are recorded as revenue when received
- Restricted expendable donations are recorded as revenue when the related expenditures are incurred
- Unspent restricted expendable donations are recorded as liabilities (deferred contributions or deferred capital contributions)
- Endowed donations are not recorded as revenue, rather, they are added directly to endowments, as additions to net assets.

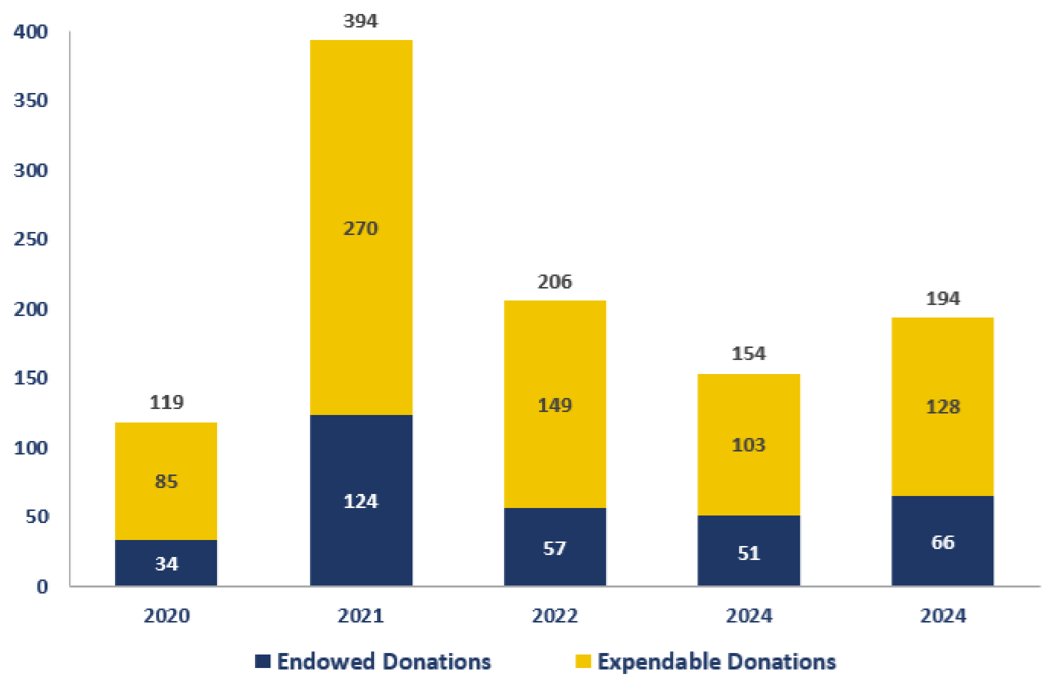
In 2024, donations received by the University (excluding receipts by the federated universities, other affiliated institutions, philanthropic research grants and donations to partner hospitals) totaled $194 million and were reported as follows: $155 million in expendable donations was reported as revenue, of which $128 million was received in the current year and $27 million was received and deferred in prior years, and $66 million was added directly to endowments. It should be noted that the following graph tracks donations received by fiscal year. There is usually a lag between the growth in pledges and related commitments, and the actual cash receipt of funds.

[7] This number includes federated universities and other affiliated institutions, but excludes donations to partner hospitals.

[8] In fiscal 2021, the University received $394 million in donations of which $250 million ($79 million endowed and $171 million expendable) was from the Temerty Foundation, established by James and Louise Temerty, making it the single largest gift in Canadian history.

[9] Donations revenue recorded in the University's financial statements does not include donations to the federated universities: Victoria University, University of St. Michael's College, and The University of Trinity College. Nor does it include philanthropic research grants, which are recorded as government and other grants revenue for restricted purposes.

Figure 10: Total Cash and Gifts-in-Kind Donations Received
($ millions) for the year ended April 30



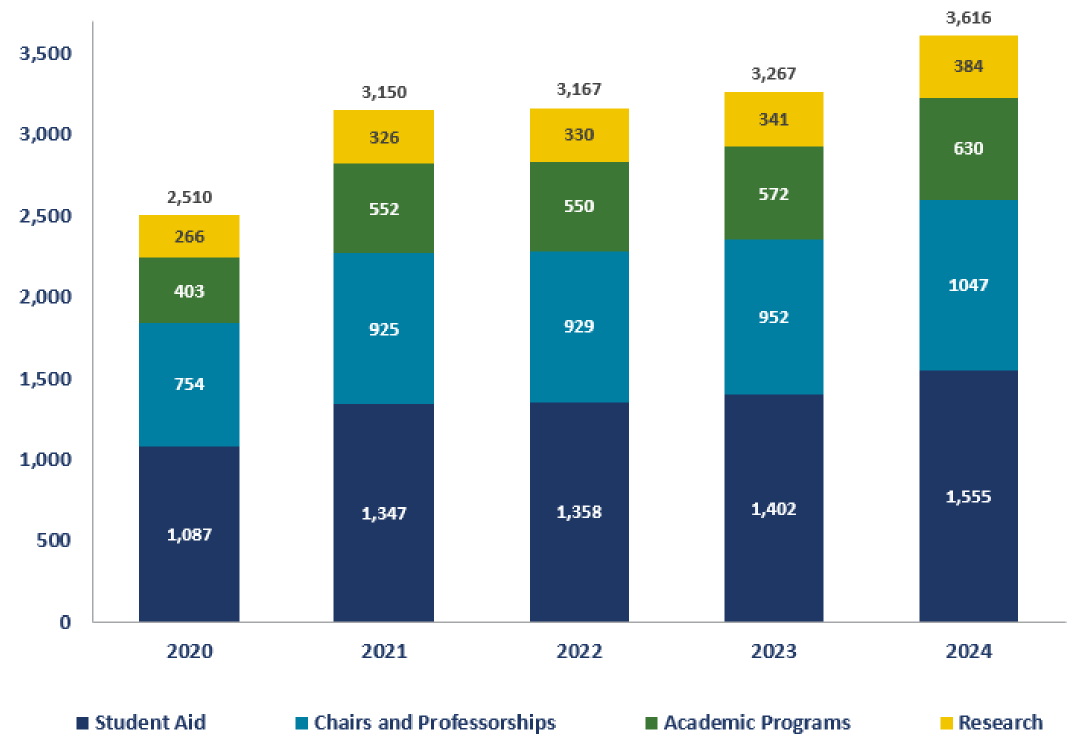
Endowments

Endowments are funds that are subject to restrictions relating both to capital and to investment earnings. The investment income earned on endowments are subject to the University's preservation of capital policy and must be used in accordance with purposes jointly agreed upon by the University and donors, or as determined by Governing Council. Endowments are not available for use in support of general operating activities.

Endowments are managed in a unitized pool with an annual spending rate. The University's endowment spending objective is to provide a predictable amount for spending (payout) each year that increases with inflation. To do this, the University preserves capital by constraining the annual spending rate and setting funds aside when investment returns are good. This strategy protects against inflation and creates a provision for investment return fluctuations from which funds can be released to maintain spending when there is a moderate downturn in the financial markets. The annual spending rate is expected to be between 3% and 5% of the opening market value of endowments. In 2024, the University implemented a new Advancement Investment Model (AIM) to provide a predictable source of income that supports strategic investment in fundraising and the University's ambitious plans to grow its annual fundraising results. AIM will include an annual levy on the endowment payout. In 2024, $6.7 million, or 0.24% of the opening market value of the endowment, will be directed to AIM, while the vast majority of the annual payout ($115 million of $122 million) will be distributed to individual endowment funds per normal practice. AIM is based on similar models used in other major Canadian and U.S. public and private institutions.

At April 30, 2024, there were more than 7,200 individual endowment funds, usually supported by an agreement between the University and a donor or reflecting a collection of small donations with common restrictions. The University's endowment market value was $3.6 billion (compared to book value of $3.07 billion including full inflation protection of $930 million). This leaves a preservation above inflation (provision for investment return fluctuations) of $543 million against a possible future market downturn. The majority of endowments are in support of student aid ($1.6 billion) and chairs and professorships ($1.0 billion).

Figure 11: Endowments at Fair Value
($ millions) at April 30



In fiscal 2024, the total fair value of endowments increased by $349 million as follows:

- $218 million increase on externally restricted endowments, consisting of a $324 million investment gain and a $106 million withdrawal for payout
- $38 million increase on internally restricted endowments, consisting of a $54 million investment gain and a $16 million withdrawal for payout
- $66 million of externally endowed donations and grants
- $27 million transfer into endowments

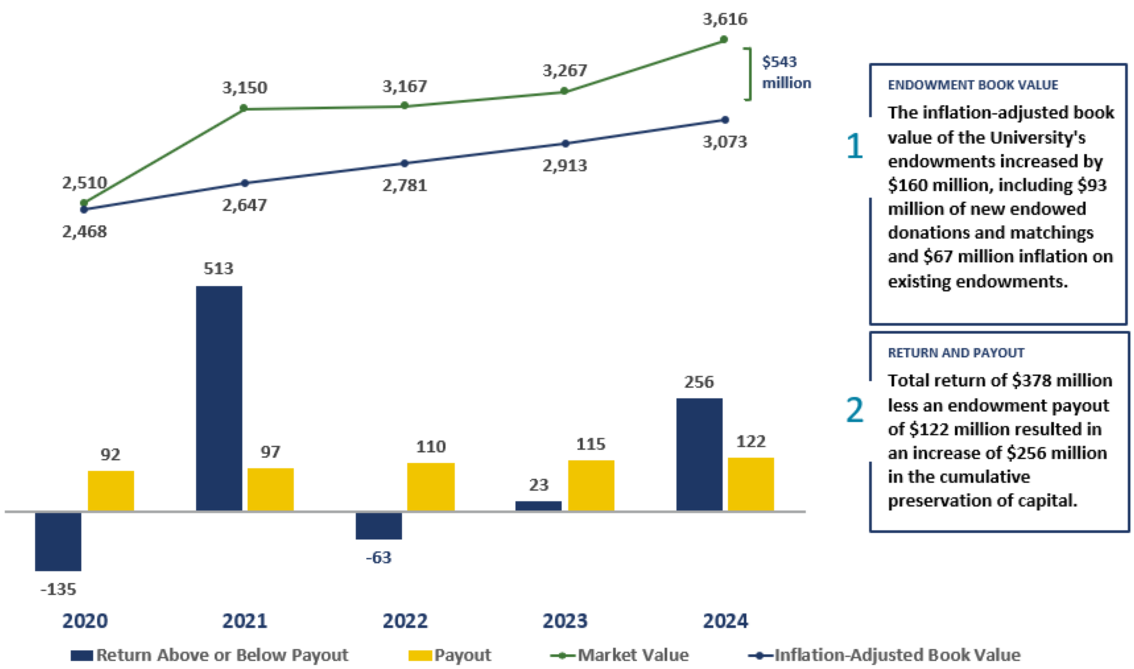
In fiscal 2023, the total fair value of endowments increased by $100 million as follows:

- $22 million increase on externally restricted endowments, consisting of a $121 million investment gain and a $99 million withdrawal for payout

- $1 million increase on internally restricted endowments, consisting of a $17 million investment gain and a $16 million withdrawal for payout
- $55 million of externally endowed donations and grants
- $22 million transfer into endowments

The following diagram shows the preservation of capital and payout over the five-year period starting in 2020:

Figure 12: Endowment Market Value, Preservation of Capital, Return, and Payout
($ millions) for the year ended April 30



Investment Earnings

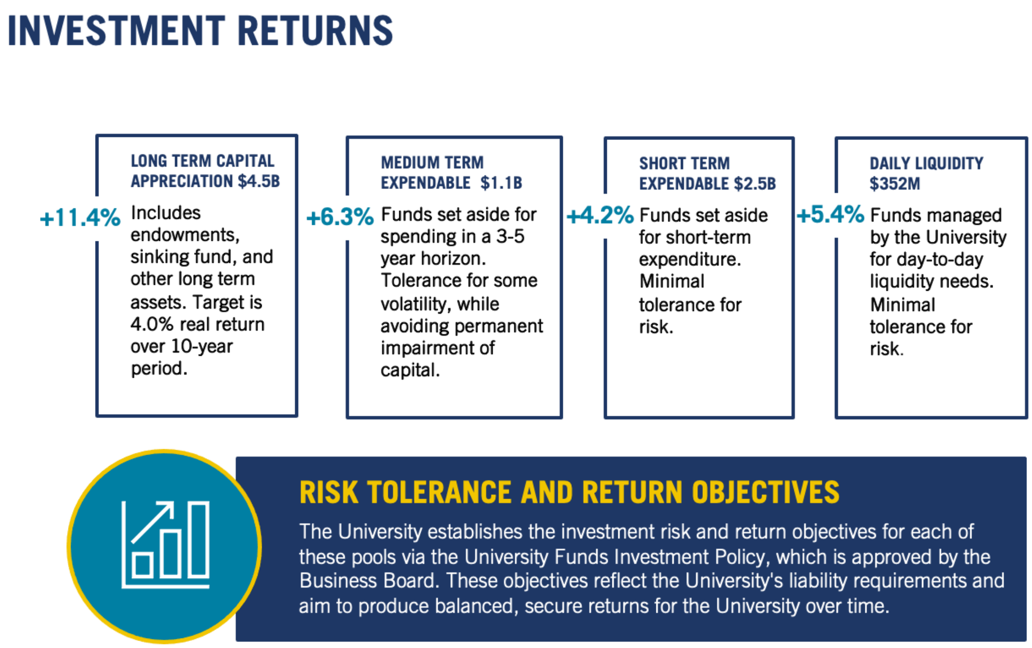
Total investment earnings for the year amounted to $724 million (gross of $67 million in fees and other expenses) consisting of $425 million gain on investments held for endowments and $299 million gain on other investments. These earnings were recorded in the financial statements as follows:

- $425 million gains on investments held for endowments (gross of $47 million in fees and other expenses), of which:
  - $218 million investment gain was recorded as a direct increase to endowments in the consolidated statement of changes in net assets
  - $207 million was recorded as investment income in the consolidated statement of operations, of which
    - $122 million was made available for spending
    - $47 million in fees and other expenses

- $38 million gain on internally restricted endowments

- $299 million gain on other investments (gross of $20 million in fees and other expenses) was recorded as an increase of investment income in the consolidated statement of operations

Figure 13: Investment Returns for the year ended April 30, 2024

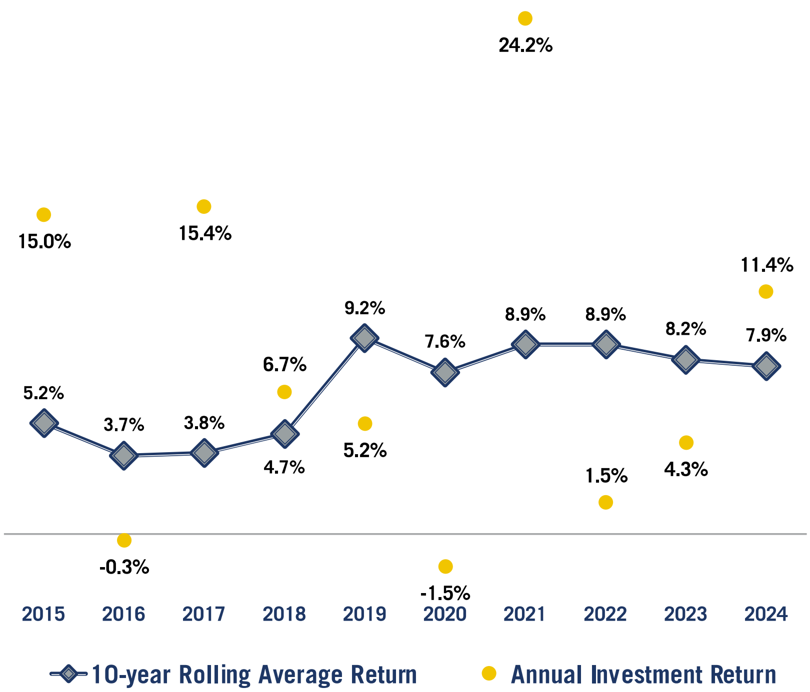


Almost all of the University's investments are invested in the long-term capital appreciation pool ("LTCAP") or the expendable funds investment pool ("EFIP"). The University establishes the investment risk and return objectives for each of these pools via the University Funds Investment Policy, which is approved by the Business Board. These objectives reflect the liability requirements and aim to produce balanced, secure returns for the University. Nonetheless, there is variability in investment returns on an annual basis. The actual investment return is a key determinant of whether the University records a net income or a net loss for the year.

Long-term Capital Appreciation Pool

The fair value of LTCAP was $4.5 billion at April 30, 2024, of which $3.6 billion was for endowments, representing 82.3% of the balance invested in LTCAP.

Figure 14: Long Term Capital Appreciation Pool (LTCAP) Returns
Annual and Ten-year Rolling Average



OBJECTIVES

1 The University establishes risk and return objectives via the University Funds Investment Policy. While the aim is to produce balanced, secure investment returns for the University, there is nonetheless variability in investment returns on an annual basis.

TARGET RETURN

2 In order to meet planned spending allocations to LTCAP unitholders, the investment target is a real return of at least 4% over 10-year periods, net of all investment fees and expenses. LTCAP takes an appropriate amount of risk to achieve this target, but without undue risk of loss.

In order to meet planned spending allocations to LTCAP unitholders, the investment target is a real investment return of at least 4% over 10-year periods, net of all investment fees and expenses.[10] The University evaluates investment performance for the LTCAP against the target investment return and risk limits, as well as against the returns of a benchmark Reference Portfolio. The primary objective is the achievement of the LTCAP target investment return over the long term, while controlling risk within the specified risk limits. The Reference Portfolio serves as an objective yardstick for measuring the value gained or lost through the University of Toronto Asset Management Corporation's ("UTAM") investment management activities compared to the returns that would be available in the market using a low-cost, passive investment approach. LTCAP takes an appropriate amount of risk to achieve its target. Despite considerable volatility in capital markets, LTCAP realized a return of 11.4% (net of all fees and expenses) during fiscal year 2024. LTCAP's fiscal year return benefited from a significant rebound in capital markets that began in Q4 2023. Over the same period, the Reference Portfolio returned 11.5%. UTAM continues to add significant value to investment performance over the long term.

[10] Prior to June 2017, the investment return and risk targets for LTCAP were a 4% investment return plus inflation, net of all investment fees and expenses, and a 10% return volatility risk target (representing one standard deviation), over a ten-year period.

Expendable Funds Investment Pool

The investment policy for EFIP reflects very short-term investments managed by the University and short-term and medium-term portfolios managed by UTAM.

EFIP is invested in fixed income instruments, including bonds, fixed income derivatives, as well as cash and cash equivalent instruments. Fixed income investments are sensitive to interest rate movements, where, all things equal, they are subject to mark-to-market gains when interest rates decrease, and mark-to-market losses when interest rates increase. During the fiscal year, EFIP achieved a return of 4.8% (net of all fees and expenses). The primary driver of the return was the portfolio yield. Over the same period, the EFIP benchmark recorded a return of 3.5%.

The EFIP short-term portfolio is invested in total return swaps that reference a Canadian short-term fixed income index, as well as in cash and cash equivalent instruments. The duration of this portfolio was approximately 1.4 years at the end of the fiscal year.[11] Overall, the EFIP short-term portfolio realized a return of 4.2% (net of all fees and expenses) during the fiscal year, which compared to its benchmark return of 3.6% over the same period. Both the total return swaps and the cash and cash equivalent instruments generated positive returns during the period.

The EFIP medium-term portfolio is invested in longer term fixed income securities compared to the short-term portfolio. The duration of this portfolio was approximately 5.0 years at the end of the fiscal year. During the fiscal year, the portfolio achieved a return of 6.3% (net of all fees and expenses). The return was primarily driven by the portfolio yield. The EFIP medium-term portfolio benchmark returned 3.3% in the fiscal year.

The return objective and risk tolerance for each category of EFIP funds (excluding funds loaned internally) is as follows:

	Risk Tolerance	Return Objective
Investments managed by the University	Minimal risk	30-day Treasury bill return
Short-term portfolio managed by UTAM	Minimal risk	50% of the Canadian Overnight Repo Rate Average (CORRA) + 10bps plus 50% of the FTSE short-term universe ex Fossil Fuels Enhanced TRI
Medium-term portfolio managed by UTAM	Low risk of losses over a 3-to-5-year period (i.e., avoidance of permanent capital impairment) with mark-to-market fluctuations tolerated over shorter time horizons	FTSE Corporate BBB Index ex Fossil Fuels Enhanced TRI

[11] Duration is a measure of interest rate sensitivity of the price of a fixed income instrument. Duration is primarily impacted by a fixed income security's coupon rate, yield and remaining time to maturity. All things equal, an immediate increase in interest rates of 100 bps (1%) would result in a fixed income instrument with a duration of 5 years losing 5% of its value (i.e., the loss would be equivalent to its duration).

The fair values and returns for the fiscal year were as follows:

	2024		2023	
	Fair Value	**Total Return**	**Fair Value**	**Total Return**
Investments managed by the University	$352 million	5.42%	$221 million	3.51%
Short-term portfolio managed by UTAM	$2.5 billion	4.22%	$2.6 billion	3.04%
Medium-term portfolio managed by UTAM	$1.1 billion	6.33%	$951 million	1.85%

Responsible Investing

UTAM is the investment manager for the University's LTCAP and EFIP portfolios. UTAM incorporates environmental, social and governance (ESG) factors into its investment decision-making, stewardship activities (engagement, proxy voting and advocacy), and reporting and disclosure. The University believes that ESG factors can have a material impact on the long-term risk and return of a given investment and that incorporating relevant and material ESG issues into the decision-making processes is consistent with the University's fiduciary duty.

A key component of the University of Toronto's 2021 climate announcement was the commitment to net zero emissions in the LTCAP portfolio by 2050. This commitment coincided with UTAM joining the Net-Zero Asset Owner Alliance. The Alliance has established a framework for setting interim targets on various decarbonization initiatives to guide members in achieving net zero emissions in their portfolios by 2050. In accordance with the Alliance's Target Setting Protocol, in 2022 UTAM established interim targets with respect to emissions, engagement and transition financing.

For example, in 2022, UTAM announced a new carbon footprint target for the equity, equity-like and corporate bond component of the LTCAP portfolio – a 50% reduction by 2030, using 2019 baseline levels. UTAM reports its progress towards this new carbon reduction target annually in its Carbon Footprint Report[12].

[12] https://www.utam.utoronto.ca/reports/

Audited Consolidated Financial Statements

For the year ended April 30, 2024

UNIVERSITY OF TORONTO

DEFY GRAVITY

Statement of Administrative Responsibility

The administration of the University of Toronto (the "University") is responsible for the preparation of the consolidated financial statements, the notes thereto and all other financial information contained in this Financial Report.

The administration has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations developed by the Chartered Professional Accountants of Canada. The administration believes that the consolidated financial statements present fairly the University's consolidated financial position as at April 30, 2024, and its consolidated results of operations and its consolidated cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgments were employed. Additionally, management has ensured that financial information presented elsewhere in this Financial Report has been prepared in a manner consistent with that in the consolidated financial statements.

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 permanent loss and that the accounting records are a reliable basis for the preparation of consolidated financial statements.

Aon has been retained by the University in order to provide an estimate of the University's liability for pension and other employee future benefits. Management has provided the valuation actuary with the information necessary for the completion of the University's actuarial report and retains ultimate responsibility for the determination and estimation of the pension and other employee future benefits liabilities reported.

Governing Council carries out its responsibility for review of the consolidated financial statements and this Financial Report principally through the Business Board and its Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets regularly with the administration, as well as the internal auditors and the external auditors, to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the administration.

The consolidated financial statements as at and for the year ended April 30, 2024 have been reported on by Ernst & Young LLP, the auditors appointed by Governing Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

(signed)
Trevor Rodgers
Chief Financial Officer

(signed)
Meric S. Gertler
President

Independent Auditor’s Report

To the Members of Governing Council of the **University of Toronto**:

Opinion

We have audited the consolidated financial statements of the **University of Toronto** (the “University”), which comprise the consolidated balance sheet as at April 30, 2024, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2024, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Report prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the University to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 27, 2024

Statement 1

UNIVERSITY OF TORONTO
CONSOLIDATED BALANCE SHEET
As at April 30
(millions of dollars)

	2024	2023
ASSETS		
Current		
Cash and cash equivalents	**352**	221
Short-term investments at fair value (note 3)	**576**	828
Accounts receivable (note 3)	**133**	115
Inventories and prepaid expenses	**50**	45
	1,111	1,209
Investments at fair value (notes 3, 17 and 19)	**7,450**	6,657
Other long-term investments (note 4)	**31**	-
Other long-term assets (note 5)	**176**	-
Capital assets, net (note 6)	**5,962**	5,815
	14,730	13,681
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 3, 9, 16 and 19)	**894**	728
Deferred contributions (note 10)	**1,127**	1,054
	2,021	1,782
Accrued pension liability (note 7)	**140**	136
Employee future benefit obligation other than pension (note 7)	**699**	803
Long-term debt (note 8)	**709**	709
Deferred capital contributions (note 11)	**1,204**	1,217
	4,773	4,647
NET ASSETS		
Deficit	**(500)**	(483)
Internally restricted (note 12)	**6,841**	6,250
Endowments (notes 13, 14 and 15)	**3,616**	3,267
	9,957	9,034
	14,730	13,681

Contingencies, commitments and collections (notes 3, 4e, 6, 20 and 21)

See accompanying notes

On behalf of Governing Council:

Anna Kennedy
Chair

Meric S. Gertler
President

Statement 2

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended April 30
(millions of dollars)

	2024	2023
REVENUES		
Student fees	**2,290**	2,204
Government grants for general operations	**726**	719
Government and other grants for restricted purposes (note 18)	**510**	468
Sales, services and sundry income	**453**	435
Investment income (notes 3 and 13)	**506**	312
Donations (note 17)	**155**	137
	4,640	4,275
EXPENSES		
Salaries	**2,068**	1,821
Employee benefits (note 7)	**456**	409
Scholarships, fellowships and bursaries	**364**	346
Materials, supplies and services	**311**	287
Amortization of capital assets	**222**	214
Repairs, maintenance and leases	**204**	183
Inter-institutional contributions	**147**	137
Cost of sales and services	**139**	130
Utilities	**61**	55
Travel and conferences	**66**	50
Interest on long-term debt	**38**	38
Other	**56**	54
	4,132	3,724
NET INCOME	**508**	551

See accompanying notes

Statement 3

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the year ended April 30
(millions of dollars)

	Deficit	Internally restricted (note 12)	Endowments (note 13)	2024 Total	2023 Total
Net assets, beginning of year	**(483)**	**6,250**	**3,267**	**9,034**	8,503
Adjustment to opening balance for employee future benefits and internally restricted net assets (note 7)	-	-	-	-	(84)
Net assets, beginning of year, as restated	**(483)**	**6,250**	**3,267**	**9,034**	8,419
Net income	**508**	-	-	**508**	551
Net change in internally restricted (note 12)	**(591)**	**591**	-	-	-
Remeasurements and other items (note 7)	**131**	-	-	**131**	(13)
Investment gain on externally restricted endowments (note 13)	-	-	**218**	**218**	22
Externally endowed contributions					
- donations (note 17)	-	-	**66**	**66**	51
- grants (note 18)	-	-	-	-	4
Transfer to internally restricted endowments (note 13)					
- investment gain	**(38)**	-	**38**	-	-
Transfer to endowments (note 13)					
- donations	**(8)**	-	**8**	-	-
- matching funds	**(19)**	-	**19**	-	-
Net assets, end of year	**(500)**	**6,841**	**3,616**	**9,957**	9,034

See accompanying notes

Statement 4

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended April 30
(millions of dollars)

	2024	2023
OPERATING ACTIVITIES		
Net income	**508**	551
Add (deduct) non-cash items:		
Amortization of capital assets	**222**	214
Amortization of deferred capital contributions	**(75)**	(74)
Net unrealized gains from investments	**(420)**	(250)
Employee future benefits expense	**224**	203
Employee future benefits contributions	**(193)**	(175)
Net change in other non-cash items (note 16)	**196**	(88)
	462	381
INVESTING ACTIVITIES		
Net sale of short-term investments	**252**	37
Net purchase of investments	**(155)**	(127)
Net purchase of other long-term investments	**(31)**	-
Increase in loans recievable	**(116)**	-
Net purchase of capital assets (note 16)	**(409)**	(512)
	(459)	(602)
FINANCING ACTIVITIES		
Contributions for capital asset purchases	**62**	54
Endowment contributions		
- donations	**66**	51
- grants	**-**	4
	128	109
Net increase (decrease) in cash and cash equivalents during the year	**131**	(112)
Cash and cash equivalents, beginning of year	**221**	333
Cash and cash equivalents, end of year	**352**	221

See accompanying notes

Notes to the Consolidated Financial Statements

(All amounts are in millions of dollars unless otherwise indicated)

1. Description

The Governing Council of the University of Toronto, which operates under the name University of Toronto (the "University"), is a corporation under the *University of Toronto Act*, a statute of the Legislative Assembly of Ontario. The University is an institution dedicated to providing post-secondary education and to conducting research. The University's vision is to be a leader among the world's best public universities in its discovery, preservation and sharing of knowledge through its teaching and research and its commitment to excellence and equity.

These consolidated financial statements include the assets, liabilities, revenues, expenses, and other transactions of all the operations and organizations, including wholly owned subsidiaries, under the jurisdiction of Governing Council. These consolidated financial statements do not include the assets, liabilities and operations of Victoria University, The University of Trinity College, University of St. Michael's College, Sunnybrook Health Sciences Centre ("Sunnybrook") and the affiliated colleges under the memorandum of agreement with the Toronto School of Theology, each of which is a separate, non-controlled corporate body with separate financial statements.

The University holds title to the land and original buildings of Sunnybrook. The land and original buildings were acquired for the sum of one dollar and are used for hospital purposes and for related medical research and teaching purposes. The property is leased to the Board of Directors of Sunnybrook, a separate corporation, under a ground lease, which is perpetually renewable every 21 years at the option of the Board of Directors of Sunnybrook.

The University is a registered charitable organization and, as such, is exempt from income taxes under the *Income Tax Act* (Canada).

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles ("GAAP") for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

a. Investments and investment income

Investments are carried at fair value except for the real estate directly held by the University for investment purposes. Fair value amounts represent estimates of the consideration that would be agreed on between knowledgeable, willing parties who are under no compulsion to act. It is best evidenced by a quoted market price if one exists. The calculation of estimated fair value is based upon market conditions at a specific point in time and may not be reflective of future fair values.

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

i. Short-term notes and treasury bills are valued based on cost plus accrued interest, which approximates fair value. Money market funds are valued based on closing quoted market prices.

ii. Bonds and publicly traded equities are valued based on quoted market prices. If quoted market prices are not available for bonds, estimated values are calculated using discounted cash flows based on current market yields and comparable securities, as appropriate.

iii. Investments in pooled funds (other than private investment interests and hedge funds) are valued at their reported net asset value per unit.

iv. Hedge funds are valued based on the most recently available reported net asset value per unit, adjusted for the expected rate of return of the fund through April 30. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

v. Private investment interests consisting of private investments and real assets comprise private externally managed pooled funds with underlying investments in equities, debt, real estate assets, infrastructure assets and commodities. The investment managers of these interests perform and provide valuations of the underlying investments on a periodic basis. Annual financial statements of the private investment interests are audited and are also provided by the investment managers. The value of the investments in these interests is based on the latest valuations provided (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

vi. Real estate directly held by the University for investment purposes is originally valued at cost and, when donated, at the value determined through an appraisal process at the date of donation. Subsequently, real estate is valued at cost less any provision for impairment.

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

Investment income is recorded on an accrual basis, consisting of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses. Investment income is recorded as revenue in the consolidated statement of operations except for investment income earned on externally restricted endowments, for which only the amount made available for spending is recorded as revenue. In years where the investment income earned is more than the amount made available for spending, the excess is recorded as a direct increase in endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in endowments.

b. Derivative financial instruments

Derivative financial instruments are used to manage particular market and currency exposures for risk management purposes primarily with respect to the University's investments and as a substitute for more traditional investments. Derivative financial instruments and synthetic products that may be employed include bonds, equity and currency futures, options, swaps and forward contracts. The majority of the notional exposure of the derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. The fair value of derivative financial instruments reflects the daily quoted market amount of those instruments, thereby taking into account the current unrealized gains or losses on open contracts. Investment dealer quotes or quotes from a bank are available for substantially all the University's derivative financial instruments.

Derivative financial instruments are carried at fair value, with changes in fair value during the year recorded in the consolidated statement of operations.

c. Investments in significantly influenced entities and interests in joint venture arrangements

Joint ventures and investments in for-profit entities subject to significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost, net of any impairment and adjusted thereafter for the University's share of the entity's net surplus or deficit and any further impairments. Any distributions received are accounted for as a reduction in the investment.

d. Senior unsecured debentures and other long-term debt

Senior unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Senior unsecured debentures and other long-term debt are reported net of related premiums, discounts and transaction issue costs.

e. Other financial instruments

Other financial instruments, including cash and cash equivalents, accounts receivable, government assistance receivable, loans receivable and accounts payable and accrued liabilities, are initially recorded at their fair value. They are not subsequently revalued and continue to be carried at this value, which represents cost, net of any provisions for impairment.

f. Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and investments in money market funds. Cash and investments meeting the definition of cash and cash equivalents held for investing rather than liquidity purposes are classified as investments.

g. Inventory valuation

Retail inventories are carried at the lower of cost, determined using the first-in, first-out method, and net realizable value.

h. Employee benefit plans

(i). Pension plans

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer jointly sponsored, defined benefit plan. The University does not recognize any share of the UPP's pension surplus or deficit as insufficient information is available to identify the University's share of the underlying pension assets and liabilities. The University also accounts for its contributions to the UPP on a defined contribution basis. The University's contributions are expensed in the period they come due.

The University also provides an unfunded and unregistered Supplementary Account Plan ("SAP"). The SAP is a defined contribution arrangement established to provide retirement income on the portion of eligible members' (faculty members, librarians, and professional or managerial staff, who are active members of the UPP) salary that is not covered by the UPP, up to a specified cap. The contribution of 10% of the eligible salary and the investment return based on the annual investment return (net of fees and expenses) earned under the UPP are expensed in the year they are earned by eligible members and credited to each member's notional account.

Prior to the SAP, the University had a Supplemental Retirement Arrangement ("SRA"), an unfunded and unregistered arrangement that is now closed for future accruals. The SRA provided defined benefits for retired and deferred vested members whose benefits exceeded the *Income Tax Act* (Canada) maximum pension at the time of their retirement or termination. Finance costs are expensed during the year, while remeasurements and other items, representing actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability is determined using a roll-forward technique to estimate the accrued liability using accounting assumptions from the most recent actuarial valuation report.

(ii). Other employee benefits plans

The University maintains other retirement and post-employment benefits for most of its employees and accounts for these using the immediate recognition approach. Under this approach, the University recognizes the amount of the accrued obligation net of the fair value of plan assets in the consolidated balance sheet. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability for unfunded plans is prepared using accounting assumptions. Employee future benefit plans' assets are measured at fair value as at the date of the consolidated balance sheet.

i. Capital assets and collections

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis using the following annual rates:

Buildings and land improvements	2.5% - 10%
Equipment and furnishings	4% - 20%
Library books	20%

The University allocates salary and benefit costs related to personnel who work directly on managing capital projects through a project management fee based on 3.25% of construction, furnishings and equipment, and landscaping costs for projects up to $75 million and 2.50% of those same costs for projects above $75 million.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the capital asset and an expense in the consolidated statement of operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

The value of library, art and other special collections has been excluded from the consolidated balance sheet except for a nominal value of $1. Donated collections are recorded as revenue at values based on appraisals by independent appraisers and are expensed in the year received. Purchased collections are expensed in the year they are acquired.

When collections are deaccessioned and then sold, proceeds from the sale are included in deferred contributions and recognized as revenue when the cost of insurance, cleaning, restoration and conservation of works in the collection are expensed.

j. Revenue recognition

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

Unrestricted donations, contributed rare books, and other collections are recorded as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Due to the uncertainty involved in collecting pledged donations, they are not recognized until received.

Externally restricted contributions, other than endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties. Externally restricted contributions received towards the acquisition of depreciable capital assets are deferred when initially recorded in the accounts and amortized to revenue on the same basis as the related capital assets are amortized.

Endowment contributions and contributions of non-amortizable capital assets are recorded as direct increases in net assets in the year in which they are received or receivable.

Student fees are recorded as revenue when courses and seminars are held. Sales, services and sundry income revenues are recorded at point of sale for goods or when the service has been provided.

k. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at year-end. Operating revenues and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses arising from these translations are included in income except to the extent that they relate to investments, in which case they are recognized in the same manner as investment income.

l. Use of accounting estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include the assumptions used in the determination of the fair value of financial instruments where the values are based on non-observable inputs that are supported by little or no market activity, the valuation of pension and other retirement benefit obligations and the recording of contingencies. Actual results could differ from those estimates.

m. Contributed services and materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the consolidated financial statements.

3. Investments

The University's investments are managed using two pools: the long-term capital appreciation pool ("LTCAP"), and the expendable funds investment pool ("EFIP"). LTCAP mainly includes endowment funds, the voluntary sinking fund (note 8) established to repay the principal of the University's debentures at maturity and funds set aside to cover long-term disability payments (note 7). EFIP consists mainly of the University's working capital for operations. The University of Toronto Asset Management Corporation ("UTAM") manages each of the pools according to the investment return target and risk tolerance of each pool as described in the University Funds Investment Policy. UTAM incorporates environmental, social and governance factors into its investment decision-making and practices active ownership in its management of both portfolios.

The table below shows the University's investments at fair value, mapped into the Reference Portfolio asset classes for the LTCAP and investment benchmarks for EFIP:

		2024			2023	
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**(560)**	**1,136**	**576**	(515)	1,343	828
Government and corporate bonds and other fixed income investments	**1,789**	**2,439**	**4,228**	1,586	2,217	3,803
Canadian equities	**45**	**-**	**45**	42	1	43
United States equities	**1,172**	**-**	**1,172**	917	2	919
International equities	**415**	**-**	**415**	384	-	384
Emerging markets equities	**175**	**-**	**175**	160	-	160
Global equities	**875**	**-**	**875**	880	-	880
Other	**540**	**-**	**540**	468	-	468
	4,451	**3,575**	**8,026**	3,922	3,563	7,485
Less amounts reported as short-term investments	**560**	**(1,136)**	**(576)**	515	(1,343)	(828)
Total long-term investments	**5,011**	**2,439**	**7,450**	4,437	2,220	6,657

The University has adopted an investment benchmark called the Reference Portfolio for LTCAP, which has an asset mix that reflects the University's long-term return objective and risk appetite for this pool. The Reference Portfolio is designed to be a simple portfolio that can be easily implemented, and it only includes public market asset classes. However, the actual investments in LTCAP include asset classes and strategies, such as hedge funds and private investments, that are not represented in the Reference Portfolio. These other investments have been reclassified and mapped to the most appropriate Reference Portfolio asset classes in the table above. In some cases, derivative financial instruments are used to obtain market exposures to various asset classes. The majority of the notional exposure of derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. Leverage is however used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection. The table above includes the notional exposure (including any mark-to-market gains/losses) of derivative financial instruments other than currency derivatives in the Reference Portfolio asset classes.

Short-term investments consist of cash and bank term deposits. The negative amount of short-term investments in the LTCAP represents the notional exposure of the derivative financial instruments that is not backed by liquid assets as a result of the use of leverage. International equities include developed equity markets in Europe, Australasia and the Far East and exclude the United States and Canada. Global equities include all developed equity markets as well as various emerging equity markets. Investments in the "other" category consist mainly of absolute return hedge funds.

The table below shows the fair value of the same investments for each pool without the reallocation of short-term investments (related to derivative instruments), hedge funds, private investments and real assets to the relevant Reference Portfolio asset class or classes.

	2024			2023		
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**1,504**	**2,530**	**4,034**	1,121	2,633	3,754
Government and corporate bonds and other fixed income investments	**186**	**1,044**	**1,230**	177	926	1,103
Canadian equities	**1**	**-**	**1**	1	1	2
United States equities	**1**	**-**	**1**	1	2	3
International equities	**236**	**-**	**236**	210	-	210
Emerging markets equities	**64**	**-**	**64**	83	-	83
Global equities	**871**	**-**	**871**	836	-	836
Hedge funds	**676**	**-**	**676**	655	-	655
Private investments	**867**	**-**	**867**	776	-	776
Real assets	**45**	**-**	**45**	62	-	62
Other	**-**	**1**	**1**	-	1	1
Total investments	**4,451**	**3,575**	**8,026**	3,922	3,563	7,485

In fiscal 2024, the University's investment income of $506 million (2023 - $312 million) recorded in the consolidated statement of operations consists of income related to investments held for endowments of $207 million (2023 - $153 million), gross of $47 million (2023 - $37 million) in fees and other expenses (note 13), and a gain of $299 million (2023 - $159 million) on investments other than those held for endowments, gross of $20 million (2023 - $17 million) in fees and other expenses.

During the year, the University recognized an unrealized gain of $29 million (2023 - unrealized loss of $18 million) as a result of the change in fair value of its investments that were estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates for certain of its investments. Management believes there are no other reasonable assumptions for these investments that would generate any material changes in investment income.

Uncalled commitments

As at April 30, 2024, approximately 11.4% (2023 - 11.2%) of the University's investments are 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, private credit and real asset investments (e.g., real estate, infrastructure), require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount) in response to a series of capital calls issued to the investors by the manager. As at April 30, 2024, the University had uncalled commitments of approximately $906 million (2023 - $814 million). The capital committed is called by the manager over a pre-defined investment period, which varies by fund, but is generally between three and five years from the date the private fund closes. In practice, for a variety of reasons, the total amount committed to a private fund is typically not fully called.

Derivative financial instruments

The following table summarizes the notional and fair values of the University's derivative financial instruments:

	2024			2023		
	Notional	**Fair values**		Notional	Fair values	
Contracts	**value**	**Receivable**	**Payable**	value	Receivable	Payable
Foreign currency forward						
United States dollars	**1,814**	**-**	**(15)**	1,519	5	-
Other	**481**	**4**	**-**	407	3	-
Equity and bond futures	**101**	**-**	**(1)**	111	1	(1)
Equity and bond swap	**3,386**	**-**	**(81)**	2,892	10	-
Interest rate swap	**1**	**-**	**-**	3	-	-
	5,783	**4**	**(97)**	4,932	19	(1)

Derivatives are financial contracts, the value of which is derived from changes in an underlying asset, index of prices or rates, interest rate, foreign exchange rate, etc. The University uses derivative financial instruments as a substitute for traditional investments to manage financial risks and to manage currency exposures. The University has entered into foreign currency forward contracts to manage its exposure to exchange rate fluctuations on investments denominated in foreign currencies in accordance with its hedging policy (note 19).

The University has entered into equity and bond futures contracts, and equity and bond swap contracts to obtain exposure to those asset classes. These derivatives are used as a substitute for traditional investments to obtain market exposures to these asset classes. Equity and bond futures contracts oblige the University to pay or receive the difference between a predetermined amount (the notional amount) and the market value at contract expiry. Equity and bond swap contracts are agreements for the exchange of cash flows based on the notional amount of the contract whereby one party commits to making payments based on the return of an underlying instrument in exchange for fixed or floating interest rate payments. To the extent the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the University will receive a payment from, or make a payment to, the counterparty.

The notional amounts above do not represent amounts exchanged between parties. Instead, they represent the contractual amount to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as receivables or payables in the consolidated financial statements. The University may have contracts to buy and sell similar underlying assets; in these cases, the notional amounts are presented above on a gross basis.

Contracts with a positive mark-to-market (fair value) are recorded as receivables, while contracts with a negative mark-to-market are recorded as payables. These are included in accounts receivable, and accounts payable and accrued liabilities, respectively, in the consolidated balance sheet. The maturity dates of the currency forwards and futures contracts as at April 30, 2024 range from May 2024 to December 2024. The maturity dates of the equity and bond swap contracts as at April 30, 2024 range from June 2024 to October 2024. Required collateral of $2 million (2023 - $4 million) has been provided to the relevant exchanges against the futures contracts as at April 30, 2024 in the form of short-term investments. As at April 30, 2024, the University had $2.9 billion (2023 - $2.5 billion) in short-term investments compared to the $3.5 billion (2023 - $3.0 billion) of notional value of equity and bond futures, and equity and bond swap contracts. Leverage is used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection.

4. Other long-term investments

Other long-term investments consist of the University's interest in other organizations as follows:

	2024	2023
CampusOne Student Residence (note 4a)	**31**	-
Other (notes 4b, c, d, and e)	**-**	-
	31	-

a. CampusOne Student Residence

On December 11, 2023, the University acquired a 20% interest in the CampusOne Student Residence ("CampusOne"), a 25-storey, 890-bed student residence building strategically situated adjacent to the St. George campus. The acquisition will provide the University access to much needed student residence spaces. Subject to availability, the University will be able to reserve residence beds on a priority basis. The interest in CampusOne is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes 20% of CampusOne's excess (deficiency) of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for CampusOne was prepared in accordance with Canadian accounting standards for private enterprises. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separate financial statements are prepared for CampusOne (as at and for the 18-day period ended December 31, 2023).

As at	**December 31, 2023 (unaudited)**
Total financial and non-financial assets	**279**
Total financial liabilities	**69**
Co-owners' equity	**210**

	For the 18-day period ending December 31, 2023 (unaudited)
Revenues	**1**
Expenses	**1**
Operating income	**-**

b. UTSC Residence Limited Partnership

The University is the general partner of UTSC Residence Limited Partnership, which owns Harmony Commons, a 746-bed student residence situated at the University's Scarborough Campus. Harmony Commons was constructed by the University at a cost of $144 million and accounted for within construction in progress in capital assets (note 6). Construction of Harmony Commons was completed during the year and subsequently sold to UTSC Residence Limited Partnership for $147 million.

The University, as general partner, will receive a portion of the profits of UTSC Residence Limited Partnership at a future date based on a profit-sharing formula defined in the limited partnership agreement. The University's interest in UTSC Residence Limited Partnership is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes its share of UTSC Residence Limited Partnership's excess of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for UTSC Residence Limited Partnership was prepared in accordance with Canadian accounting standards for private enterprises. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separate financial statements are prepared for UTSC Residence Limited Partnership (as at and for the year ended December 31, 2023).

	December 31, 2023 (unaudited)
Total assets	**166**
Total liabilities	**104**
Partners equity	**62**
Revenues	**17**
Expenses	**-**
Net income for the year	**17**

As at December 31, 2023, the University has not yet benefited in the profit-sharing formula defined in the limited partnership agreement and as such, no amounts have been recorded in these consolidated financial statements as the University's share of the net income.

c. Toronto Pan Am Sports Centre Inc.

The Toronto Pan Am Sports Centre Inc. ("TPASC") is a jointly owned and controlled corporation (a joint corporation pursuant to the *Business Corporations Act* (Ontario) and the *City of Toronto Act* (2006)) by the University and the City of Toronto for the purpose of operating the Toronto Pan Am Sports Centre facilities that include a premier aquatics centre as well as a state-of-the-art training and competition venue. This joint venture is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes 50% of the joint venture's excess (deficiency) of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for TPASC was prepared in accordance with Canadian public sector accounting standards and represents the University's 50% share. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separately audited financial statements are prepared for TPASC (as at and for the year ended December 31, 2023).

	December 31, 2023	December 31, 2022
Total financial and non-financial assets	**15**	14
Total financial liabilities	**1**	1
Accumulated surplus	**14**	13
Revenues	**7**	6
Expenses	**7**	7
Operating deficit	**-**	(1)
Cash flows used in operating activities	**(1)**	(1)
Cash flows used in investing activities	**(1)**	(1)
Cash flows from financing activities	**2**	2
Net change in cash	**-**	-

As at December 31, 2023, the University's share of the accumulated surplus of $14 million (2022 - $13 million) represents unspent funds designated in support of major maintenance and capital requirements. No amounts have been recorded in these consolidated financial statements as the University's share of the accumulated surplus is not contemplated to be and is not readily realizable by the University.

During the year, the University paid $2 million (2023 - $2 million) in user fees to TPASC representing its share of the cost for using the facilities. During the year, the City of Toronto and the University each acquired an additional 5,360 (2023 - 5,360) common shares of TPASC in exchange for $2 million (2023 - $2 million) each representing funding from the Legacy Funding agreement dated December 18, 2014, to be contributed to TPASC to fund capital reserves and operating costs. These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The construction of the Toronto Pan Am Sports Centre was governed by virtue of an agreement prior to the establishment of TPASC. The University has recorded $90 million (2023 - $90 million) in capital assets (note 6), representing the University's 50% share of the construction cost of the facility.

d. TRIUMF Inc.

The University is a member of TRIUMF Inc. (TRIUMF), a not-for-profit corporation, with 20 other universities. Each university has an undivided 1/21 interest in its assets, liabilities, and obligations. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal government grants, and the University has made no direct financial contribution to date. TRIUMF's net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities, and results of operations of TRIUMF are not included in these consolidated financial statements (note 21c).

The following financial information for TRIUMF was prepared in accordance with Canadian public sector accounting standards, including accounting standards that apply to government not-for-profit organizations, except that all capital assets and related provisions for decommissioning costs, if any, are expensed in the year in which the costs are incurred. Any differences in the reporting framework are not material to the University's consolidated financial statements.

	March 31, 2024 (unaudited)	March 31, 2023
Total assets	**58**	54
Total liabilities	**11**	11
Total fund balances	**47**	43
Revenues	**108**	101
Expenses	**104**	99
Excess of revenues over expenses	**4**	2

e. MaRS Phase 2 Investment Trust

During fiscal 2016, the University acquired a 20% interest in MaRS Phase 2 Investment Trust (the "Trust"), a unit trust governed by the laws of the Province of Ontario, established by deed of trust dated July 15, 2011 with MaRS Discovery District, a charitable organization, as settlor for $31 million. The Trust was established to develop and manage a 20-storey state-of-the-art building that is a world-class convergence centre dedicated to improving commercial outcomes from Canada's science, technology and social innovations. This investment is accounted for using the equity method. The University has assessed the investment value in the Trust upon acquisition and, as a result, the University has written down the investment to nil at April 30, 2016. There have been no changes to the investment value as at April 30, 2023 and 2024.

During the year, the University made payments of $12 million (2023 - $13 million) to the Trust for leasing certain premises and its related operating costs.

These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The future base rent lease payments for space rentals are as follows:

2025	4
2026	5
2027	6
2028	5
2029	5
Thereafter	71
	96

5. Other long-term assets

Other long-term assets consists of the following:

	2024	2023
Loans receivable - related party (note 5a)	**101**	-
Loan receivable (note 5b)	**15**	-
Other assets (note 7)	**60**	-
	176	-

a. Loans receivable - related party

As at April 30, 2024, the University has loans receivable from UTSC Residence Limited Partnership, a related party. The loans bear interest between 3.6% and 4.5%, increasing by 0.25% on each anniversary of the occupancy date. Interest on the loans is due monthly and principal payments begin on November 1, 2026. The balance of the loans receivable are due in full when UTSC Residence Limited Partnership secures external financing.

b. Loan receivable

The loan receivable, advanced in September 2023, bears interest at 6.11% per annum, compounding monthly, with a term of 25 years. Interest on the principal and capitalized accrued interest is payable on a monthly basis beginning in June 2025. Principal and interest payments are payable on a quarterly basis beginning in August 2027, based on a 25-year amortization period from the original advance date.

6. Capital assets

	2024		2023	
	Total cost	**Accumulated amortization**	Total cost	Accumulated amortization
Land	**2,362**	**-**	2,362	-
Buildings	**4,820**	**1,839**	4,602	1,718
Equipment and furnishings	**2,289**	**1,807**	2,188	1,735
Library books	**875**	**823**	850	794
Land improvements	**85**	**-**	60	-
	10,431	**4,469**	10,062	4,247
Less accumulated amortization	**(4,469)**		(4,247)	
Net book value	**5,962**		5,815	

The University develops replacement property values of buildings and contents for insurance purposes using various sources and valuation methods that conform to insurance industry practice and standards. The insured replacement value of buildings is approximately $7.5 billion, and contents is approximately $4.4 billion, which includes library books of approximately $1 billion.

The University holds a wide range of library, art and other special collections that are protected and preserved for public exhibition, education, research, and the furtherance of public service. Rare books and special collections include manuscripts, archives, and cartographic, graphic, film, audio, and video materials. The University rarely disposes of items in these collections.

As at April 30, 2024, the University had $945 million (2023 - $907 million) of construction-in-progress that was included in buildings, and equipment and furnishings, which will not be amortized until the capital assets are put into use.

7. Employee benefit plans

The University has a number of funded and unfunded defined benefit plans that provide pension (including a supplementary account plan and supplemental retirement arrangement), other retirement and post-employment benefits to most of its employees.

On July 1, 2021 (the “Effective Date”), the University became a member of the UPP and transferred the assets and liabilities, including the pension obligations, of the University’s registered pension plan (“RPP”) to the UPP. As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, and benefits and contributions under the RPP ceased.

Any pension surplus or deficit of the UPP is a joint responsibility of the members and employers for service after the transition date of July 1, 2021, and may affect future contribution rates for members and employers. The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, over 15 years. The net pension obligations may fluctuate in the future based on changes to the UPP’s actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other members of the UPP, after which the responsibility is totally shared with all members.

Contribution rates are determined by the UPP Sponsors (representing employees and employers). The most recent actuarial valuation filed with pension regulators by the UPP as at January 1, 2023 indicated an actuarial surplus on a going concern basis of $0.4 billion using an actuarial (smoothed) value of the assets.

Contributions made to the UPP during the year are included in employee benefits expense in the consolidated statement of operations and amounted to $147 million (2023 - $130 million). During the year, the University made a prepayment of $60 million to the UPP from its pension special payments budget. This amount continues to be included in the pension special payments reserve (note 5 and note 12) to be applied against any future required pension special payments.

Other retirement benefit plans are contributory health care plans with retiree contributions adjusted annually, such as extended health, semi-private and dental care. Another plan also provides for long-term disability income benefits after employment, but before retirement.

The employee benefits expense for the year includes pension expense of $160 million (2023 - $141 million), other retirement benefits expense of $64 million (2023 - $62 million) and other employee benefits of $232 (2023 - $206 million). Remeasurements, which are recorded in the consolidated statement of changes in net assets, rather than in the consolidated statement of operations, are as follows:

	2024		2023	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Difference between actual and expected return on plan assets				
Actuarial gains (losses)	**(3)**	**134**	(2)	(3)
Past service cost	**-**	**-**	-	(8)
	(3)	**134**	(2)	(11)

Actuarial valuations for retirement benefit plans are performed biannually for contributory health care plans, with the most recent as at January 1, 2023, and annually for long-term disability (LTD) and other supplementary retirement plans (SRA), with the most recent as at January 1, 2024. The University measures its accrued benefit obligation (using a roll-forward technique from the most recent actuarial valuation) and the fair value of plan assets for accounting purposes as at April 30 of each year.

To measure the accrued benefit obligation for retirement benefit plans, other than pension, as at April 30, 2024, the rates of increase in the per capita cost of covered medical and dental benefits are assumed to be 4.9% and 5.4%, respectively. Both rates are expected to converge to 5.3% in 2026 and remain stable until 2030, before decreasing gradually to 4.0% in 2040 and remaining at that level thereafter.

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation and benefits cost are set out below:

	2024		2023	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation:				
Discount rate*	**5.10%**	**5.20%**	4.70%	4.85%
Rate of compensation increase		**4.00%**		4.00%
Rate of inflation	**2.00%**	**2.00%**	2.00%	2.00%
Benefits cost:				
Discount rate*	**4.70%**	**4.85%**	4.40%	4.70%
Rate of compensation increase		**4.00%**		4.00%
Rate of inflation	**2.00%**	**2.00%**	2.00%	2.00%

*In 2023, the University adopted the amendments to accounting standards Section 3462, *Employee Future Benefits* and Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations*. As a result, the University revalued its defined benefit obligations using a discount rate appropriate under an accounting valuation at April 30, 2022, and immediately recognized the resulting actuarial loss of $84 million at May 1, 2022. The revised discount rate for the accrued benefit obligation at April 30, 2022 and the benefit cost for 2023 was 4.40% for its pension plans and 4.70% for its other benefit plans.

Information about the University's benefit plans, which are mainly defined benefit plans, is as follows:

	2024		2023	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation	**140**	**699**	136	803
Fair value of plan assets	**-**	**-**	-	-
Plan deficit	**(140)**	**(699)**	(136)	(803)

The accrued pension liability of $140 million (2023 - $136 million) mainly represents the University's obligation for its supplemental retirement arrangement.

As at April 30, 2024, the University has set aside investments of $15 million (2023 - $7 million) for its SAP and $135 million (2023 - $135 million) for its other benefit plans. The University has also set aside $175 million (2023 - $89 million) for its pension special payments obligations, of which $60 million has been transferred to the UPP,

8. Long-term debt

Long-term debt consists of the debentures and credit facilities.

a. Debentures

Debentures consists of the following senior unsecured debentures:

	2024	2023
Series A senior unsecured debenture bearing interest at 6.78% payable semi-annually on January 18 and July 18, with the principal amount maturing on July 18, 2031	160	160
Series B senior unsecured debenture bearing interest at 5.841% payable semi-annually on June 15 and December 15, with the principal amount maturing on December 15, 2043	200	200
Series C senior unsecured debenture bearing interest at 4.937% payable semi-annually on May 16 and November 16, with the principal amount maturing on November 16, 2045	75	75
Series D senior unsecured debenture bearing interest at 4.493% payable semi-annually on June 13 and December 13, with the principal amount maturing on December 13, 2046	75	75
Series E senior unsecured debenture bearing interest at 4.251% payable semi-annually on June 7 and December 7, with the principal amount maturing on December 7, 2051	200	200
Net unamortized transaction costs	(1)	(1)
	709	709

Net unamortized transaction costs comprise premiums and transaction issue costs. A voluntary sinking fund (note 3) was established for the purpose of accumulating funds to repay the principal of the University's debentures at maturity. The value of the fund included in investments as at April 30, 2024 amounted to $643 million (2023 - $566 million).

b. Credit facilities

During the year, the University secured the following credit facilities to fund the acquisition of clean and energy efficient equipment for use at its St. George campus in order to significantly reduce the University's annual carbon emissions (the "project"):

i. A non-revolving credit facility (the "senior facility"), made available during the acquisition period, of up to $62.8 million, bearing interest at the Canadian Overnight Repo Rate plus 51.5 basis points, and due the earlier of November 1, 2027 and substantial completion of the project.

   The University entered into an interest rate swap agreement with the senior lender to convert its interest rate exposure on the senior facility from a floating rate to a fixed rate. Under the swap and credit agreements, the University pays a hedged, all-in fixed rate of 3.783% on the senior facility.

ii. A non-revolving credit facility (the "junior facility"), made available during the acquisition period, of up to $50.2 million, bearing interest at 1.0% per annum, and due the earlier of November 1, 2027 and substantial completion of the project.

The senior and junior facilities are secured by the project assets under a general security agreement.

Upon completing the acquisitions, the senior and junior facilities will be converted to term loans bearing interest at the same rates. As at April 30th, 2024, the University had not drawn on the senior or junior facilities.

9. Government remittances payable

As at April 30, 2024, accounts payable and accrued liabilities include government remittances payable of $60 million (2023 - $51 million).

10. Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balance are as follows:

	2024	2023
Balance, beginning of year	**1,054**	1,032
Add grants, donations and investment income	**715**	593
Less amount recognized as revenue during the year	**(642)**	(571)
Balance, end of year	**1,127**	1,054

The deferred contributions must be spent for the following purposes:

	2024	2023
Research	**492**	450
Student aid (notes 14 and 15)	**135**	128
Other restricted purposes	**500**	476
	1,127	1,054

11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recognized as revenue in the consolidated statement of operations as government and other grants for restricted purposes.

The changes in the deferred capital contributions balance for the year are as follows:

	2024	2023
Balance, beginning of year	**1,217**	1,237
Less amortization of deferred capital contributions	**(75)**	(74)
Add contributions recognized for capital asset purchases	**62**	54
Balance, end of year	**1,204**	1,217

This balance represents:

	2024	2023
Amount used to purchase capital assets	**1,105**	1,118
Amount to be spent on capital assets	**99**	99
	1,204	1,217

12. Internally restricted net assets

The internally restricted net assets consists of the following:

	2024	2023
Investment in land and other capital assets	**4,643**	4,338
Employee benefits		
Pension	**(125)**	(129)
Other plans	**(564)**	(668)
Pension special payment reserve	**175**	89
Capital projects and infrastructure reserves	**1,747**	1,750
Operating contingencies	**409**	331
Research support	**334**	324
Departmental trust funds	**106**	107
Student assistance	**86**	63
Other funds	**30**	45
Balance, end of year	**6,841**	6,250

Internally restricted net assets are funds set aside that reflect the application of Governing Council policy.

a. *Investment in land and other capital assets*

Investment in land and other capital assets represents the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. It consists of unamortized capital assets purchased with unrestricted resources (net of debt) plus the carrying amount of capital assets purchased with unrestricted resources (net of debt) that will not be amortized.

b. *Employee benefits*

Internally restricted net assets have been reduced by the portion of employee future benefits obligations to be funded by future operating budgets.

c. *Pension special payment reserve*

This reserve represents funds that have been set aside as a contingency against future pension special payment risk (note 7).

d. *Capital projects and infrastructure reserves*

These represent reserves in respect of capital projects at various stages of planning, design and construction, including:

- **Capital projects in progress -** $884 million (2023 - $787 million) - unspent funds at the end of the fiscal year, in respect of capital projects and alterations and renovations in progress that are part of the University's major infrastructure building and renewal program less amounts spent without funding on hand;
- **Reserves for future major capital projects -** $643 million (2023 - $757 million) - funds set aside for specific, major capital projects in the project planning stage with an anticipated project cost in excess of $5 million; and
- **Other divisional infrastructure reserves -** $220 million (2023 - $206 million) - funds held by divisions as a general reserve for alterations and renovations, as well as funds earmarked for capital projects in the project planning stage with an anticipated project cost less than $5 million.

e. *Operating contingencies*

These funds represent departmental operating reserves available for spending by divisions to protect against possible adverse circumstances such as changes in student enrolment due to geopolitical events, investment return fluctuations and salary cost escalations.

f. *Research support*

These funds represent departmental funds reserved for Canada Research Chairs and related research allowances, start-up research funds and funds provided to faculty and librarians under an expense reimbursement program.

g. Departmental trust funds

These funds represent departmental trust funds available for spending by divisions with no external restrictions.

h. Student assistance

These funds represent departmental operating funds available to provide scholarships, bursaries, and other student assistance.

i. Other funds

These funds are held primarily to support various initiatives to enhance the quality, structure and organization of programs and activities, as well as the restructuring needed to adapt to the long-range budget plan and to improve the productivity of physical assets.

13. Endowments

Endowments consist of externally restricted donations received by the University and internal resources transferred by Governing Council in the exercise of its discretion. With respect to the latter case, Governing Council may have the right to subsequently decide to remove the designation. The investment income generated from endowments must be used in accordance with the various purposes established by donors or Governing Council. 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.

University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income made available for spending and requiring the reinvestment of income not made available for spending. The investment policy has set the real rate of return objective of at least 4% over 10-year periods, net of all investment fees and other expenses, while taking an appropriate amount of risk to achieve this target, but without undue risk of loss. The amount made available for spending must normally fall between a range of 3% and 5% of the fair value per unit of the endowment pool. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending or if the investment return is negative, the amount that is made available for spending is funded by the accumulated reinvested income. However, for endowment funds, where the fair value of the endowment is below the donated capital and does not have sufficient accumulated reinvestment income, endowment capital is used in the current year as this is deemed prudent by the University. This amount is expected to be recovered by future net investment income. As at April 30, 2024, there were no endowments with a deficiency, where the fair value is below the original gift value. As at April 30, 2023, there were 256 endowments with the original gift value of $91 million that had a fair value of $89 million, and a deficiency of $2 million. In fiscal 2024, $9.97 (2023 - $9.55) per unit of LTCAP was made available for spending, representing 4% (2023 - 4%) of the five-year average fair value per unit of the endowment pool.

The change in net assets restricted for endowments consists of the following:

	2024			2023		
	Externally restricted	**Internally restricted**	**Total**	Externally restricted	Internally restricted	Total
Balance, beginning of year	**2,806**	**461**	**3,267**	2,719	448	3,167
Donations (notes 17 and 18)	**66**	**-**	**66**	55	-	55
Investment income, net of fees and other expenses of $47 (2023 - $37) (note 3)	**324**	**54**	**378**	121	17	138
Investment income made available for spending	**(106)**	**(16)**	**(122)**	(99)	(16)	(115)
Transfer of donations and matching funds from deficit	**14**	**13**	**27**	10	12	22
Balance, end of year	**3,104**	**512**	**3,616**	2,806	461	3,267

14. Ontario Student Opportunity Trust Fund

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

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 10) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael's College and the Toronto School of Theology) are not included in these consolidated financial statements.

Phase 1:

	(thousands of dollars)	
	2024	2023
Endowments at book value, beginning of year	**379,230**	395,007
Donations	**-**	1
Transfer from (to) expendable funds	**17,524**	(15,778)
Endowments at book value, end of year	**396,754**	379,230
Cumulative unrealized gains	**79,503**	62,225
Endowments at fair value, end of year	**476,257**	441,455

	(thousands of dollars)	
	2024	2023
Expendable funds available for awards, beginning of year	**34,518**	33,360
Realized investment income (loss)	**32,936**	(338)
Transfer (to) from endowment balance	**(17,524)**	15,778
Bursaries awarded	**(15,707)**	(14,282)
Expendable funds available for awards, end of year	**34,223**	34,518
Number of award recipients	**3,340**	3,027

Phase 2:

	(thousands of dollars)			
	2024		2023	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**49,694**	**5,783**	51,658	5,756
Donations	**3**	**1**		
Transfer from (to) expendable funds	**2,039**	**877**	(1,964)	27
Endowments at book value, end of year	**51,736**	**6,661**	49,694	5,783
Cumulative unrealized gains	**5,087**		3,025	
Endowments at fair value, end of year	**56,823**		52,719	

	(thousands of dollars)			
	2024		2023	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**4,020**	**974**	3,739	832
Realized investment income (loss)	**3,906**	**1,119**	(48)	431
Donations	**4**	**-**	-	-
Transfer (to) from endowment balance	**(2,039)**	**(877)**	1,964	(27)
Bursaries awarded	**(1,600)**	**(236)**	(1,635)	(262)
Expendable funds available for awards, end of year	**4,291**	**980**	4,020	974
Number of award recipients	**546**	**120**	492	125

15. Ontario Trust for Student Support

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Support matching program to award student aid as a result of raising an equal amount of endowed donations. The University also matched certain endowed donations.

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 10) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael's College and the Toronto School of Theology) are not included in these consolidated financial statements.

	(thousands of dollars)			
	March 31, 2024*		March 31, 2023*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**91,217**	**16,657**	95,617	16,301
Donations received	**176**	**228**	157	273
University matching	**-**	**-**	-	1
Transfer from (to) expendable funds	**5,073**	**2,633**	(4,557)	82
Endowments at book value, end of year	**96,466**	**19,518**	91,217	16,657
Cumulative unrealized gains	**15,223**		9,568	
Endowments at fair value, end of year	**111,689**		100,785	

	(thousands of dollars)			
	March 31, 2024*		March 31, 2023*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**6,387**	**3,287**	5,831	2,863
Realized investment income (loss)	**8,670**	**1,221**	(931)	1,115
Donations	**-**	**-**	-	-
University matching and contribution	**41**	**-**	46	-
Transfer from (to) endowment balance	**(5,073)**	**(2,633)**	4,557	(82)
Bursaries awarded	**(3,516)**	**(680)**	(3,116)	(609)
Expendable funds available for awards, end of year	**6,509**	**1,195**	6,387	3,287
Number of award recipients	**1,091**	**253**	952	260

*As per Ministry of Colleges and Universities guidelines.

16. Supplemental cash flow information

The net change in other non-cash items is as follows:

	2024	2023
Accounts receivable	**(18)**	31
Inventories and prepaid expenses	**(5)**	2
Other long-term assets	**(60)**	-
Accounts payable and accrued liabilities	**206**	(143)
Deferred contributions	**73**	22
	196	(88)

The purchase of capital assets funded by accounts payable and accrued liabilities is as follows:

	2024	2023
Increase (decrease) in capital asset acquisitions funded by accounts payable and accrued liabilities	**40**	(24)

17. Donations

During the year, the University raised pledges, gifts and philanthropic grants of $194 million (2023 - $154 million). In 2024, $155 million (2023 - $137 million) was recorded as revenue, of which $128 million (2023 - $103 million) was received in the current year and $27 million (2023 - $34 million) was received and deferred in prior years, and $66 million (2023 - $51 million) was recorded as a direct addition to endowments (note 13) and is not recorded as donations revenue.

18. Government and other grants for restricted purposes

During the year, the University received $547 million (2023 - $459 million) of government and other grants for research and $50 million (2023 - $49 million) for capital infrastructure and other purposes, of which $510 million (2023 - $468 million) was recorded as revenue, $87 million (2023 - $36 million) was deferred (notes 10 and 11) and nil (2023 - $4 million) was recorded as a direct addition to endowments (note 13) and is not recorded as donations revenue.

19. Financial risks and risk management

The University is exposed to various financial risks through transactions in financial instruments. The majority of these risks are related to investments in the LTCAP. To manage the investment risk of the LTCAP portfolio, the University has set the benchmark Reference Portfolio with an asset mix that reflects its long-term return objectives and risk appetite. The University monitors and limits the active risk, which is defined as the volatility in the actual portfolio minus the volatility in the Reference Portfolio. The University uses risk systems and data management tools to evaluate risk exposures across multiple asset classes, as well as the total portfolio. If the measured risk of the portfolio exceeds the limit, actions will be taken to reduce the portfolio's risks.

Foreign currency risk

The University is exposed to foreign currency risk from direct and indirect (e.g., pooled funds) investments that are denominated in currencies other than the Canadian dollar. Fluctuations caused by changes in the currency rates applied to these investments can result in a positive or negative effect on the fair value of the investments and on the cash flows from these investments. To manage foreign currency risk, the University has established a benchmark currency hedging policy for both the LTCAP and EFIP. In 2024, the benchmark policy for the LTCAP is to hedge 50% (2023- 50%) of the currency exposure of all the asset classes of the Reference Portfolio, with the exception of emerging markets, which are unhedged. The benchmark policy for EFIP is to hedge 100% (2023 - 100%) of its non-Canadian currency exposure. As at April 30, 2024, the fair value of investments denominated in foreign currencies was $3.2 billion (2023 - $3.0 billion), of which $2.0 billion (2023 - $1.9 billion) was hedged.

Credit risk

The University is exposed to credit risk in connection with its fixed income investments and derivative contracts because of the risk of a financial loss caused by a counterparty's potential inability or unwillingness to fulfil its contractual obligations. To manage the credit risk exposure from direct fixed income holdings or from the use of derivatives, limits are established for individual counterparties, and these are monitored regularly. The majority of the University's fixed income investments are in highly rated securities. As at April 30, 2024, 37% (2023 - 38%) of the University's bond exposure from derivative instruments were either unrated or had market appropriate credit equivalent ratings of A or lower.

Interest rate risk

The University is exposed to interest rate risk with respect to its investments in bonds. As at April 30, 2024, the fair value of total investments in bonds was $4.2 billion (2023 - $3.8 billion), composed of $1.7 billion (2023 - $1.5 billion) of bonds indirectly held through pooled funds and $2.5 billion (2023 - $2.3 billion) of notional bond exposure arising from derivative financial instruments. As at April 30, 2024, the University did not hold bonds directly (2023 - nil) in its portfolios. The interest rate risk of fixed income exposures is managed based on the interest rate risk of the Reference Portfolio in LTCAP and based on the interest rate risk of the target portfolio in EFIP.

Liquidity risk

The University is exposed to liquidity risk if it does not maintain sufficient liquidity to manage its obligations associated with its derivative financial instruments, the funding of calls from private market funds and the annual LTCAP distribution for spending. The University has developed a system that models the potential liquidity needs of the LTCAP under stressed market conditions. This helps ensure that adequate cash and other sources of liquidity are available to meet all liquidity needs over a stress-test extended period. The same modelling analysis ensures that the University can, if necessary, rebalance LTCAP's asset mix to match the target asset class weights of the Reference Portfolio.

Other price risk

The University is exposed to other price risk through changes in market prices (other than changes arising from interest rates or foreign currencies) with respect to its investments in public equity, private equity, fixed income, real estate, infrastructure and hedge funds. The factors that cause the changes in market prices may affect a specific individual investment, its issuer, or they may affect similar securities traded in the market. This risk is managed by having a benchmark Reference Portfolio, which reflects the University's risk appetite, and by monitoring actual risk against the risk of the Reference Portfolio.

20. Other commitments

a. The estimated cost to complete construction and renovation projects in progress as at April 30, 2024, which will be funded by operations and donations, is approximately $1.5 billion (2023 - $1.7 billion).

b. The future annual payments under various operating equipment leases are approximately $8 million.

c. The future base rent lease payments for space rentals are as follows:

2025	19
2026	19
2027	19
2028	18
2029	18
Thereafter	111
	204

21. Contingencies

a. The University has a program under which it guarantees bank loans to faculty and staff members to assist in the purchase or refinancing of their homes. The University holds mortgages as collateral security against such guarantees. As at April 30, 2024, the amount of loans guaranteed was $10 million (2023 - $12 million). The University’s estimated exposure under these guarantees is not material.

b. The University issues irrevocable standby letters of credit for its capital construction projects that guarantee payments to the City of Toronto if it fails to perform certain restorative work at the completion of its capital construction projects. As at April 30, 2024, the amount of outstanding letters of credit issued was $28 million (2023 - $25 million).

c. The members of TRIUMF and the Canadian Nuclear Safety Commission (“CNSC”) approved a decommissioning plan that requires all members to be severally responsible for their share of the decommissioning costs as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has put in place a plan for funding the cost of decommissioning that does not require any payments from the joint venture partners.

d. 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 obligation for these assets will be recorded in the period in which a legal obligation exists or when there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

e. The nature of the University’s activities is such that there are usually claims or potential claims in prospect at any one time. As at April 30, 2024, the University believes that it has valid defences and appropriate insurance coverage in place on certain claims that are not expected to have a material impact on the University’s consolidated financial position. There also exists other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are required.

f. On January 1, 2023, the University entered into a membership with a reciprocal exchange of insurance risks, named the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). This self-insurance reciprocal, in association with 78 other Canadian universities, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. Plan members are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at December 31, 2023, the date of the latest financial statements available, CURIE was fully funded with surplus of $108 million (December 31, 2022 - $100 million).

UNIVERSITY OF
TORONTO

TAB 5

Financial Report 2025

April 30, 2025

University of Toronto Financial Services

UNIVERSITY OF TORONTO

DEFY GRAVITY

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RESULTS AT A GLANCE

ENROLMENT

Student enrolment increased by 2.9% to

91,245 FTE

REVENUE

Revenue increased by 5.1% year-over-year to

$4.9 billion

NET INCOME

Positive net income of 10.6% of revenues before allocations to reserves

$519 million

DEBT

Debt burden is 2.3% of expenses based on internal and external debt of

$1.2 billion

ENDOWMENTS

Donations and grants of $95 million and 8.9% return in LTCAP result in market value of

$3.9 billion

CAPITAL ASSETS

Value of capital assets after $630 million additions and $262 million amortization

$6.3 billion

Highlights

Established in 1827, the University of Toronto (the "University") is Canada's top-ranked university, providing world-class research and teaching to over 99,000 students across our three campuses: downtown Toronto ("St. George"), Scarborough ("UTSC") and Mississauga ("UTM").

As one of the largest universities in North America, the University provides students with a broad range of academic programs and courses, while a unique college system offers the rich learning experience of small, close-knit communities. The following financial report reveals a vibrant university in positive financial shape approaching its bicentennial year in 2027.

Over the past 5 years, the University has benefited from the Ontario and Federal governments' continued financial support for higher education and advanced research, helping to ensure access, increase graduate enrolment, and finance vital infrastructure. During that same period, the University has grown significantly, with an increase of 7.6% in the number of students.

Over the last 12 years under the leadership of President Meric Gertler, the University's Three Priorities have provided institutional context for divisional academic planning, with focused investment in specific initiatives and activities throughout the University:

- Finding new ways to take advantage of prime locations in the Greater Toronto Area. This includes deepening relationships with local partners and heightening contributions to the success of the GTA as one of the world's most diverse and dynamic metropolitan regions;
- Strengthening international partnerships with other great universities, by facilitating student mobility and faculty exchanges, as well as joint initiatives in research, conferences, and teaching; and
- Developing new, innovative curricula and non-curricular activities that enhance the student experience, to re-imagine undergraduate education. This includes embracing the demand to prepare students for the labour market and the opportunities of the digital age.

In March 2025, the Governing Council approved the appointment of Professor Melanie Woodin as the 17^{th} President of the University of Toronto for a five-year term, effective July 1, 2025. As the University builds upon its great success to date, it will continue to draw on the talent and leadership of faculty and staff, as well as the loyalty and generosity of alumni and benefactors. At the same time, the University will need strong support from government partners—at all levels—that recognize the University's unique and critical role within Canadian higher education.

Financial Results and Challenges

The University continues to be in a strong financial position due to high demand for our programs and prudent fiscal management, resulting in substantial operating reserves and an excellent credit rating. However, the University is operating in an environment of lower revenue growth compared to the past decade, with limits on domestic and international fees. The changing immigration policy environment in Canada poses additional risks on revenue growth from international recruitment. Despite returning to more moderate levels in the last year, inflation continues to put pressure on divisional budgets. Expenses are outpacing revenue growth due to compensation increases contained in post-Bill 124 collective agreements and the rising cost of employee benefits. The economic policies of the new administration in the United States may also add upward pressure on operating and capital expenditures.

In fiscal 2025, the University's net assets increased by $706 million to a total of $10.6 billion. The increase was primarily the result of strong investment returns of $752 million and restricted donations to the University's endowment of $95 million, offset by actuarial losses on employee future benefit plans of $69 million.

The University's net income of $519 million was driven largely by strong returns on working capital investments in the current high-interest rate environment, as well as funds set aside for future priorities in accordance with approved academic and budget plans. The positive net income also includes infrastructure costs that were capitalized and not expensed in the year, offset by amortization expense. These capital investments included projects such as:

- the Academic Wood Tower, Lash Miller Building expansion, Emerging Pandemic and Infections Centre, and the new Oak House residence at the St. George campus;
- the Instructional Centre II, Scarborough Academy of Medicine and Integrated Health ("SAMIH"), and a new parking structure at UTSC;
- a student residence at UTM; and
- major equipment acquisitions as part of Project LEAP and at SciNet, the supercomputing center at the University of Toronto.

Notwithstanding strong investment returns for the year, the rate of increase in revenue was insufficient to offset the rate of increase in expenses, primarily due to ongoing inflationary impacts and post-Bill 124 compensation increases negotiated with many of the University's bargaining units.

Revenues from ancillary operations have increased for the fourth consecutive year, exceeding pre-pandemic levels for the third straight year. Net income from ancillary operations has also returned to positive levels for the last three fiscal years. Despite the recovery, changes in demand for on-campus services due to flexible work arrangements, increased costs due to a period of high inflation, and rising staffing costs will continue to pose a challenge for ancillary operations.

Statement of Operations

Over the past five years, the number of students at the University has grown by 7.6%. This substantial increase in enrolment has raised revenues from student fees and government grants while also increasing expenses in salaries and benefits, due to the resulting growth in faculty and staff and related salary increases. In turn, higher numbers of students, faculty, and staff have increased the need for construction and renovations, which impact operating expenses as well as interest and amortization expenses. Planning for these capital infrastructure needs has included a prudent increase in financial reserves.

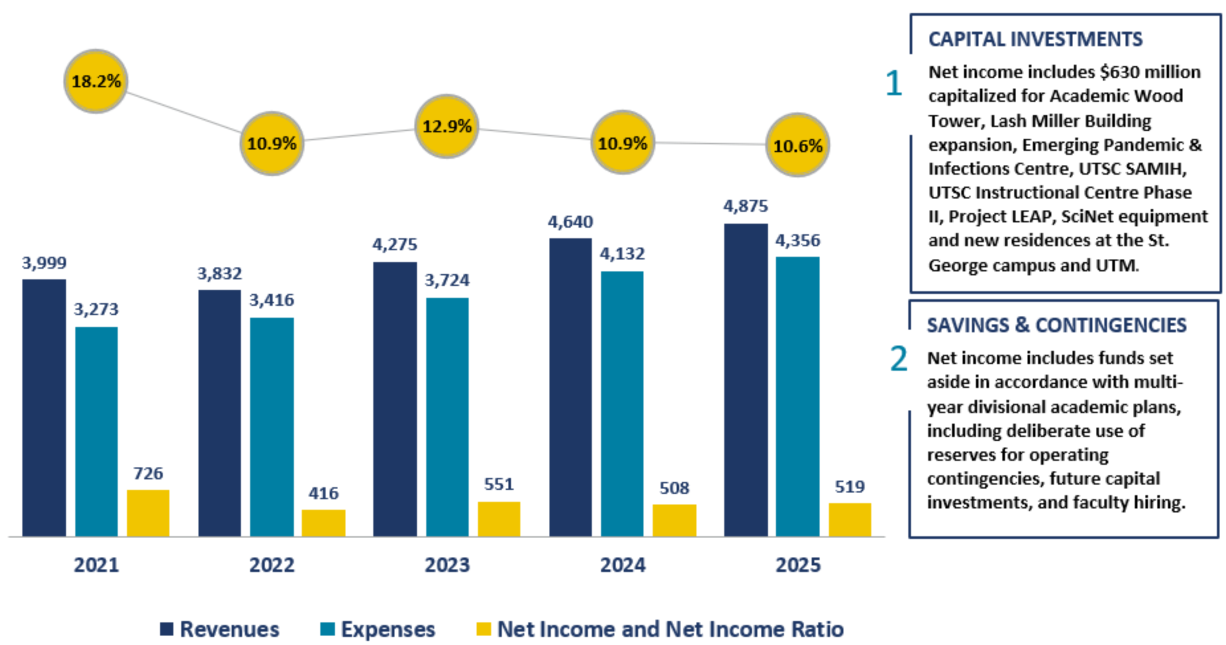
The University continues to welcome a large community of international students. Experience and data show consistently that this is an important factor in academic excellence and global competitiveness, as well as a major benefit to the regional and national economy. A diverse student body enables intercultural learning and exchange on campus. It offers all students an immersive and global education and the opportunity to be part of a global alumni network. To mitigate the ways international student recruitment can be affected by geopolitical developments, the University has successfully pursued initiatives to diversify global recruitment. Fall 2024 saw continued progress in diversifying the incoming class of international students, which included students from 135 countries. The University drew more than forty students from each of 16 different countries and less than half of total international students from any single source.

Financial highlights for the fiscal year ending April 30, 2025 include:

Revenues:	$4.9 billion
Expenses:	$4.4 billion
Net income:	$519 million

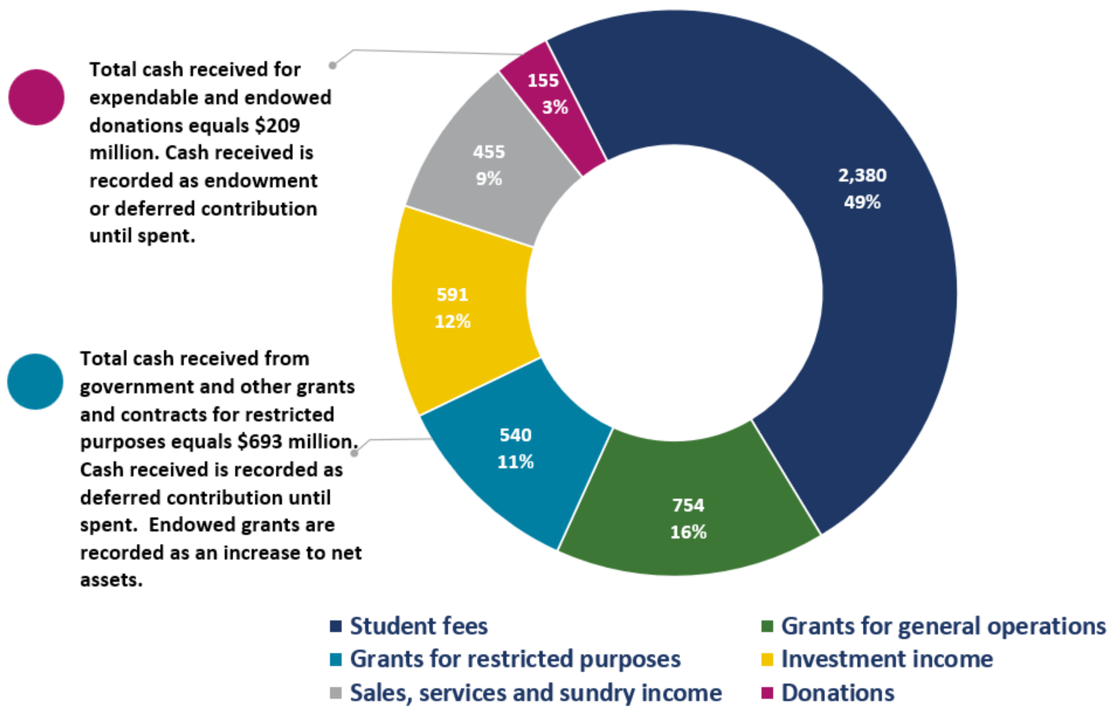
The net income of $519 million primarily reflects strong returns on working capital investments, funds used for capital infrastructure, and funds set aside in accordance with multi-year divisional academic and budget plans. These plans call for deliberate use of reserves for operating contingencies, future capital investment in academic facilities and other amenities, endowment matching opportunities, and faculty hiring.

Figure 1: Revenue and Expenses
($ millions) for the year ended April 30



In 2025, $3.1 billion or 64.3% of revenues were from student fees and government grants provided in support of student enrolments. An additional $540 million represented government and other grants and contracts for restricted purposes. Together these three sources accounted for 75.4 % of revenues for the year. As noted above, the category of sales, services, and sundry income (which includes residence, parking, and food service operations) has seen substantial improvement, but continues to experience some negative impacts due to the adoption of flexible work arrangements.

Figure *2:* *Revenues by Category*
($ millions)



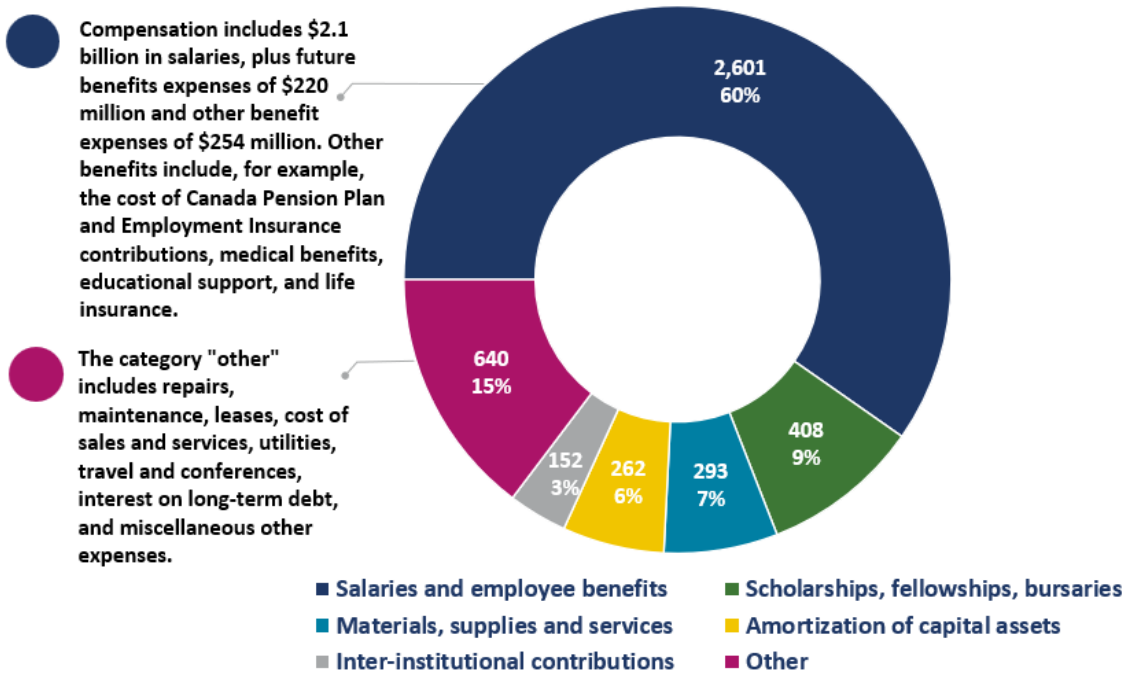
In 2025, the University paid $2.6 billion for salaries and employee benefits, comprising 59.7% of the University's $4.4 billion in expenses. Faculty and staff salaries and benefits relating to teaching, research and administrative activities are predominantly funded from University operating funds (mostly student fees and government grants).[1] Additional details on expenses include:

- $408 million for scholarships, fellowships, and bursaries (9.4% of total expenses)
- $293 million for materials, supplies and services (6.7% of total expenses)
- $262 million for amortization of capital assets (6.0% of total expenses)
- $152 million for inter-institutional contributions (3.5% of total expenses)

[1] Additional details are provided in the "Salaries and Benefits" section below.

Figure 3: Expenses by Category

($ millions)



Balance Sheet

Financial highlights for the fiscal year ending April 30, 2025 include:

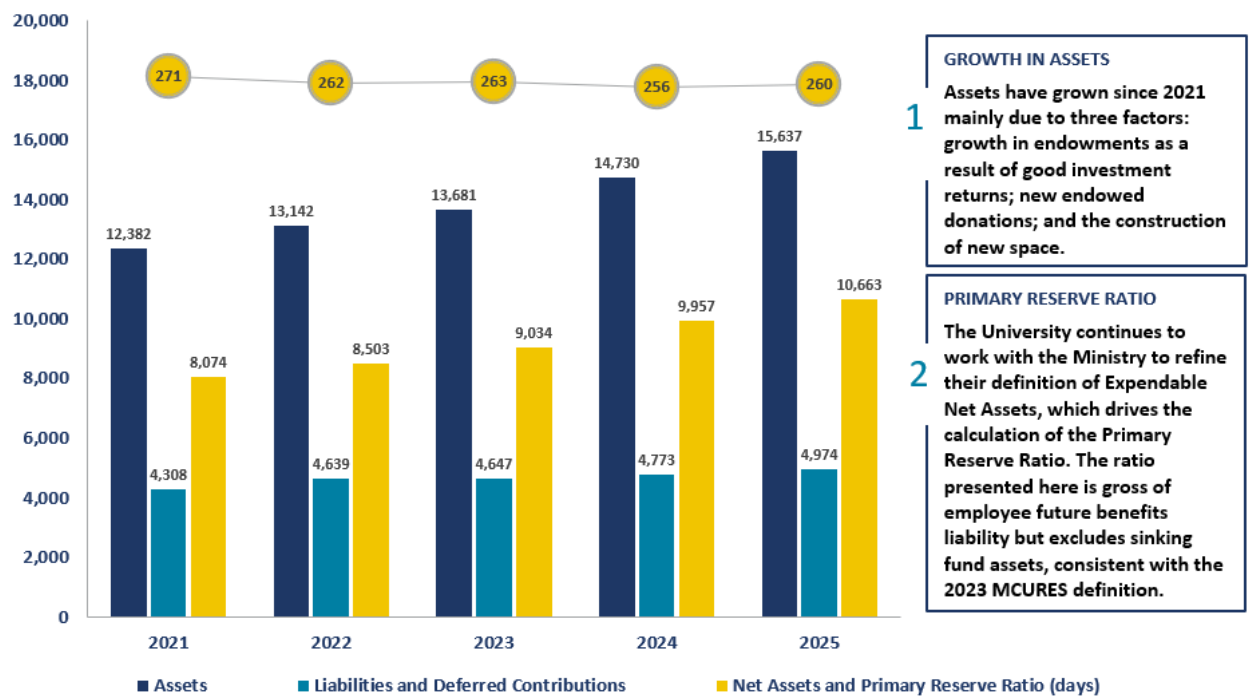
Assets:	$15.6 billion
Liabilities:	$5.0 billion
Net assets:	$10.6 billion

Assets have grown since 2021 mainly due to three factors: the growth in endowments as a result of investment returns; the receipt of endowed donations; and the construction of additional space to accommodate the increased number of students.

Net assets[2] increased by $706 million to $10.6 billion in 2025. This increase is mainly due to net income of $519 million, endowed donations and grants of $95 million, and gains on externally restricted endowments of $161 million, offset by $69 million in remeasurements on employee future benefit obligations.

[2] Net assets reflect the University's net worth and change over time through the net income or net loss for the year, and changes in endowments. Changes in endowments may derive from receipt of endowed donations and investment income on externally restricted endowments (representing income earned above the amount made available for spending). Such income does not flow through the consolidated statement of operations but rather is added directly to the endowment balance in accordance with current generally accepted accounting principles for not-for-profit organizations.

Figure 4: Assets, Liabilities and Net Assets
($ millions) for the year ended April 30



Net assets are composed of the following:

- $3.9 billion of endowments, representing 36.9% of net assets,
- $7.2 billion of internally restricted net assets, and
- ($514 million) of deficit.[3]

The $3.9 billion of endowments represent over 7,500 individual endowment funds, which are restricted by Governing Council or donor agreements to approved academic priorities. Endowment funds for student aid and support totaled $1.7 billion in 2025.

The $7.2 billion of internally restricted net assets comprises:

- $2.4 billion in land
- $2.5 billion of investment in other capital assets[4]
- ($506 million) in net unfunded liability associated with pension and other employee future benefits, including the pension special payment reserve
- $1.7 billion in capital projects and infrastructure reserves
- $577 million of operating contingency reserves
- $557 million in other reserves held for future spending

[3] The deficit is largely due to the internal financing of capital construction in accordance with the University's debt strategy (see the "Debt" section below).
[4] This figure represents internal monies previously spent by the University for capital projects which will be reduced over time as these capital assets are amortized.

Deferred contributions increased by $36 million in 2025, mainly due to donations and research grants received and held for future spending.

Role of the Government of Ontario

The provincial government provides operating grants and regulates tuition fees for domestic students in publicly funded programs. The provincial government also invests in student financial support, research, and infrastructure.

Provincial Operating Grants

The Ontario post-secondary education system operates under a differentiation policy framework. The framework is operationalized through a series of institutional Strategic Mandate Agreements, which specify the role of each university in the system and how they will build on institutional strengths to drive system-wide objectives and government priorities.

Fiscal year 2024-25 was the last year of the University's third Strategic Mandate Agreement with the Province ("SMA3"), which covers the period April 1, 2020 to March 31, 2025. With the implementation of SMA3, a significant portion of existing operating grant revenue has been re-directed to a differentiation envelope tied to performance metrics.

Prior to its implementation, the Council of Ontario Universities worked with the Ministry of Colleges, Universities, Research Excellence and Security to introduce mechanisms to the SMA3 performance-based funding formula that increase predictability and minimize volatility for institutions. For funding purposes, each university is measured against its own past performance, not against other institutions. Targets are established formulaically, taking into consideration past performance and the variability of results in recent years. Each target includes a range of allowable performance outcomes, with partial funding provided if performance falls below the allowable performance range. The Ministry also added a stop-loss mechanism that limits any funding loss to a maximum of 5% for each metric in the event of a missed target.

As Canada's leading research-intensive university, performance-based funding allows the University to benchmark its strengths in areas such as innovation, research funding, and graduate employment, and have funding reflect its achievements in these areas. The University has allocated its performance-based funding envelope among ten metrics, with an option to adjust each year in response to changing priorities. Funding linked to performance based metrics came into effect in the fourth year of SMA3, after the Province suspended any financial impacts for the first three years of SMA3 in recognition of the potential impact of the COVID-19 pandemic on performance metrics. In 2024-25, the final year of SMA3, 25% of funding was linked to the metrics. The University exceeded its targets in all five years of the SMA3 evaluation period.

The University's fourth Strategic Mandate Agreement with the Province (SMA4) will come into effect on April 1st, 2025 and continue for five years. While the University is currently working with the Province to finalize the SMA4, the new agreement is expected to include a continuation of the SMA3 performance-based funding framework but with eight metrics, down from the ten included in SMA3. Given the University's strong performance on the SMA3 metrics – most of which are carried forward into SMA4 - we do not anticipate any reductions to funding related to performance under SMA4.

The SMA3 also set out a multi-year enrolment plan. In response to Ontario's changing demographics, the University and the Province agreed to hold constant the level of domestic undergraduate enrolment at the University of Toronto over the period of the agreement. The University has been eligible for full enrolment funding provided it maintained a five-year average enrolment within ±3% of its target. This excludes separately funded enrolment expansions in nursing and the Scarborough Academy of Medicine & Integrated Health described below.

In April 2025, the Province announced additional funding for enrolments in science, technology, engineering, and math (STEM). The University received an additional 200 funded student spaces in STEM programs as of 2025-26 which will be added to our funded enrolment corridor for SMA4. The University has capacity for a much larger expansion of STEM enrolments and has proposed further growth to the Province.

In May 2022, the Government announced funding to support the new SAMIH, which will expand enrolment in our MD, Physical Therapy, and undergraduate life sciences programs on the Scarborough campus. In addition, the physician assistant program and a portion of our nurse practitioner program will be delivered through SAMIH. In 2023, the Government announced a further expansion of some medical programs which will result in additional growth funding for spaces in health science programs.

The Government is also providing funding for the expansion of our undergraduate nursing program as part of their broader strategy to address health sector workforce shortages.

In 2024-25, the Province committed to a 7% increase in operating grant funding phased in over three years to 2026-27 through the PSE Financial Sustainability Fund. This welcome increase in grant funding is helping to offset some of the impact of the continued tuition freeze but provides growth on only 20% of budgeted operating revenues.

Tuition Fees and Student Aid

On January 17, 2019, the Province required a 10% cut to domestic tuition fees beginning in 2019-20, and has subsequently frozen fees at these lower levels out to at least 2026-27. Beginning in 2022-23, institutions have been allowed to increase domestic, out-of-province tuition by up to 5% per year, however this change has limited impact as this applies to just a small portion of the University's domestic enrolment. Tuition fees paid by international students are not regulated by the Province and were therefore unaffected. The tuition fee freeze is applied to domestic students in Ontario enrolled in all programs that are funded via the provincial operating grant, including direct entry undergraduate, second entry and professional master's, and doctoral stream programs. In 2024-25, total revenue from domestic enrolment (tuition and grants) was less than it was in 2018-19 in nominal dollars, without adjusting for inflation. The impact of the 10% reduction and five-year freeze has had a differential impact across the University depending on program mix and divisional revenue sources. Strategies used to mitigate the impact included changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies.

Student fees revenue increased by $90 million from last year to $2.4 billion mainly because of increased international fees and enrolment growth.

The University remains committed to the goal of accessibility and to working with the Provincial and Federal governments to support access. Students have access to a wide range of financial supports through the University in addition to those available through government loan and grant programs like the Ontario Student Assistance Program ("OSAP"). Some are based on need, and others on measures of merit, such as academic achievement or leadership. There are supports for international and Canadian students as well as dedicated supports for students with disabilities. In 2025, the University spent $408 million on scholarships, fellowships, and bursaries, a 46.2% increase from $279 million in 2021.

The Province's 2019 changes to the OSAP have reduced the overall amount of non-repayable student aid for students, including the University's regulatory obligation to cover unmet financial need as defined by OSAP under the Student Access Guarantee. However, the University remains firm in its internal access guarantee that financial circumstances should not stand in the way of a qualified domestic student entering or completing their degree and has provided additional needs-based support to students beyond the government requirements.

Capital Funding

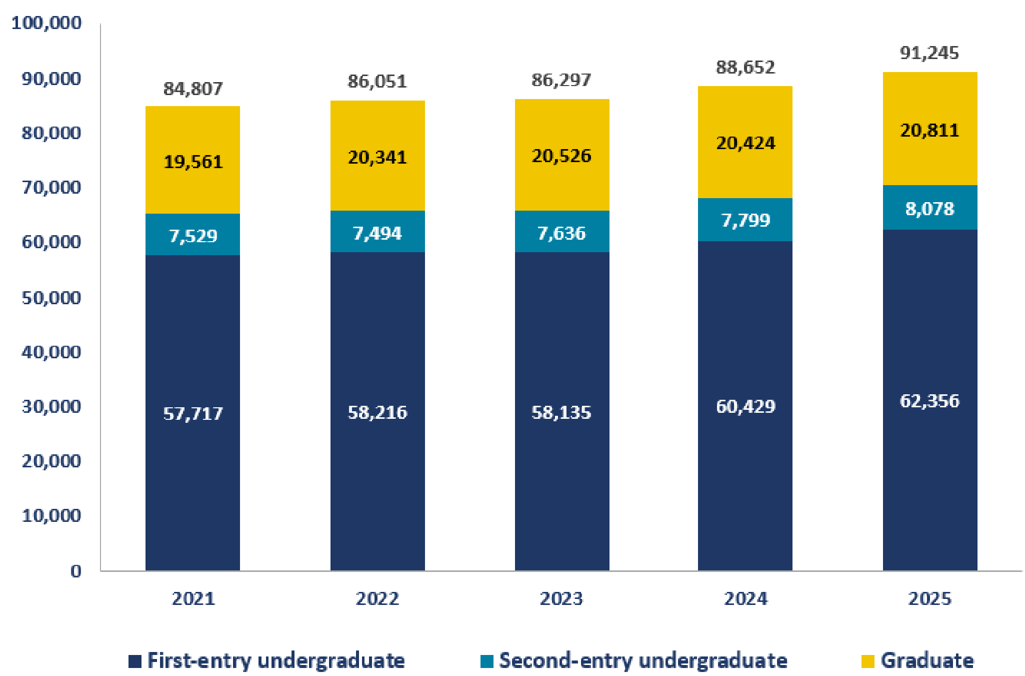
The University receives funding support to help with the critical maintenance repairs, upgrades, and renewal of existing facilities through the Facilities Renewal Program ("FRP"). In 2025, the Province announced an additional $228 million in funding for postsecondary institutions to modernize their infrastructure. The University receives about $12 million in annual funding under the FRP.

Student Enrolment

Demand for student spaces has increased significantly since 2021 as a result of population growth in Ontario, increased higher education participation rates and a growing reputation around the globe as a destination of choice for international students. The University has increased enrolment to accommodate this additional student demand with student FTE enrolment increasing from 84,807 in 2021 to 91,245 in 2025, an increase of 7.6%. Given the current limits on domestic enrolment under the Government's SMA3 enrolment corridor, the majority of growth over this period has been in international enrolment as part of the University's academic plan. Approximately two-thirds of domestic students entering direct entry undergraduate programs come from the Greater Toronto Area.

Figure 5: Number of FTE Undergraduate and Graduate Students

as at November 1



Although the University has received full average funding from the Province for enrolment of additional domestic students under previous expansion programs, neither government grants nor regulated tuition fees have kept pace with inflation over time. Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities.

Financial Planning

The University is currently operating in a new planning environment with more constraints on revenue growth compared to the past decade. Demand for our programs continues to be strong with deep domestic and international undergraduate applicant pools. However, domestic tuition fees for Ontario residents continue to be frozen until at least 2026-27 and changes to Canada's immigration policies are creating uncertainty with international recruitment. Despite constraints on domestic tuition, the University is planning to add about 500 domestic undergraduate spaces, primarily through the funded nursing, medicine, and SAMIH expansions, with the capacity to expand further if the Province provides additional funded spaces. Revenues are expected to increase modestly over the next several years, primarily as a result of increasing international enrolment, domestic enrolment changes within the ±3% flexibility of the fixed provincial funding envelope, separately funded enrolment expansion programs, and modest fee increase assumptions. Revenue growth in 2025-26 will be used primarily to address compensation and inflationary pressures, key initiatives to improve students services and supports, and invest in critical infrastructure.

The long-range academic and budget plan for 2025-26 to 2029-30 incorporates the freeze of domestic tuition fees until 2026-27 and a modest increase in operating grant funding as announced by the Government in February 2024 in response to their Blue-Ribbon Panel on postsecondary financial sustainability. With enrolment growth slowing and limits to domestic and international tuition fees, revenue growth is anticipated to slow to around 3% per year over the five-year planning period. As revenue growth slows, the University will need to continue pursuing initiatives to increase the effectiveness of service delivery and expense containment measures to ensure that resources are directed to the highest priorities. However, for long term sustainability, the University will need some flexibility on domestic tuition as well as continued increases to operating grant funding.

Research and Capital Infrastructure

The Institutional Strategic Research Plan 2024-29 ("ISRP") will guide the University's efforts to solve global challenges and build partnerships with the community. The ISRP articulates five strategic objectives that will inform and propel the University's research and innovation over the five years. Cultivating an environment to leverage opportunities and foster collaboration and partnerships is a key objective of the ISRP. Strong research funding support from the provincial and federal governments, and a broad range of other public and private sector entities, are key to the University's research and innovation preeminence, including support for research operations and infrastructure that help the University to attract and retain top research talent from across Canada and around the world.

University researchers, scholars and innovators are successful in securing funds from a rich array of national and international sources, including the federal and provincial governments, the not-for-profit sector, and private-sector partnerships.

One hallmark of the successful combination of the innate strength of the University research community, and the intense institutional focus, is the achievement of the goal of increased Canada Research Chair

(“CRC”) allocations over five years. The University currently holds 330 CRCs, the country’s largest allocation of CRCs, spread across three campuses and nine fully affiliated hospitals. In order to increase the participation of underrepresented groups nationally in the CRC Program, institutions are required to progressively meet targets for the representation of four designated groups (women and gender minorities, Indigenous peoples, racialized minorities, and persons with disabilities) among their chair cohorts, leading up to a December 2029 deadline. The University is surpassing its interim targets for CRCs in all four federally designated groups and are implementing strategies to meet federal targets by 2029.

The federal Research Support Fund (“RSF”) and the Incremental Project Grant (“IPG”) contribute to the institutional (also known as “indirect”) costs of tri-agency funded research. In 2023-24, the RSF and the IPG provided critical indirect cost support of $61.5 million. The University’s effective rate of federal indirect costs recovered from these programs has averaged around 20% over the last decade, relative to the University’s average indirect cost rate of 60%. The gap (40%) in funding constrains our potential as an internationally competitive research institution and requires the redirection of funds to indirect costs of research from other operations, including our teaching function. In 2024, the Federal Government announced a multi-year plan to increase funding for the IPG program for research-intensive institutions like the University of Toronto. This welcome increase is anticipated to substantially increase the funding of total indirect costs of research.

Other important government funded initiatives include the following:

- In its 2025 budget, the provincial government announced $207 million in additional funding over three years starting in 2025–26 in the Ontario Research Fund – Research Infrastructure (ORF-RI). Through both direct investment and leveraging federal funds, the ORF-RI will support Universities competitiveness in attracting, developing and retaining leading talent by ensuring researchers continue to have access to state-of-the art equipment and facilities.

- In its 2024 budget, the federal government announced more than $3 billion in investments in Canada’s research ecosystem over the next five years. This includes increases to the tri-council funding agency budgets, additional support for master’s and PhD students and post-doctoral fellows, and more money for major research infrastructure projects. The budget also earmarks $2.4 billion, previously announced, to consolidate Canada’s competitive edge in AI - a field where the university’s researchers are playing a leading role.

- In its 2024 budget, the provincial government announced $65.4 million in funding over three years to support research and innovation, including $47.4 million for the infrastructure refresh of Ontario’s Advanced Research Computing systems. Approximately $26 million of this funding is earmarked for SciNet, the supercomputer centre at the University, which hosts one of the fastest supercomputers in Canada.

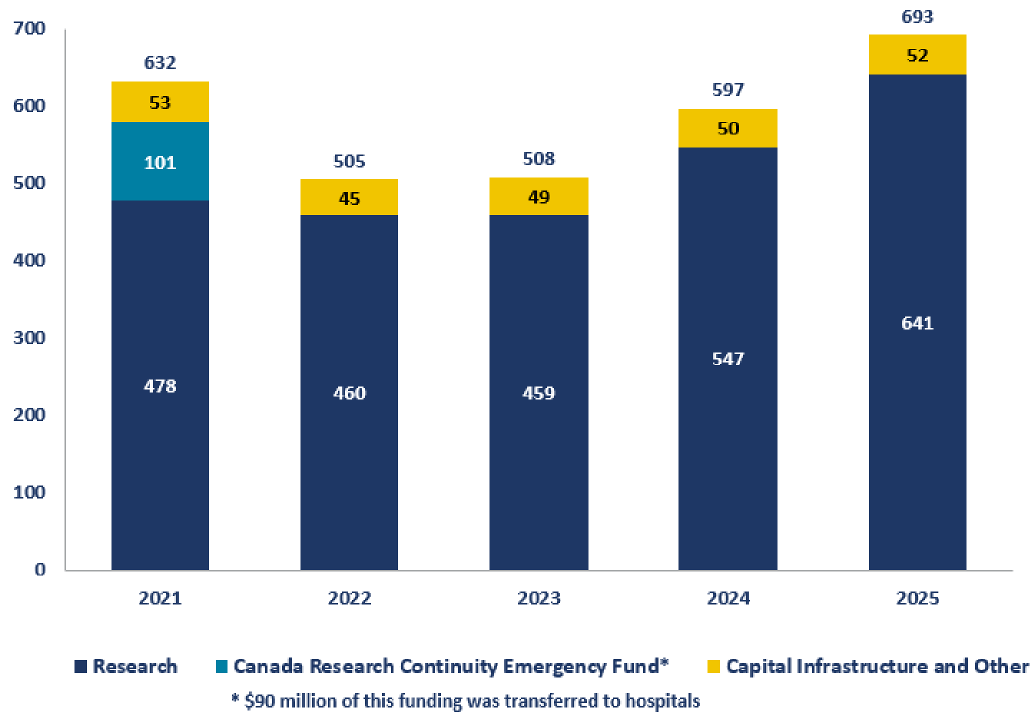
- In 2024, the University received additional installments of a $200-million grant from the Canada First Research Excellence Fund (“CFREF”) — the largest federal research grant ever awarded to a Canadian university — to revolutionize the speed and impact of scientific discovery through the Acceleration Consortium. The funding supports work on “self-driving labs” that combine artificial intelligence, robotics and advanced computing to discover new materials and molecules in a fraction of the usual time and cost. Applications include everything from life-saving medications and biodegradable plastics to low-carbon cement and renewable energy.

The University continues to be successful at generating funding for research, including support for personnel, operations, and infrastructure. These financial statements account for funds received as follows:

- Research grants are recorded as revenue when the related expenditures are incurred; and
- Unspent research grants are recorded as deferred contributions.

Government and other grants received in 2025 for restricted purposes totaled $693 million, including $641 million for research and $52 million for capital infrastructure and other purposes. These were reported as follows: $540 million as revenue from grants for restricted purposes and $153 million as deferred contributions and deferred capital contributions.

Figure 6: Government and Other Grants and Contracts Received for Restricted Purposes
($ millions) for the year ended April 30



Salaries and Benefits

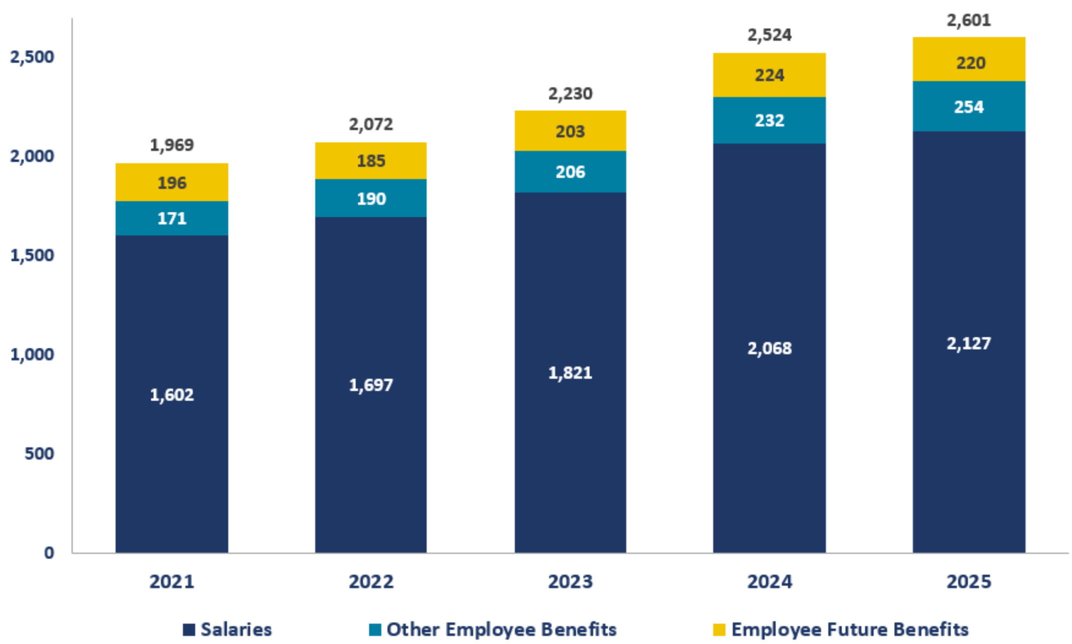
Over the period 2021 to 2025, salaries and benefits increased from $2.0 billion to $2.6 billion. This is the result of negotiated compensation increases for employee groups as well as an increase of 17.6% in the total number of faculty and staff over that time period. The total cost of salaries and benefits increased by 3% compared to 2024, the year in which the cost of extraordinary post-Bill 124 compensation increases (including retroactive payments) came into effect.

In 2025, the University had 3,694 faculty, 169 librarians, and 9,812 administrative staff, which includes both full and part time employees.

The following are the most current agreements to April 30, 2025:

- Three-year agreement with administrative and technical staff, represented by the United Steelworkers (USW), starting July 1, 2023, to June 30, 2026, with 9% across-the-board salary increase at July 1, 2023, 2% at July 1, 2024, and 1.8% at July 1, 2025.
- An arbitrated award for across-the-board salary increases of 8% on July 1, 2022, the third year of a three-year agreement with faculty and librarians starting July 1, 2020, to June 30, 2023. Negotiations toward a new agreement to take effect July 1, 2023 have resulted in resolution of some non-financial issues, while salary and benefit increases have been referred to arbitration.
- Three-year agreement with the CUPE, Local 3902, Unit 1 representing students, mainly graduate students, working as teaching assistants, teaching laboratory assistants, markers, graders, and instructors starting January 1, 2024, to December 31, 2026. Compensation increases of 9% at January 1, 2024, 2% at January 1, 2025, and 1.8% at January 1, 2026.

Figure 7: Salaries and Benefits
($ millions) for the year ended April 30



Employee benefits expenses of $474 million for the year is made up of employee future benefits expenses of $220 million and other employee benefits expenses of $254 million.[5] Other employee benefits expenses include, for example, the cost of legislated benefits (e.g., Canada Pension Plan and Employment Insurance), medical benefits for active staff, educational support, life insurance, and several types of leaves.

[5] Employee future benefits represent benefits to be provided to employees in the future based on service in the current year. They include pensions, long-term disability insurance, cost of living adjustments for survivor income, and medical benefits for pensioners. These are accounted for using the accrual basis of accounting and therefore reflect the cost of providing these benefits irrespective of the amount of funding provided in support of these benefits.

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer defined benefit pension plan. The UPP was formally established on January 1, 2020, to cover employees, retired employees, and other members under the currently existing plans at the University of Toronto, University of Guelph and Queen's University. The assets and liabilities of the University's registered pension plan ("RPP") were transferred to the UPP as at July 1, 2021 (the "Effective Date"). As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, all of whom transferred to the UPP, and benefits and contributions under the RPP ceased. The plan reported an actuarial surplus of $0.2 billion on a smoothed asset basis as of January 1, 2024.

The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, with any deficits to be funded over 15 years. These past service net pension obligations may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other participants of the UPP, after which the responsibility is totally shared with all participants. The University does not recognize any share of the UPP's pension surplus or deficit in its financial statements, but accounts for contributions to the UPP on a defined contribution basis.

At April 30, 2025, the accrued pension obligation of $142 million in the University's financial statements relates mainly to its supplemental pension arrangement. The obligation for employee future benefits other than pension at April 30, 2025 is $783 million. The obligation is determined based on actuarial valuations using accounting assumptions. The annual current service and finance costs are included in the consolidated statement of operations and any actuarial gains or losses are recorded directly in net assets instead of being reported in the consolidated statement of operations.

	Pension obligations		Other benefit plans	
	2025	2024	2025	2024
Plan status (at April 30):				
Assets	**$20 million***	$15 million*	**$149 million**	$135 million
Obligations	**$142 million**	$140 million	**$783 million**	$699 million
Deficit	**$122 million**	$125 million	**$634 million**	$564 million

* In addition to these assets, the University has set aside a pension special payment reserve of $250 million in internally restricted net assets, including payments totalling $90 million to the UPP as a prepayment of future obligations.

Space

The University has undertaken an ambitious capital construction program to accommodate increased numbers of students and expand and update research infrastructure. This program includes a significant expansion of the Mississauga and Scarborough campuses and further expansion and renovation on the St. George campus. Additional space requirements are partially due to growth in the numbers of graduate students and undergraduate medical students.

The University's future obligations for deferred and pending maintenance of all academic and administrative buildings (excluding campus/utility infrastructure and asbestos containment and removal) across all three campuses increased from $1.2 billion in 2024 to $1.5 billion in 2025. Most of the growth can be attributed to two key factors - (i) persistent high inflation as the cost of non-residential building construction in the City of Toronto grew at the fastest rate in the last 40 years; and (ii) building systems simultaneously approaching end of useful life as many of these systems were constructed during two periods of large-scale facility growth at the University. This obligation will continue to be managed strategically to ensure the reliability of building systems and prevent unexpected failures and incidents.

At the University, deferred maintenance is addressed directly through projects funded by a dedicated internal budget, external debt, and the FRP. Jointly, the current funding level represents 0.55% of the current total replacement value of all campus buildings, which is significantly lower than the provincial average investment of 1.45%. In February 2025, the Governing Council approved an additional one-time investment of $350 million over the next three years to address the most pressing deferred maintenance needs.

To prioritize deferred maintenance projects, the University employs an evidence-based, multi-factor model, data-driven process to effectively identify the most critical issues and ensure that it strategically invests in projects that pose the greatest risk to infrastructure and occupant experience. The University is also planning to address deferred maintenance in the context of climate change. It is well established that climate change poses a significant risk to physical infrastructure. Decarbonization and infrastructure resilience are key prevention and mitigation strategies being employed alongside deferred maintenance. Project LEAP, a $138 million infrastructure project which commenced in 2024, will cut emissions in half on the St. George campus by phasing out natural gas in favour of electricity in the campus's central steam plant and carry out deep energy retrofits to some of the most energy-intensive buildings.

In 2021, the University spent an additional $35 million on the construction of the Schwartz Reisman Innovation Campus and $35 million on the UTM Science Building. The University also spent $30 million on the construction of the UTSC Student Residence, $14 million on the Robarts Library Pavilion, $10 million on the Fitzgerald Building Revitalization, $7 million on the Landscape of Landmark Quality, and $6 million on the UTSC Instructional Centre II.

In 2022, the University spent an additional $77 million on the construction of the Schwartz Reisman Innovation Campus, $61 million on the UTM Science Building, $46 million on the construction of the UTSC Student Residence, $27 million on the Fitzgerald Building Revitalization, and $21 million on the UTSC Instructional Centre II.

In 2023, the University spent an additional $43 million on the construction of the Schwartz Reisman Innovation Campus, $30 million on the UTM Science Building, $43 million on the construction of the UTSC Student Residence, $13 million on the Fitzgerald Building Revitalization, $21 million on the Academic Wood Tower and $47 million on the UTSC Instructional Centre II. The University also spent $22 million on the new Oak House student residence at the St. George campus.

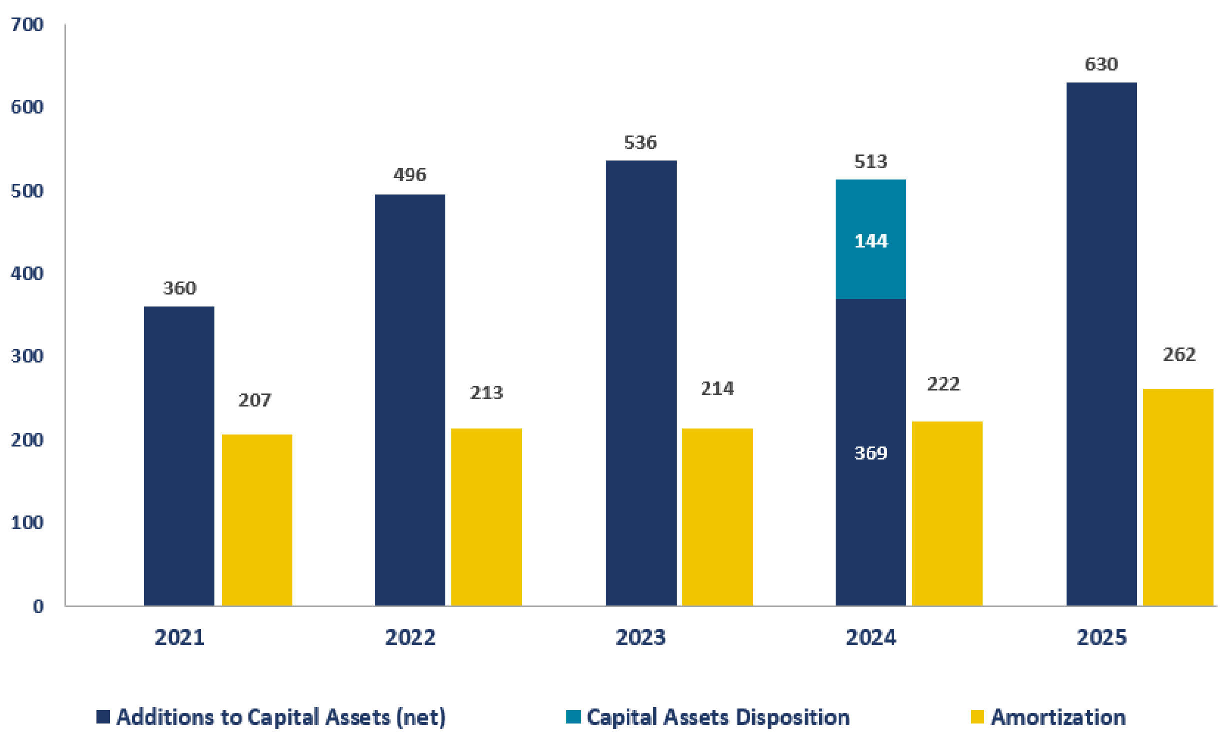
In 2024, the University spent an additional $76 million on the construction of the UTSC Instructional Centre II, $35 million on the new Oak House student residence at the St. George campus, $27 million on the Academic Wood Tower, $18 million on the UTSC SAMIH, $13 million on the UTM Science Building, and $10 million on the Lash Miller Building expansion. The University also completed construction of the Schwartz Reisman Innovation Campus (Phase 1).

In 2024, the University also completed the following significant transactions to give it access to much needed student housing:

- The University completed construction of Harmony Commons, a student residence located at the Scarborough campus. Harmony Commons was subsequently sold to a related party for $147 million, however, the University will continue to operate the residence for its students.
- The University also acquired a 20% share of CampusOne, a residence located near the St. George campus.

In 2025, the University spent an additional $21 million on the construction of the UTSC Instructional Centre II, $58 million an a new parking structure at UTSC, $24 million on the new Oak House student residence at the St. George campus, $31 million on the Academic Wood Tower, $49 million on the UTSC SAMIH, $31 million on the Emerging Pandemic and Infections Centre, $22 million on the new residence at UTM, and $16 million on the Lash Miller Building expansion. The University also made major equipment acquisitions including $28 million as part of Project LEAP and $52 million at SciNet.

Figure 8: Capital Investment in Infrastructure
($ millions) for the year ended April 30

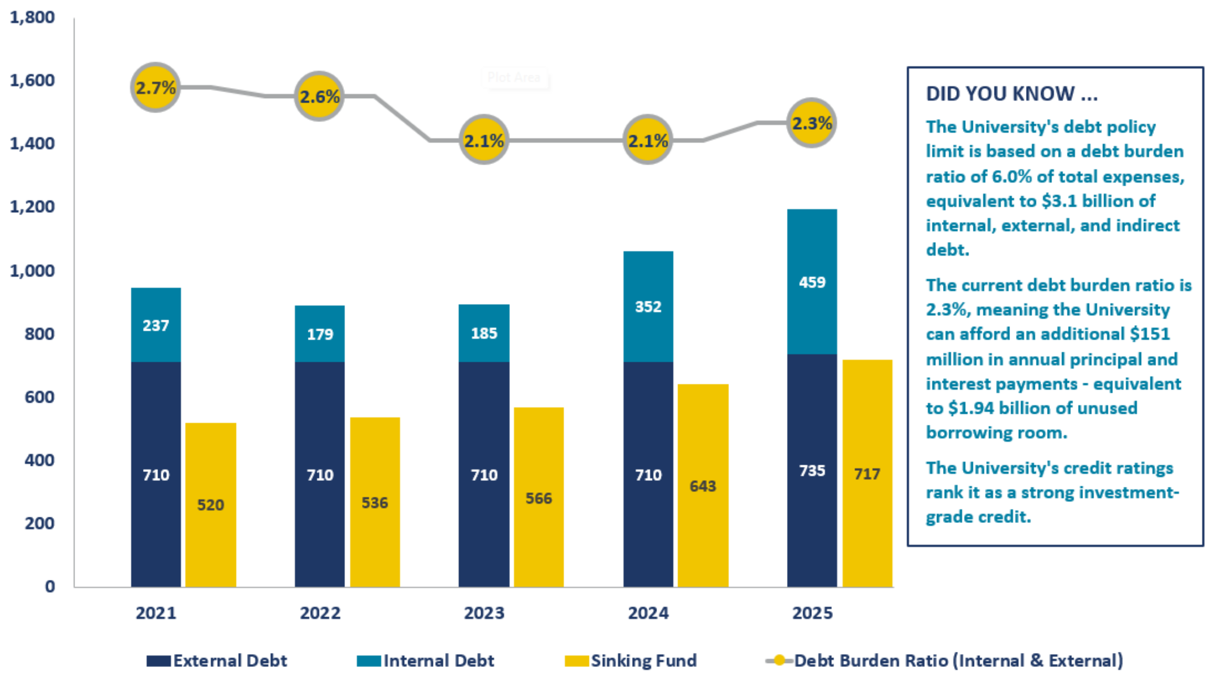


Debt

The University's debt strategy sets the debt policy limit based on a debt burden ratio of 6.0% (interest plus principal repayments divided by adjusted total expenditures). The University's definition of debt includes exposure to indirect (off balance sheet) debt held by joint venture partners. Prior to May 1, 2023, the debt policy limit was based on a debt burden ratio of 5.0%, however the definition of debt did not consider indirect debt.

The University is committed to prudently and strategically allocating debt to high priority capital projects. At a 6.0% debt burden ratio, the debt strategy provides for a total debt limit of $3.13 billion at April 30, 2025, made up of external debt capacity of $1.95 billion plus $1.18 billion in internal financing. At April 30, 2025, the actual outstanding long-term debt consists of $710 million (gross of $1 million of issue costs and premiums) of debentures, construction credit facilities of $25 million, and internal debt of $459 million. At April 30, 2025, the actual debt burden ratio was 2.3%, well below the 6.0% policy limit. The University has a voluntary sinking fund in the amount of $717 million that was established for the purposes of accumulating funds to repay the principal of the University's debentures at maturity.

Figure 9: Outstanding Debt
($ millions) for the year ended April 30



Last year, as part of Project LEAP, the University secured two new credit facilities to fund the acquisition of clean and energy efficient equipment for use at its St. George campus in order to significantly reduce the University's annual carbon emissions. At April 30th, the University had drawn $25 million from these facilities.

At April 30, 2025, the University's long-term credit ratings are Aa1 with stable outlook (Moody's Investors Service), AA+ with stable outlook (S & P Global Ratings), and AA with stable trends (DBRS Morningstar), which ranks the University as a strong investment-grade credit. All credit rating agencies rate the University at or above the Province of Ontario.

Donations

All fundraising conducted on behalf of the University's faculties, colleges, schools, and divisions is done in service to academic plans and priorities approved by the Provost with the involvement of Principals, Deans and faculty.

Immediately following the successful closure of the Boundless campaign on December 31, 2018, with $2.64 billion raised, the University entered the quiet phase of the Defy Gravity campaign that will elevate the University's position as one of the world's leading public universities and advance the University community's outsized impact in solving complex social, economic, and health problems. The campaign will also seek to engage 225,000 alumni in one million contributions of time and talent and to raise $4 billion for the University's highest priorities—a target that reflects the ambition and scale of the University's community and its potential for global impact. From its inception on January 1, 2019 through April 30, 2025, the Defy Gravity campaign has raised $2.26 billion dollars toward its ambitious $4 billion goal and has surpassed 75% of its targets for alumni engagement.

For the period May 1, 2024 to April 30, 2025, the University raised a total of $361 million on an annual fundraising goal of $300 million.[6] This amount includes $316 million in pledges and gifts (donations) and $45 million in philanthropic research grants from non-government sources.

Total fundraising performance (pledges, gifts, and grants) for the years ended April 30 was as follows:

	(millions of dollars)		
Year	**Pledges and gifts raised**	**Philanthropic research grants**	**Total**
2025	316	45	361
2024	258	54	312
2023	256	52	308
2022	365	45	410
2021[7]	406	39	445

Donations[8] are recorded in the financial statements as follows:

- Unrestricted expendable donations are recorded as revenue when received
- Restricted expendable donations are recorded as revenue when the related expenditures are incurred
- Unspent restricted expendable donations are recorded as liabilities (deferred contributions or deferred capital contributions)
- Endowed donations are not recorded as revenue, rather, they are added directly to endowments, as additions to net assets.

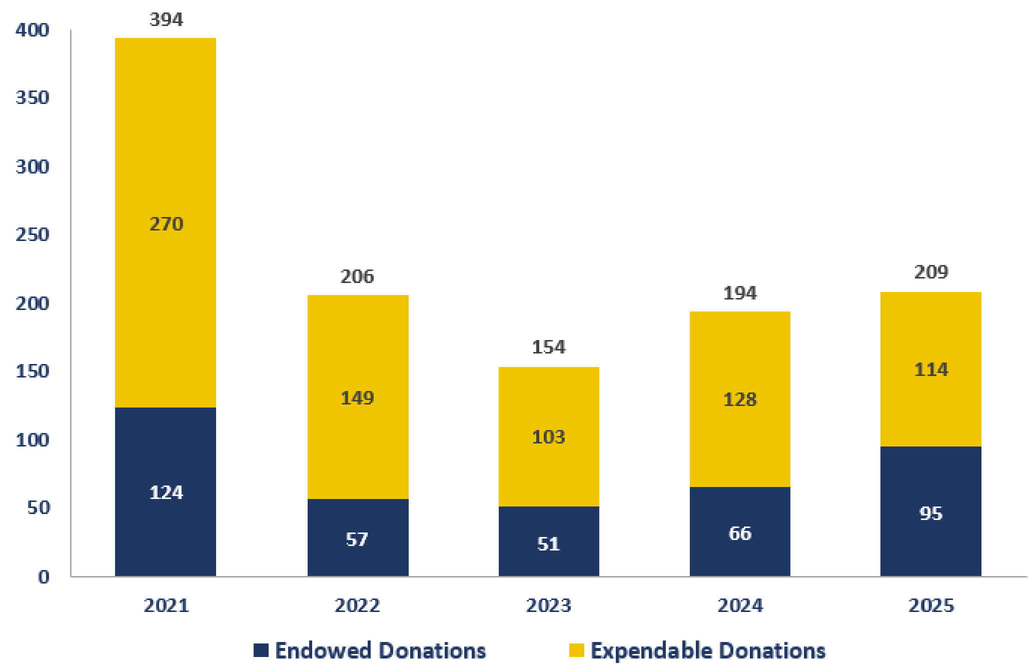
[6] This number includes federated universities and other affiliated institutions, but excludes donations to partner hospitals.

[7] In fiscal 2021, the University received $394 million in donations of which $250 million ($79 million endowed and $171 million expendable) was from the Temerty Foundation, established by James and Louise Temerty, making it the single largest gift in Canadian history.

[8] Donations revenue recorded in the University's financial statements does not include donations to the federated universities: Victoria University, University of St. Michael's College, and The University of Trinity College. Nor does it include philanthropic research grants, which are recorded as government and other grants revenue for restricted purposes.

In 2025, donations received by the University (excluding receipts by the federated universities, other affiliated institutions, philanthropic research grants and donations to partner hospitals) totaled $209 million and were reported as follows: $155 million in expendable donations was reported as revenue, of which $114 million was received in the current year and $41 million was received and deferred in prior years, and $95 million was added directly to endowments. It should be noted that the following graph tracks donations received by fiscal year. There is usually a lag between the growth in pledges and related commitments, and the actual cash receipt of funds.

Figure 10: Total Cash and Gifts-in-Kind Donations Received
($ millions) for the year ended April 30



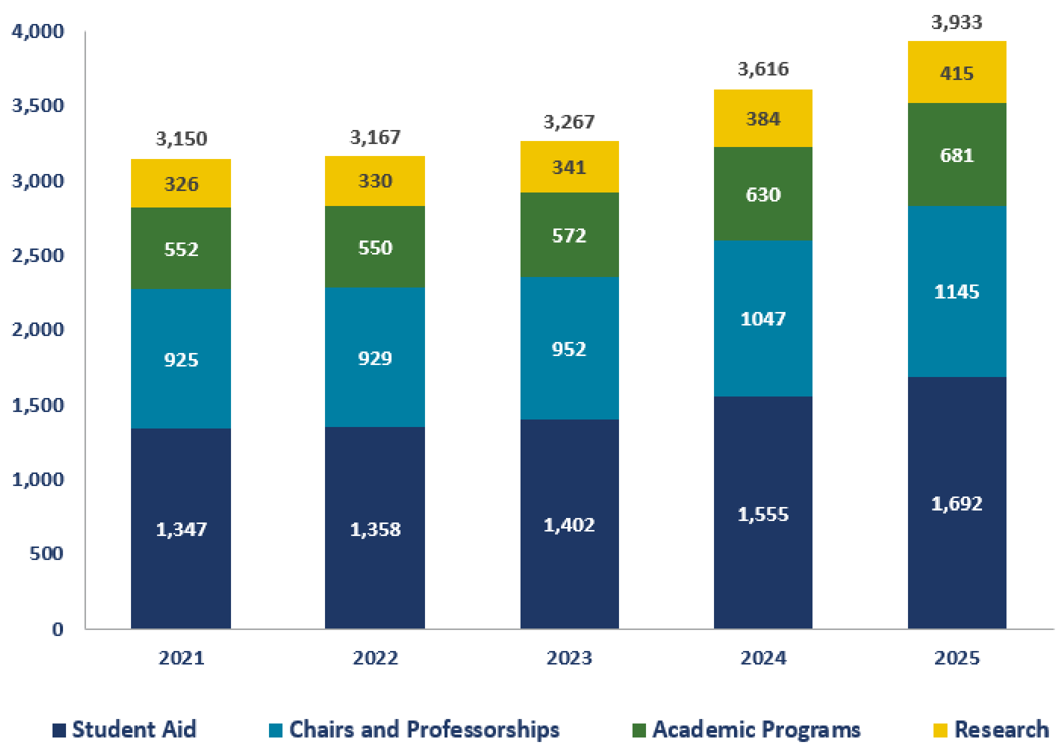
Endowments

Endowments are funds that are subject to restrictions relating both to capital and to investment earnings. The investment income earned on endowments are subject to the University's preservation of capital policy and must be used in accordance with purposes jointly agreed upon by the University and donors, or as determined by Governing Council. Endowments are not available for use in support of general operating activities.

Endowments are managed in a unitized pool with an annual spending rate. The University's endowment spending objective is to provide a predictable amount for spending (payout) each year that increases with inflation. To do this, the University preserves capital by constraining the annual spending rate and setting funds aside when investment returns are good. This strategy protects against inflation and creates a provision for investment return fluctuations from which funds can be released to maintain spending when there is a moderate downturn in the financial markets. The annual spending rate is expected to be between 3% and 5% of the opening market value of endowments. In 2024, the University implemented a new Advancement Investment Model (AIM) to provide a predictable source of income that supports strategic investment in fundraising and the University's ambitious plans to grow its annual fundraising results. AIM will include an annual levy on the endowment payout. In 2025, $7.2 million, or 0.24% of the opening market value of the endowment, will be directed to AIM, while the vast majority of the annual payout ($128 million of $135 million) will be distributed to individual endowment funds per normal practice. AIM is based on similar models used in other major Canadian and U.S. public and private institutions.

At April 30, 2025, there were more than 7,500 individual endowment funds, usually supported by an agreement between the University and a donor or reflecting a collection of small donations with common restrictions. The University's endowment market value was $3.9 billion (compared to book value of $3.27 billion including full inflation protection of $992 million). This leaves a preservation above inflation (provision for investment return fluctuations) of $667 million against a possible future market downturn. The majority of endowments are in support of student aid ($1.7 billion) and chairs and professorships ($1.1 billion).

Figure 11: Endowments at Fair Value
($ millions) at April 30



In fiscal 2025, the total fair value of endowments increased by $317 million as follows:

- $161 million increase on externally restricted endowments, consisting of a $278 million investment gain and a $117 million withdrawal for payout
- $26 million increase on internally restricted endowments, consisting of a $44 million investment gain and a $18 million withdrawal for payout

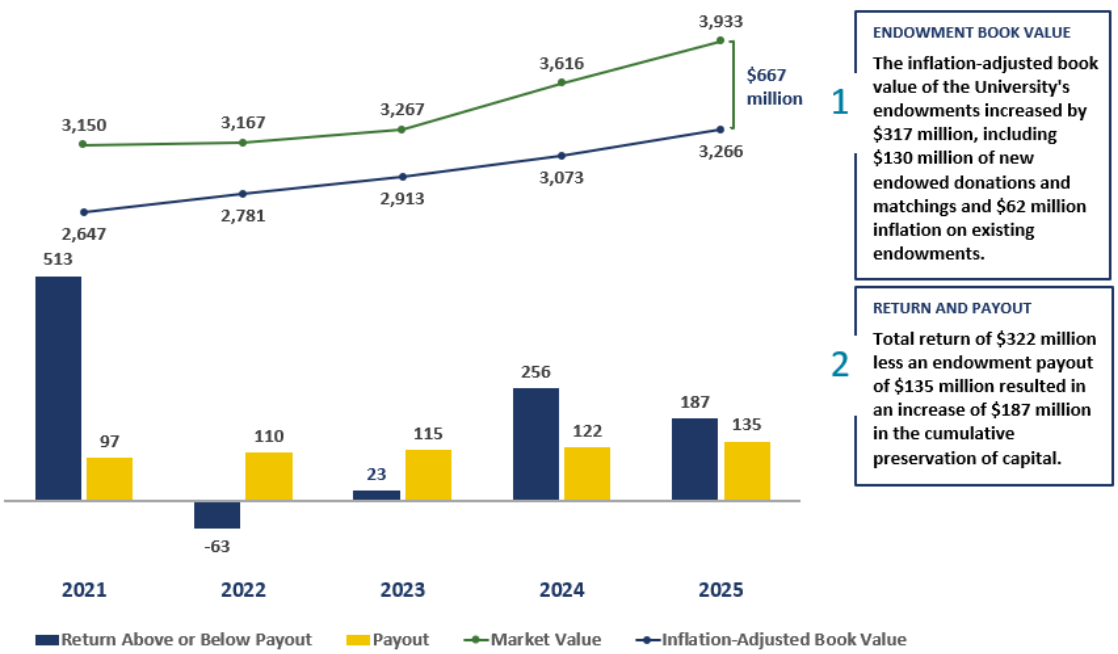
- $95 million of externally endowed donations and grants
- $35 million transfer into endowments

In fiscal 2024, the total fair value of endowments increased by $349 million as follows:

- $218 million increase on externally restricted endowments, consisting of a $324 million investment gain and a $106 million withdrawal for payout
- $38 million increase on internally restricted endowments, consisting of a $54 million investment gain and a $16 million withdrawal for payout
- $66 million of externally endowed donations and grants
- $27 million transfer into endowments

The following diagram shows the preservation of capital and payout over the five-year period starting in 2021:

Figure 12: Endowment Market Value, Preservation of Capital, Return, and Payout
($ millions) for the year ended April 30



Investment Earnings

Total investment earnings for the year amounted to $752 million (gross of $68 million in fees and other expenses) consisting of $369 million gain on investments held for endowments and $383 million gain on other investments. These earnings were recorded in the financial statements as follows:

- $369 million gains on investments held for endowments (gross of $47 million in fees and other expenses), of which:

- $161 million investment gain was recorded as a direct increase to endowments in the consolidated statement of changes in net assets
- $208 million was recorded as investment income in the consolidated statement of operations, of which
  - $135 million was made available for spending
  - $47 million in fees and other expenses
  - $26 million gain on internally restricted endowments

- $383 million gain on other investments (gross of $21 million in fees and other expenses) was recorded as an increase of investment income in the consolidated statement of operations

Figure 13: Annual Investment Returns
for the year ended April 30

LONG TERM CAPITAL APPRECIATION $4.8B	MEDIUM TERM EXPENDABLE $1.1B	SHORT TERM EXPENDABLE $2.6B	DAILY LIQUIDITY $322M
+8.9%	+9.7%	+6.7%	+4.5%
Includes endowments, sinking fund, and other long term assets. Target is 4.0% real return over 10-year period.	**Funds set aside for spending in a 3-5 year horizon. Tolerance for some volatility, while avoiding permanent impairment of capital.**	**Funds set aside for short-term expenditure. Minimal tolerance for risk.**	**Funds managed by the University for day-to-day liquidity needs. Minimal tolerance for risk.**

RISK TOLERANCE AND RETURN OBJECTIVES

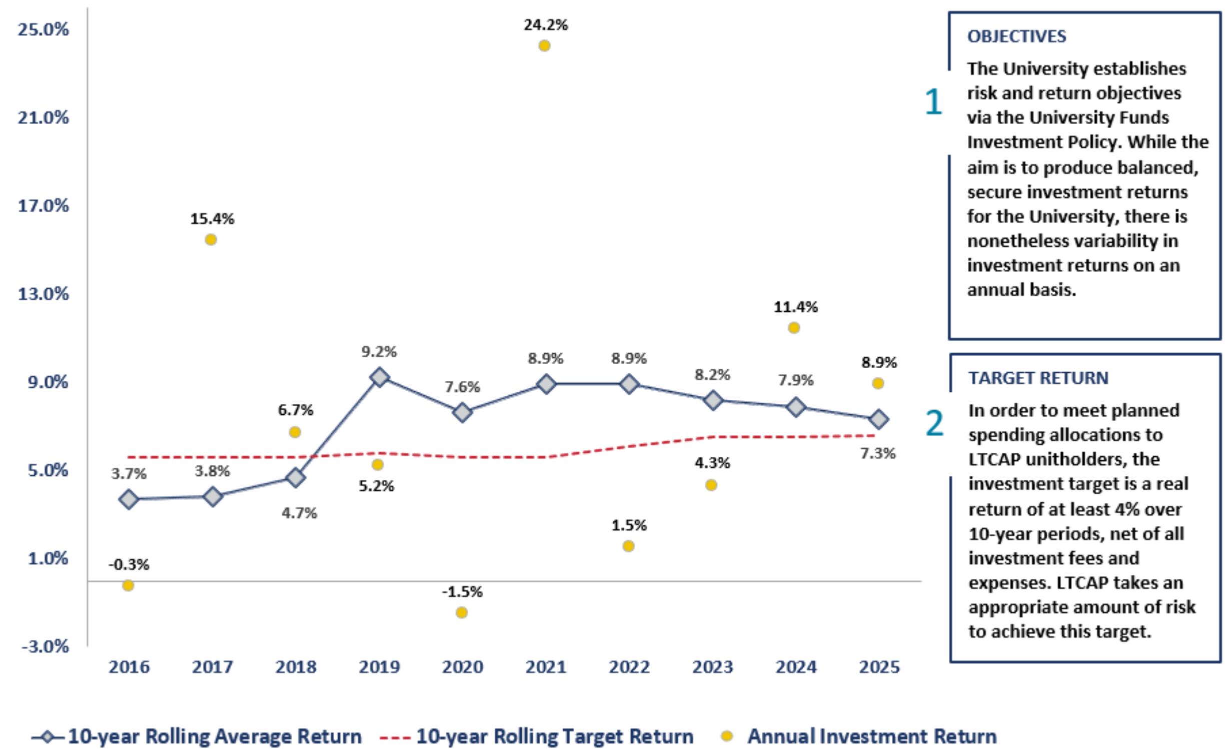
The University establishes the investment risk and return objectives for each of these pools via the University Funds Investment Policy, which is approved by the Business Board. These objectives reflect the University's liability requirements and aim to produce balanced, secure returns for the University over time.

Almost all of the University's investments are invested in the long-term capital appreciation pool ("LTCAP") or the expendable funds investment pool ("EFIP"). The University establishes the investment risk and return objectives for each of these pools via the University Funds Investment Policy, which is approved by the Business Board. These objectives reflect the liability requirements and aim to produce balanced, secure returns for the University. Nonetheless, there is variability in investment returns on an annual basis. The actual investment return is a key determinant of whether the University records a net income or a net loss for the year.

Long-term Capital Appreciation Pool

The fair value of LTCAP was $4.8 billion at April 30, 2025, of which $3.9 billion was for endowments, representing 82.7% of the balance invested in LTCAP.

Figure 14: Long Term Capital Appreciation Pool (LTCAP) Returns
Annual and Ten-year Rolling Average



In order to meet planned spending allocations to LTCAP unitholders, the investment target is a real investment return of at least 4% over 10-year periods, net of all investment fees and expenses.[9] The University evaluates the long-term investment performance for the LTCAP against the target investment return and risk limits, as well as against the returns of a benchmark Reference Portfolio. The primary objective for LTCAP is to achieve its target investment return over the long term, while controlling risk within the specified risk limits. The Reference Portfolio serves as an objective yardstick for measuring the value gained or lost through the University of Toronto Asset Management Corporation's ("UTAM") investment management activities compared to the investment returns that would be available in the capital markets using a low-cost, public market passive investment approach with the same long-term risk and return objectives as LTCAP. Despite continued volatility in capital markets and economic uncertainty, LTCAP realized a return of 8.9% (net of all fees and expenses) during fiscal year 2025. LTCAP's fiscal year return benefited from the strong performance of public market equities over this period. Over the same period, the Reference Portfolio returned 10.7%. Over a longer horizon, UTAM continues to add value as LTCAP has significantly outperformed both the Reference Portfolio as well as its Target Return over the 10-year period ending April 30, 2025.

[9] Prior to June 2017, the investment return and risk targets for LTCAP were a 4% investment return plus inflation, net of all investment fees and expenses, and a 10% return volatility risk target (representing one standard deviation), over a ten-year period.

Expendable Funds Investment Pool

The investment policy for EFIP reflects very short-term investments managed by the University and short-term and medium-term portfolios managed by UTAM.

EFIP is invested in fixed income instruments, including bonds, fixed income derivatives, as well as cash and cash equivalent instruments. Fixed income investments are sensitive to interest rate movements, where, all things equal, they are subject to mark-to-market gains when interest rates decrease, and mark-to-market losses when interest rates increase. During the fiscal year, EFIP achieved a return of 7.6% (net of all fees and expenses). The primary driver of the return was a decrease in interest rates. Over the same period, the EFIP benchmark recorded a return of 7.3%.

The EFIP short-term portfolio is invested in total return swaps that reference a Canadian short-term fixed income index, as well as in cash and cash equivalent instruments. The duration of this portfolio was approximately 1.4 years at the end of the fiscal year. [10] Overall, the EFIP short-term portfolio realized a return of 6.7% (net of all fees and expenses) during the fiscal year, which compared to its benchmark return of 6.1% over the same period. Both the total return swaps and the cash and cash equivalent instruments generated positive returns during the period.

The EFIP medium-term portfolio is invested in longer term fixed income securities compared to the short-term portfolio. The duration of this portfolio was approximately 3.8 years at the end of the fiscal year. During the fiscal year, the portfolio achieved a return of 9.7% (net of all fees and expenses). The return was primarily driven by a decrease in interest rates during the period. The EFIP medium-term portfolio benchmark returned 10.7% in the fiscal year.

The return objective and risk tolerance for each category of EFIP funds (excluding funds loaned internally) as at April 30, 2025 is as follows:

	Risk Tolerance	Return Objective
Investments managed by the University	Minimal risk	30-day Treasury bill return
Short-term portfolio managed by UTAM	Minimal risk	50% of the Canadian Overnight Repo Rate Average (CORRA) + 10bps; plus 50% of the FTSE Canada Short-Term Universe Bond Index
Medium-term portfolio managed by UTAM	Low risk of losses over a 3-to-5-year period (i.e., avoidance of permanent capital impairment) with mark-to-market fluctuations tolerated over shorter time horizons	50% FTSE Canada Corporate BBB Bond Index; plus 50% FTSE Canada Corporate Short-Term BBB Bond Index.

[10] Duration is a measure of interest rate sensitivity of the price of a fixed income instrument. Duration is primarily impacted by a fixed income security's coupon rate, yield and remaining time to maturity. All things equal, an immediate increase in interest rates of 100 bps (1%) would result in a fixed income instrument with a duration of 5 years losing 5% of its value (i.e., the loss would be equivalent to its duration).

The fair values and returns for the fiscal year were as follows:

	2025		2024	
	Fair Value	Total Return	Fair Value	Total Return
Investments managed by the University	$322 million	4.49%	$352 million	5.42%
Short-term portfolio managed by UTAM	$2.6 billion	6.68%	$2.5 billion	4.22%
Medium-term portfolio managed by UTAM	$1.1 billion	9.75%	$1.1 billion	6.33%

Responsible Investing

UTAM is the investment manager for the University's LTCAP and EFIP portfolios. UTAM incorporates environmental, social and governance (ESG) factors into its investment decision-making, stewardship activities (engagement, proxy voting and advocacy), and reporting and disclosure. The University believes that ESG factors can have a material impact on the long-term risk and return of a given investment and that incorporating relevant and material ESG issues into the decision-making processes is consistent with the University's fiduciary duty.

A key component of the University of Toronto's 2021 climate announcement was the commitment to net zero emissions in the LTCAP portfolio by 2050. This commitment coincided with UTAM joining the Net-Zero Asset Owner Alliance. The Alliance has established a framework for setting interim targets on various decarbonization initiatives to guide members in achieving net zero emissions in their portfolios by 2050. In accordance with the Alliance's Target Setting Protocol, in 2022 UTAM established interim targets with respect to emissions, engagement and transition financing.

For example, in 2022, UTAM announced a new carbon footprint reduction target for the equity, equity-like and corporate bond component of the LTCAP portfolio – a 50% reduction by 2030, using 2019 baseline levels. UTAM reports its progress towards this new carbon reduction target annually in its Carbon Footprint Report[11].

[11] https://www.utam.utoronto.ca/reports/

Audited Consolidated Financial Statements

For the year ended April 30, 2025

UNIVERSITY OF TORONTO

DEFY GRAVITY

Statement of Administrative Responsibility

The administration of the University of Toronto (the "University") is responsible for the preparation of the consolidated financial statements, the notes thereto and all other financial information contained in this Financial Report.

The administration has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations developed by the Chartered Professional Accountants of Canada. The administration believes that the consolidated financial statements present fairly the University's consolidated financial position as at April 30, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and judgments were employed. Additionally, management has ensured that financial information presented elsewhere in this Financial Report has been prepared in a manner consistent with that in the consolidated financial statements.

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 permanent loss and that the accounting records are a reliable basis for the preparation of consolidated financial statements.

Aon has been retained by the University in order to provide an estimate of the University's liability for pension and other employee future benefits. Management has provided the valuation actuary with the information necessary for the completion of the University's actuarial report and retains ultimate responsibility for the determination and estimation of the pension and other employee future benefits liabilities reported.

Governing Council carries out its responsibility for review of the consolidated financial statements and this Financial Report principally through the Business Board and its Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets regularly with the administration, as well as the internal auditors and the external auditors, to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the administration.

The consolidated financial statements as at and for the year ended April 30, 2025 have been reported on by Ernst & Young LLP, the auditors appointed by Governing Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

(signed)
Trevor Rodgers
Chief Financial Officer

(signed)
Meric S. Gertler
President

Independent Auditor's Report

To the Members of Governing Council of the **University of Toronto**:

Opinion

We have audited the consolidated financial statements of the **University of Toronto** and its subsidiaries (the "University"), which comprise the consolidated balance sheet as at April 30, 2025, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the University as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 24, 2025

Statement 1

UNIVERSITY OF TORONTO
CONSOLIDATED BALANCE SHEET
As at April 30
(millions of dollars)

	2025	2024
ASSETS		
Current		
Cash and cash equivalents	**322**	352
Short-term investments, at fair value (note 3)	**509**	576
Accounts receivable (note 3)	**175**	133
Inventories and prepaid expenses	**59**	50
	1,065	1,111
Investments, at fair value (notes 3 and 19)	**7,981**	7,450
Other long-term investments (note 4)	**54**	31
Other long-term assets (note 5)	**207**	176
Capital assets, net (note 6)	**6,330**	5,962
	15,637	14,730
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 3, 8 and 9)	**870**	894
Deferred contributions (note 10)	**1,163**	1,127
	2,033	2,021
Accrued pension liability (note 7)	**142**	140
Employee future benefit obligations other than pension (note 7)	**783**	699
Long-term debt (note 8)	**734**	709
Deferred capital contributions (note 11)	**1,282**	1,204
	4,974	4,773
NET ASSETS		
Deficit	**(514)**	(500)
Internally restricted (note 12)	**7,244**	6,841
Endowments (notes 13, 14 and 15)	**3,933**	3,616
	10,663	9,957
	15,637	14,730

Contingencies, commitments and collections (notes 3, 4e, 6, 20 and 21)

See accompanying notes

On behalf of Governing Council:

(signed)
Anna Kennedy
Chair

(signed)
Meric S. Gertler
President

Statement 2

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended April 30
(millions of dollars)

	2025	2024
REVENUES		
Student fees	**2,380**	2,290
Government grants for general operations	**754**	726
Government and other grants for restricted purposes (note 18)	**540**	510
Investment income (notes 3, 8, and 13)	**591**	506
Sales, services and sundry income	**455**	453
Donations (note 17)	**155**	155
	4,875	4,640
EXPENSES		
Salaries	**2,127**	2,068
Employee benefits (note 7)	**474**	456
Scholarships, fellowships and bursaries	**408**	364
Materials, supplies and services	**293**	311
Amortization of capital assets	**262**	222
Repairs, maintenance and leases	**254**	204
Cost of sales and services	**153**	139
Inter-institutional contributions	**152**	147
Travel and conferences	**70**	66
Utilities	**67**	61
Interest on long-term debt	**38**	38
Other	**58**	56
	4,356	4,132
NET INCOME	**519**	508

See accompanying notes

Statement 3

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the year ended April 30
(millions of dollars)

	Deficit	Internally restricted (note 12)	Endowments (note 13)	2025 Total	2024 Total
Net assets, beginning of year	**(500)**	**6,841**	**3,616**	**9,957**	9,034
Net income	**519**	**-**	**-**	**519**	508
Net change in internally restricted (note 12)	**(403)**	**403**	**-**	**-**	-
Remeasurements and other items (note 7)	**(69)**	**-**	**-**	**(69)**	131
Investment gain on externally restricted endowments (note 13)	**-**	**-**	**161**	**161**	218
Externally endowed contributions - donations (note 17)	**-**	**-**	**95**	**95**	66
Transfer to internally restricted endowments (note 13)					
- investment gain	**(26)**	**-**	**26**	**-**	-
Transfer to endowments (note 13)					
- donations	**(12)**	**-**	**12**	**-**	-
- matching funds	**(23)**	**-**	**23**	**-**	-
Net assets, end of year	**(514)**	**7,244**	**3,933**	**10,663**	9,957

See accompanying notes

Statement 4

UNIVERSITY OF TORONTO
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended April 30
(millions of dollars)

	2025	2024
OPERATING ACTIVITIES		
Net income	**519**	508
Add (deduct) non-cash items:		
Amortization of capital assets	**262**	222
Amortization of deferred capital contributions (note 11)	**(86)**	(75)
Net unrealized gains from investments	**(504)**	(420)
Employee future benefits expense	**220**	224
Employee future benefits contributions	**(203)**	(193)
Net change in other non-cash items (note 16)	**(83)**	196
	125	462
INVESTING ACTIVITIES		
Net sale of short-term investments	**67**	252
Net sale (purchase) of investments	**134**	(155)
Net purchase of other long-term investments	**(23)**	(31)
Increase in loans receivable	**(1)**	(116)
Net purchase of capital assets (note 16)	**(616)**	(409)
	(439)	(459)
FINANCING ACTIVITIES		
Increase in long-term debt	**25**	-
Contributions for capital asset purchases	**164**	62
Endowment contributions		
- donations	**95**	66
	284	128
Net increase (decrease) in cash during the year	**(30)**	131
Cash and cash equivalents, beginning of year	**352**	221
Cash and cash equivalents, end of year	**322**	352

See accompanying notes

Notes to the Consolidated Financial Statements

(All tabular amounts are in millions of dollars unless otherwise indicated)

1. Description

The Governing Council of the University of Toronto, which operates under the name University of Toronto (the "University"), is a corporation under the *University of Toronto Act*, a statute of the Legislative Assembly of Ontario. The University is an institution dedicated to providing post-secondary education and to conducting research. The University's vision is to be a leader among the world's best public universities in its discovery, preservation and sharing of knowledge through its teaching and research, and its commitment to excellence and equity.

These consolidated financial statements include the assets, liabilities, revenues, expenses, and other transactions of all the operations and organizations, including wholly owned subsidiaries, under the jurisdiction of Governing Council. These consolidated financial statements do not include the assets, liabilities and operations of Victoria University, The University of Trinity College, University of St. Michael's College, Sunnybrook Health Sciences Centre ("Sunnybrook") and the affiliated colleges under the memorandum of agreement with the Toronto School of Theology, each of which is a separate, non-controlled corporate body with separate financial statements.

The University holds title to the land and original buildings of Sunnybrook. The land and original buildings were acquired for the sum of one dollar and are used for hospital purposes, and for related medical research and teaching purposes. The property is leased to the Board of Directors of Sunnybrook, a separate corporation, under a ground lease, which is perpetually renewable every 21 years at the option of the Board of Directors of Sunnybrook.

The University is a registered charitable organization and, as such, is exempt from income taxes under the *Income Tax Act* (Canada).

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles ("GAAP") for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

a. Investments and investment income

Investments are carried at fair value except for the real estate directly held by the University for investment purposes. Fair value amounts represent estimates of the consideration that would be agreed on between knowledgeable, willing parties who are under no compulsion to act. It is best evidenced by a quoted market price if one exists. The calculation of estimated fair value is based upon market conditions at a specific point in time and may not be reflective of future fair values.

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

i. Short-term notes and treasury bills are valued based on cost plus accrued interest, which approximates fair value. Money market funds are valued based on closing quoted market prices.

ii. Bonds and publicly traded equities are valued based on quoted market prices. If quoted market prices are not available for bonds, estimated values are calculated using discounted cash flows based on current market yields and comparable securities, as appropriate.

iii. Investments in pooled funds (other than private investment interests and hedge funds) are valued at their reported net asset value per unit.

iv. Hedge funds are valued based on the most recently available reported net asset value per unit, adjusted for the expected rate of return of the fund through April 30. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value.

v. Private investment interests consisting of private investments and real assets comprise private externally managed pooled funds with underlying investments in equities, debt, real estate assets, infrastructure assets and commodities. The investment managers of these interests perform and provide valuations of the underlying investments on a periodic basis. Annual financial statements of the private investment interests are audited and are also provided by the investment managers. The value of the investments in these interests is based on the latest valuations provided (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

vi. Real estate directly held by the University for investment purposes is originally valued at cost and, when donated, at the value determined through an appraisal process at the date of donation. Subsequently, real estate is valued at cost less any provision for impairment.

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

Investment income is recorded on an accrual basis, consisting of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Investment income is recorded as revenue in the consolidated statement of operations except for investment income earned on externally restricted endowments, for which only the amount made available for spending is recorded as revenue. In years where the investment income earned is more than the amount made available for spending, the excess is recorded as a direct increase in endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in endowments.

b. Derivative financial instruments

Derivative financial instruments are used to manage particular market and currency exposures for risk management purposes primarily with respect to the University's investments and as a substitute for more traditional investments, and for the University's floating rate long-term debt. Derivative financial instruments and synthetic products that may be employed include bonds, equity and currency futures, options, swaps and forward contracts. The majority of the notional exposure of the derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. The fair value of derivative financial instruments reflects the daily quoted market amount of those instruments, thereby taking into account the current unrealized gains or losses on open contracts. Investment dealer quotes or quotes from a bank are available for substantially all the University's derivative financial instruments.

Derivative financial instruments are carried at fair value, with changes in fair value during the year recorded in the consolidated statement of operations.

c. Investments in significantly influenced entities and interests in joint venture arrangements

Joint ventures and investments in for-profit entities subject to significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost, net of any impairment and adjusted thereafter for the University's share of the entity's net surplus or deficit and any further impairments. Any distributions received are accounted for as a reduction in the investment.

d. Senior unsecured debentures and other long-term debt

Senior unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Senior unsecured debentures and other long-term debt are reported net of related premiums, discounts and transaction issue costs.

e. Other financial instruments

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at their amortized cost, net of any provisions for impairment.

f. Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. An investment qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition. Cash and investments meeting the definition of cash and cash equivalents held for investing rather than liquidity purposes are classified as investments.

g. Inventory valuation

Retail inventories are carried at the lower of cost, determined using the first-in, first-out method, and net realizable value.

h. Employee benefit plans

(i). Pension plans

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer jointly sponsored, defined benefit plan. The University does not recognize any share of the UPP's pension surplus or deficit as insufficient information is available to identify the University's share of the underlying pension assets and liabilities. The University also accounts for its contributions to the UPP on a defined contribution basis. The University's contributions are expensed in the period they come due.

The University also provides an unfunded and unregistered Supplementary Account Plan ("SAP"). The SAP is a defined contribution arrangement established to provide retirement income on the portion of eligible members' (faculty members, librarians, and professional or managerial staff, who are active members of the UPP) salary that is not covered by the UPP, up to a specified cap. The contribution of 10% of the eligible salary and the investment return based on the annual investment return (net of fees and expenses) earned under the UPP are expensed in the year they are earned by eligible members and credited to each member's notional account.

Prior to the SAP, the University had a Supplemental Retirement Arrangement ("SRA"), an unfunded and unregistered arrangement that is now closed for future accruals. The SRA provided defined benefits for retired and deferred vested members whose benefits exceeded the *Income Tax Act* (Canada) maximum pension at the time of their retirement or termination. Finance costs are expensed during the year, while remeasurements and other items, representing actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability is determined using a roll-forward technique to estimate the accrued liability using accounting assumptions from the most recent actuarial valuation report.

(ii). Other employee benefits plans

The University maintains other retirement and post-employment benefits for most of its employees and accounts for these using the immediate recognition approach. Under this approach, the University recognizes the amount of the accrued obligation net of the fair value of plan assets in the consolidated balance sheet. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability for unfunded plans is prepared using accounting assumptions.

i. Capital assets and collections

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis using the following annual rates:

Buildings and land improvements	2.5% - 10%
Equipment and furnishings	4% - 20%
Library books	20%

The University allocates salary and benefit costs related to personnel who work directly on managing capital projects through a project management fee based on 3.25% of construction, furnishings and equipment, and landscaping costs for projects up to $75 million and 2.50% of those same costs for projects above $75 million.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the capital asset and an expense in the consolidated statement of operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

The value of library, art and other special collections has been excluded from the consolidated balance sheet except for a nominal value of $1. Donated collections are recorded as revenue at values based on appraisals by independent appraisers and are expensed in the year received. Purchased collections are expensed in the year they are acquired.

When collections are deaccessioned and then sold, proceeds from the sale are included in deferred contributions and recognized as revenue when the cost of insurance, cleaning, restoration and conservation of works in the collection are expensed.

j. Revenue recognition

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

Unrestricted donations, contributed rare books, and other collections are recorded as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Due to the uncertainty involved in collecting pledged donations, they are not recognized until received.

Externally restricted contributions, other than endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties. Externally restricted contributions received towards the acquisition of depreciable capital assets are deferred when initially recorded in the accounts and amortized to revenue on the same basis as the related capital assets are amortized.

Endowment contributions and contributions of non-amortizable capital assets are recorded as direct increases in net assets in the year in which they are received or receivable.

Student fees are recorded as revenue when courses and seminars are held. Sales, services and sundry income revenues are recorded at point of sale for goods or when the service has been provided.

k. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at year-end. Operating revenues and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses arising from these translations are included in income except to the extent that they relate to investments, in which case they are recognized in the same manner as investment income.

l. Use of accounting estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include the assumptions used in the determination of the fair value of financial instruments where the values are based on non-observable inputs that are supported by little or no market activity, the valuation of pension and other retirement benefit obligations, and the recording of contingencies. Actual results could differ from those estimates.

m. Contributed services and materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the consolidated financial statements.

3. *Investments*

The University's investments are managed using two pools: the long-term capital appreciation pool ("LTCAP"), and the expendable funds investment pool ("EFIP"). LTCAP mainly includes endowment funds (note 13), the voluntary sinking fund (note 8) established to repay the principal of the University's debentures at maturity and funds set aside to cover long-term disability payments (note 7). EFIP consists mainly of the University's working capital for operations. The University of Toronto Asset Management Corporation ("UTAM") manages each of the pools according to the investment return target and risk tolerance of each pool as described in the University Funds Investment Policy. UTAM incorporates environmental, social and governance factors into its investment decision-making and practices active ownership in its management of both portfolios.

The table below shows the University's investments at fair value, mapped into the Reference Portfolio asset classes for the LTCAP and investment benchmarks for EFIP:

		2025			2024	
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**(656)**	**1,165**	**509**	(560)	1,136	576
Government and corporate bonds and other fixed-income investments	**1,959**	**2,571**	**4,530**	1,789	2,439	4,228
Canadian equities	**53**	**-**	**53**	45	-	45
United States equities	**1,263**	**-**	**1,263**	1,172	-	1,172
International equities	**453**	**-**	**453**	415	-	415
Emerging markets equities	**199**	**-**	**199**	175	-	175
Global equities	**901**	**-**	**901**	875	-	875
Other	**581**	**1**	**582**	540	-	540
	4,753	**3,737**	**8,490**	4,451	3,575	8,026
Less amounts reported as short-term investments	**656**	**(1,165)**	**(509)**	560	(1,136)	(576)
Total long-term investments	**5,409**	**2,572**	**7,981**	5,011	2,439	7,450

The University has adopted an investment benchmark called the Reference Portfolio for LTCAP, which has an asset mix that reflects the University's long-term return objective and risk appetite for this pool. The Reference Portfolio is designed to be a simple portfolio that can be easily implemented, and only includes public market asset classes. However, the actual investments in LTCAP include asset classes and strategies, such as hedge funds and private investments, that are not represented in the Reference Portfolio. These other investments have been reclassified and mapped to the most appropriate Reference Portfolio asset classes in the table above. In some cases, derivative financial instruments are used to obtain market exposures to various asset classes. The majority of the notional exposure of derivative financial instruments (except for currency derivatives) is backed by liquid assets (short-term investments), reducing the use of leverage. Leverage is however used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection. The table above includes the notional exposure (including any mark-to-market gains/losses) of derivative financial instruments other than currency derivatives in the Reference Portfolio asset classes.

Short-term investments consist of cash and bank term deposits. The negative amount of short-term investments in the LTCAP represents the notional exposure of the derivative financial instruments that is not backed by liquid assets as a result of the use of leverage. International equities include developed equity markets in Europe, Australasia and the Far East and exclude the United States and Canada. Global equities include all developed equity markets as well as various emerging equity markets. Investments in the "Other" category consist mainly of absolute return hedge funds.

The table below shows the fair value of the same investments for each pool without the reallocation of short-term investments (related to derivative instruments), hedge funds, private investments and real assets to the relevant Reference Portfolio asset class or classes.

		2025			2024	
	LTCAP	**EFIP**	**Total**	LTCAP	EFIP	Total
Short-term investments	**1,615**	**2,589**	**4,204**	1,504	2,530	4,034
Government and corporate bonds and other fixed-income investments	**204**	**1,147**	**1,351**	186	1,044	1,230
Canadian equities	**1**	**-**	**1**	1	-	1
United States equities	**1**	**-**	**1**	1	-	1
International equities	**319**	**-**	**319**	236	-	236
Emerging markets equities	**49**	**-**	**49**	64	-	64
Global equities	**874**	**-**	**874**	871	-	871
Hedge funds	**650**	**-**	**650**	676	-	676
Private investments	**975**	**-**	**975**	867	-	867
Real assets	**65**	**-**	**65**	45	-	45
Other	**-**	**1**	**1**	-	1	1
Total investments	**4,753**	**3,737**	**8,490**	4,451	3,575	8,026

In fiscal 2025, the University's investment income of $591 million (2024 - $506 million) recorded in the consolidated statement of operations consists of income related to investments held for endowments of $208 million (2024 - $207 million), gross of $47 million (2024 - $47 million) in fees and other expenses (note 13), and a gain of $383 million (2024 - $299 million) on investments other than those held for endowments, gross of $21 million (2024 - $20 million) in fees and other expenses.

Included in investment income is an unrealized loss of $17 million (2024 - unrealized gain of $29 million) as a result of the change in fair value of its investments that were estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates for certain of its investments. Management believes there are no other reasonable assumptions for these investments that would generate any material changes in investment income.

Uncalled commitments

As at April 30, 2025, approximately 12.2% (2024 - 11.4%) of the University's investments are 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, private credit and real asset investments (e.g., real estate, infrastructure), require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount) in response to a series of capital calls issued to the investors by the manager. As at April 30, 2025, the University has uncalled commitments of approximately $927 million (2024 - $906 million). The capital committed is called by the manager over a pre-defined investment period, which varies by fund, but is generally between three and five years from the date the private fund closes. In practice, for a variety of reasons, the total amount committed to a private fund is typically not fully called.

Derivative financial instruments

The following table summarizes the notional and fair values of the University's derivative financial instruments related to the University's investments:

	2025			2024		
	Notional	**Fair values**		Notional	Fair values	
Contracts	**value**	**Receivable**	**Payable**	value	Receivable	Payable
Foreign currency forward						
United States dollars	**1,848**	**32**	**-**	1,814	-	(15)
Other	**562**	**(6)**	**-**	481	4	-
Equity and bond futures	**109**	**-**	**-**	101	-	(1)
Equity and bond swap	**3,621**	**3**	**(17)**	3,386	-	(81)
Interest rate swap	**-**	**-**	**-**	1	-	-
	6,140	**29**	**(17)**	5,783	4	(97)

Derivatives are financial contracts, the value of which is derived from changes in an underlying asset, index of prices or rates, interest rate, foreign exchange rate, etc. The University uses derivative financial instruments as a substitute for traditional investments to manage financial risks and to manage currency exposures. The University has entered into foreign currency forward contracts to manage its exposure to exchange rate fluctuations on investments denominated in foreign currencies in accordance with its hedging policy (note 19).

The University has entered into equity and bond futures contracts, and equity and bond swap contracts to obtain exposure to those asset classes. These derivatives are used as a substitute for traditional investments to obtain market exposures to these asset classes. Equity and bond futures contracts oblige the University to pay or receive the difference between a predetermined amount (the notional amount) and the market value at contract expiry. Equity and bond swap contracts are agreements for the exchange of cash flows based on the notional amount of the contract whereby one party commits to making payments based on the return of an underlying instrument in exchange for fixed or floating interest rate payments. To the extent the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the University will receive a payment from, or make a payment to, the counterparty.

The notional amounts above do not represent amounts exchanged between parties. Instead, they represent the contractual amount to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as receivables or payables in the consolidated financial statements. The University may have contracts to buy and sell similar underlying assets; in these cases, the notional amounts are presented above on a gross basis.

Contracts with a positive mark-to-market (fair value) are recorded as receivables, while contracts with a negative mark-to-market are recorded as payables. These are included in accounts receivable, and accounts payable and accrued liabilities, respectively, in the consolidated balance sheet. The maturity dates of the currency forwards and futures contracts as at April 30, 2025 range from May 2025 to December 2025. The maturity dates of the equity and bond swap contracts as at April 30, 2025 range from June 2025 to April 2026. Required collateral of $6 million (2024 - $2 million) has been provided to the relevant exchanges against the futures contracts as at April 30, 2025 in the form of short-term investments. As at April 30, 2025, the University has $3.0 billion (2024 - $2.9 billion) in short-term investments compared to the $3.7 billion (2024 - $3.5 billion) of notional value of equity and bond futures, and equity and bond swap contracts. Leverage is used to add government bond exposure to the LTCAP portfolio to enhance downside risk protection.

4. Other long-term investments

Other long-term investments consist of the University's interest in other organizations as follows:

	2025	2024
CampusOne Student Residence (note 4a)	**54**	31
Other (notes 4b, c, d, and e)	-	-
	54	31

a. CampusOne Student Residence

In 2024, the University acquired a 20% interest in the CampusOne Student Residence ("CampusOne"), a 25-storey, 890-bed student residence building strategically situated adjacent to the St. George campus. The acquisition provides the University access to much needed student residence spaces. Subject to availability, the University is able to reserve residence beds on a priority basis. The interest in CampusOne is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes 20% of CampusOne's excess (deficiency) of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for CampusOne was prepared in accordance with Canadian accounting standards for private enterprises. Any differences in the reporting framework are not material to the University's consolidated financial statements. Audited financial statements are prepared for CampusOne (as at and for the year ended December 31, 2024).

As at	**December 31, 2024**	December 31, 2023 (unaudited)
Total financial and non-financial assets	**273**	279
Total financial liabilities	**5**	69
Co-owners' equity	**268**	210

	For the year ended December 31, 2024	For the 18-day period ended December 31, 2023 (unaudited)
Revenues	**23**	1
Expenses	**20**	1
Operating income	**3**	-

b. UTSC Residence Limited Partnership

The University is the General Partner of UTSC Residence Limited Partnership, which owns Harmony Commons, a 746-bed student residence situated at the University's Scarborough Campus. Harmony Commons was constructed by the University at a cost of $144 million and sold in 2024 to UTSC Residence Limited Partnership for $147 million.

The University, as General Partner, will receive a portion of the profits of UTSC Residence Limited Partnership at a future date based on a profit-sharing formula defined in the limited partnership agreement. The University's interest in UTSC Residence Limited Partnership is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes its share of UTSC Residence Limited Partnership's excess of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for UTSC Residence Limited Partnership was prepared in accordance with Canadian accounting standards for private enterprises. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separate financial statements are prepared for UTSC Residence Limited Partnership (as at and for the year ended December 31, 2024).

	December 31, 2024	**December 31, 2023**
Total assets	**174**	166
Total liabilities	**101**	104
Partners equity	**73**	62
Revenues	**10**	17
Expenses	**5**	-
Net income for the year	**5**	17

As at December 31, 2024, the University has not yet benefited in the profit-sharing formula defined in the limited partnership agreement and as such, no amounts have been recorded in these consolidated financial statements as the University's share of the net income.

The University operates Harmony Commons under a licensing agreement. During the year, the University paid licensing fees to UTSC Residence Limited Partnership of $9.9 million.

c. Toronto Pan Am Sports Centre Inc.

The Toronto Pan Am Sports Centre Inc. ("TPASC") is a jointly owned and controlled corporation (a joint corporation pursuant to the *Business Corporations Act* (Ontario) and the *City of Toronto Act* (2006)) by the University and the City of Toronto for the purpose of operating the Toronto Pan Am Sports Centre facilities that include a premier aquatics centre as well as a state-of-the-art training and competition venue. This joint venture is accounted for in these consolidated financial statements using the equity method; therefore, the University recognizes 50% of the joint venture's excess (deficiency) of revenues over expenses in its consolidated statement of operations and as an investment on the consolidated balance sheet.

The following financial information for TPASC was prepared in accordance with Canadian public sector accounting standards and represents the University's 50% share. Any differences in the reporting framework are not material to the University's consolidated financial statements. Separately audited financial statements are prepared for TPASC (as at and for the year ended December 31, 2024).

	December 31, 2024	December 31, 2023
Total financial and non-financial assets	**16**	15
Total financial liabilities	**1**	1
Accumulated surplus	**15**	14
Revenues	**8**	7
Expenses	**8**	7
Operating income	**-**	-
Cash flows used in operating activities	**(1)**	(1)
Cash flows used in investing activities	**-**	(1)
Cash flows from financing activities	**2**	2
Net change in cash	**1**	-

As at December 31, 2024, the University's share of the accumulated surplus represents unspent funds designated in support of major maintenance and capital requirements. No amounts have been recorded in these consolidated financial statements as the University's share of the accumulated surplus is not contemplated to be and is not readily realizable by the University.

During the year, the University paid $2 million (2024 - $2 million) in user fees to TPASC representing its share of the cost for using the facilities. During the year, the City of Toronto and the University each acquired an additional 5,360 (2024 - 5,360) common shares of TPASC in exchange for $2 million (2024 - $2 million) each representing funding from the Legacy Funding agreement dated December 18, 2014, to be contributed to TPASC to fund capital reserves and operating costs. These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The construction of the Toronto Pan Am Sports Centre was governed by virtue of an agreement prior to the establishment of TPASC. The University has recorded $90 million (2024 - $90 million) in capital assets (note 6), representing the University's 50% share of the construction cost of the facility.

d. TRIUMF Inc.

The University is a member of TRIUMF Inc. ("TRIUMF"), a not-for-profit corporation, with 20 other universities. Each university has an undivided 1/21 interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by The University of British Columbia. The facilities and its operations are funded by federal government grants, and the University has made no direct financial contribution to date. TRIUMF's net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities, and results of operations of TRIUMF are not included in these consolidated financial statements (note 21c).

The following financial information for TRIUMF was prepared in accordance with Canadian public sector accounting standards, including accounting standards that apply to government not-for-profit organizations, except that all capital assets and related provisions for decommissioning costs, if any, are expensed in the year in which the costs are incurred. Any differences in the reporting framework are not material to the University's consolidated financial statements.

	March 31, 2025 (unaudited)	March 31, 2024
Total assets	**70**	58
Total liabilities	**23**	11
Total fund balances	**47**	47
Revenues	**114**	108
Expenses	**113**	104
Excess of revenues over expenses	**1**	4

e. MaRS Phase 2 Investment Trust

During fiscal 2016, the University acquired a 20% interest in MaRS Phase 2 Investment Trust (the "Trust"), a unit trust governed by the laws of the Province of Ontario, established by deed of trust dated July 15, 2011 with MaRS Discovery District, a charitable organization, as settlor for $31 million. The Trust was established to develop and manage a 20-storey state-of-the-art building that is a world-class convergence centre dedicated to improving commercial outcomes from Canada's science, technology and social innovations. This investment is accounted for using the equity method. The University has assessed the investment value in the Trust upon acquisition and, as a result, the University wrote down the investment to nil at April 30, 2016. There have been no changes to the investment value as at April 30, 2024 and 2025.

During the year, the University made payments of $11 million (2024 - $12 million) to the Trust for leasing certain premises and its related operating costs.

These transactions occurred in the normal course of business and have been recorded at their exchange amounts, which is the amount agreed upon by both parties.

The future base rent lease payments for space rentals are as follows:

2026	5
2027	6
2028	6
2029	5
2030	5
Thereafter	65
	92

5. Other long-term assets

Other long-term assets consist of the following:

	2025	2024
Loans receivable - related party (note 5a)	**101**	101
Loan receivable (note 5b)	**16**	15
Other assets (note 7)	**90**	60
	207	176

a. Loans receivable - related party

As at April 30, 2025, the University has loans receivable from UTSC Residence Limited Partnership, a related party. The loans bear interest at rates between 3.85% and 4.75% (2024 - 3.6% and 4.5%), increasing by 0.25% on each anniversary of the occupancy date (September 1). Interest on the loans is due monthly and principal payments begin on November 1, 2026. The balance of the loans receivable are due in full when UTSC Residence Limited Partnership secures external financing.

b. Loan receivable

The loan receivable bears interest at 6.11% per annum, compounding monthly, with a term of 25 years. Interest on the principal and capitalized accrued interest is payable on a monthly basis beginning in June 2025. Principal and interest payments are payable on a quarterly basis beginning in August 2027, based on a 25-year amortization period from the original advance date.

6. Capital assets

	2025		2024	
	Total cost	**Accumulated amortization**	Total cost	Accumulated amortization
Land	**2,371**	**-**	2,362	-
Buildings	**5,218**	**1,983**	4,820	1,839
Equipment and furnishings	**2,477**	**1,892**	2,289	1,807
Library books	**904**	**850**	875	823
Land improvements	**91**	**6**	85	-
	11,061	**4,731**	10,431	4,469
Less accumulated amortization	**(4,731)**		(4,469)	
Net book value	**6,330**		5,962	

The University develops replacement property values of buildings and contents for insurance purposes using various sources and valuation methods that conform to insurance industry practice and standards. The insured replacement value of buildings is approximately $7.8 billion, and contents is approximately $3.2 billion, which includes library books of approximately $1 billion.

The University holds a wide range of library, art and other special collections that are protected and preserved for public exhibition, education, research, and the furtherance of public service. Rare books and special collections include manuscripts, archives, and cartographic, graphic, film, audio and video materials. The University rarely disposes of items in these collections.

As at April 30, 2025, the University has $782 million (2024 - $945 million) of construction-in-progress that was included in buildings, and equipment and furnishings, which will not be amortized until the capital assets are put into use.

7. Employee benefit plans

The University has a number of funded and unfunded defined benefit plans that provide pension (including a supplementary account plan and supplemental retirement arrangement), other retirement and post-employment benefits to most of its employees.

On July 1, 2021 (the “Effective Date”), the University became a member of the UPP and transferred the assets and liabilities, including the pension obligations, of the University’s registered pension plan (“RPP”) to the UPP. As of the Effective Date, the accrual of benefits and contributions under the UPP commenced for members of the RPP, and benefits and contributions under the RPP ceased.

Any pension surplus or deficit of the UPP is a joint responsibility of the members and employers for service after the transition date of July 1, 2021, and may affect future contribution rates for members and employers. The University remains responsible to fund any net pension obligations (determined based on the UPP actuarial assumptions) related to service up to the transition date of July 1, 2021, over 15 years. The net pension obligations may fluctuate in the future based on changes to the UPP’s actuarial assumptions and for changes in experience in future periods, which will continue to be the responsibility of the University to fund for the first 10 years, after which the responsibility for such changes becomes gradually shared over the next 10 years with the other members of the UPP, after which the responsibility is totally shared with all members.

Contribution rates are determined by the UPP sponsors (representing employees and employers). The most recent actuarial valuation filed with pension regulators by the UPP as at January 1, 2024 indicated an actuarial surplus on a going concern basis of $249 million using an actuarial (smoothed) value of the assets.

Contributions made to the UPP during the year are included in employee benefits expense in the consolidated statement of operations and amounted to $154 million (2024 - $147 million). During the year, the University made a prepayment of $30 million (2024 - $60 million) to the UPP from its pension special payments budget. This amount continues to be included in the pension special payments reserve (notes 5 and 12) to be applied against any future required pension special payments.

Other retirement benefit plans are contributory health care plans with retiree contributions adjusted annually, such as extended health, semi-private and dental care. Another plan also provides for long-term disability income benefits after employment, but before retirement.

The employee benefits expense for the year includes pension expense of $164 million (2024 - $160 million), other retirement benefits expense of $56 million (2024 - $64 million) and other employee benefits of $254 million (2024 - $232 million). Remeasurements, which are recorded in the consolidated statement of changes in net assets, rather than in the consolidated statement of operations, are as follows:

	2025		2024	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Difference between actual and expected return on plan assets				
Actuarial losses	**(3)**	**(66)**	(3)	134
Past service cost	**-**	**-**	-	-
	(3)	**(66)**	(3)	134

Actuarial valuations for retirement benefit plans are performed biannually for contributory health care plans, with the most recent as at January 1, 2023, and annually for long-term disability (LTD) and other supplementary retirement plans (SRAs), with the most recent as at January 1, 2025. The University measures its accrued benefit obligation (using a roll-forward technique from the most recent actuarial valuation) and the fair value of plan assets for accounting purposes as at April 30 of each year.

To measure the accrued benefit obligation for retirement benefit plans, other than pension, as at April 30, 2025, the rates of increase in the per capita cost of covered medical and dental benefits are assumed to be 5.2% and 5.6%, respectively. Both rates are expected to converge to 5.3% in 2026 and remain stable until 2030, before decreasing gradually to 4.1% in 2040 and remaining at that level thereafter.

The significant actuarial assumptions adopted in measuring the University’s accrued benefit obligation and benefits cost are set out below:

	2025		2024	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation:				
Discount rate*	**4.40%**	**4.80%**	5.10%	5.20%
Rate of compensation increase	**-**	**4.00%**	-	4.00%
Rate of inflation	**2.00%**	**2.00%**	2.00%	2.00%
Benefits cost:				
Discount rate*	**5.10%**	**5.20%**	4.70%	4.85%
Rate of compensation increase	**-**	**4.00%**	-	4.00%
Rate of inflation	**2.00%**	**2.00%**	2.00%	2.00%

Information about the University's benefit plans, which are mainly defined benefit plans, is as follows:

	2025		2024	
	Pension benefit plan	**Other benefit plans**	Pension benefit plan	Other benefit plans
Accrued benefit obligation	**142**	**783**	140	699
Fair value of plan assets	**-**	**-**	-	-
Plan deficit	**(142)**	**(783)**	(140)	(699)

The accrued pension liability of $142 million (2024 - $140 million) mainly represents the University's obligation for its SRA.

As at April 30, 2025, the University has set aside investments of $20 million (2024 - $15 million) for its SAP and $149 million (2024 - $135 million) for its other benefit plans. The University has also set aside $250 million (2024 - $175 million) for its pension special payments obligations, of which $90 million has been transferred to the UPP.

8. Long-term debt

Long-term debt consists of debentures and credit facilities as follows:

	2025	2024
Debentures		
Series A senior unsecured debenture bearing interest at 6.78%, payable semi-annually on January 18 and July 18, with the principal amount maturing on July 18, 2031	**160**	160
Series B senior unsecured debenture bearing interest at 5.841%, payable semi-annually on June 15 and December 15, with the principal amount maturing on December 15, 2043	**200**	200
Series C senior unsecured debenture bearing interest at 4.937%, payable semi-annually on May 16 and November 16, with the principal amount maturing on November 16, 2045	**75**	75
Series D senior unsecured debenture bearing interest at 4.493%, payable semi-annually on June 13 and December 13, with the principal amount maturing on December 13, 2046	**75**	75
Series E senior unsecured debenture bearing interest at 4.251%, payable semi-annually on June 7 and December 7, with the principal amount maturing on December 7, 2051	**200**	200
Credit facilities		
Senior, non-revolving credit facility (note 8(a)(i))	**14**	-
Junior, non-revolving credit facility (note 8(a)(ii))	**11**	-
Net unamortized transaction costs	**(1)**	(1)
	734	709

A voluntary sinking fund (note 3) was established for the purpose of accumulating funds to repay the principal of the University's debentures at maturity. The value of the fund included in investments as at April 30, 2025 amounts to $717 million (2024 - $643 million), which includes accumulated investment income of $174 (2024 - $145 million). The accumulated investment income is included in operating contingencies in internally restricted net assets.

Net unamortized transaction costs comprise premiums and transaction issue costs.

a. Credit facilities

In 2024, the University secured the following credit facilities to fund the acquisition of clean and energy efficient equipment for use at its St. George campus in order to significantly reduce the University's annual carbon emissions (the "project"):

i. A non-revolving credit facility (the "senior facility"), made available during the acquisition period, of up to $63 million, bearing interest at the Canadian Overnight Repo Rate Average plus 51.5 basis points, and due the earlier of November 1, 2027 and substantial completion of the project. Upon completing the acquisitions, the senior facility will be converted to a term loan bearing interest at the same rate.

   The University entered into two interest rate swap agreements with the senior lender to convert its interest rate exposure on the senior facility from a floating rate to a fixed rate (note 19). Under the interest rate swap and credit agreements, the University pays a hedged, all-in fixed rate of 3.783% on the senior facility. The interest rate swap agreements expire on October 29, 2027 and October 31, 2052.

   The notional amount of the interest rate swaps and the fair value of the derivative liability are as follows:

	2025		2024	
Contracts	**Notional value**	**Fair value Payable**	**Notional value**	**Fair value Payable**
Interest rate swaps	36	(1)	-	-

   The fair value of the derivative liability is included in accounts payable and accrued liabilities. The loss on fair value of the interest rate swaps of $1 million (2024 – nil) is recorded in investment income in the consolidated statement of operations.

ii. A non-revolving credit facility (the "junior facility"), made available during the acquisition period, of up to $50 million, bearing interest at 1.0% per annum, and due the earlier of November 1, 2027 and substantial completion of the project. Upon completing the acquisitions, the junior facility will be converted to a term loan bearing interest at the same rate.

The senior and junior facilities are secured by the project assets under a general security agreement.

9. Government remittances payable

As at April 30, 2025, accounts payable and accrued liabilities include government remittances payable of $56 million (2024 - $60 million).

10. Deferred contributions

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balance are as follows:

	2025	2024
Balance, beginning of year	**1,127**	1,054
Add grants, donations and investment income	**651**	715
Less amount recognized as revenue during the year	**(615)**	(642)
Balance, end of year	**1,163**	1,127

The deferred contributions must be spent for the following purposes:

	2025	2024
Research	**514**	492
Student aid (notes 14 and 15)	**142**	135
Other restricted purposes	**507**	500
	1,163	1,127

11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recognized as revenue in the consolidated statement of operations as government and other grants for restricted purposes.

The changes in the deferred capital contributions balance for the year are as follows:

	2025	2024
Balance, beginning of year	**1,204**	1,217
Add contributions recognized for capital asset purchases	**164**	62
Less amortization of deferred capital contributions	**(86)**	(75)
Balance, end of year	**1,282**	1,204

This balance represents:

	2025	2024
Amount used to purchase capital assets	**1,191**	1,105
Amount to be spent on capital assets	**91**	99
	1,282	1,204

12. Internally restricted net assets

The internally restricted net assets consist of the following:

	2025	2024
Investment in land and other capital assets	**4,939**	4,643
Employee benefits		
Pension	**(122)**	(125)
Other plans	**(634)**	(564)
Pension special payment reserve	**250**	175
Capital projects and infrastructure reserves	**1,677**	1,747
Operating contingencies	**577**	409
Research support	**320**	334
Departmental trust funds	**111**	106
Student assistance	**73**	86
Other funds	**53**	30
Balance, end of year	**7,244**	6,841

Internally restricted net assets are funds set aside that reflect the application of Governing Council policy.

a. Investment in land and other capital assets

Investment in land and other capital assets represents the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. It consists of unamortized capital assets purchased with unrestricted resources (net of debt) plus the carrying amount of capital assets purchased with unrestricted resources (net of debt) that will not be amortized.

b. Employee benefits

Internally restricted net assets have been reduced by the portion of employee future benefits obligations to be funded by future operating budgets.

c. Pension special payment reserve

This reserve represents funds that have been set aside as a contingency against future pension special payment risk (note 7).

d. Capital projects and infrastructure reserves

These represent reserves in respect of capital projects at various stages of planning, design and construction, including:

- **Capital projects in progress -** $931 million (2024 - $884 million) - unspent funds at the end of the fiscal year, in respect of capital projects and alterations and renovations in progress that are part of the University's major infrastructure building and renewal program less amounts spent without funding on hand;
- **Reserves for future major capital projects -** $558 million (2024 - $643 million) - funds set aside for specific, major capital projects in the project planning stage with an anticipated project cost in excess of $10 million; and

- **Other divisional infrastructure reserves -** $188 million (2024 - $220 million) - funds held by divisions as a general reserve for alterations and renovations, as well as funds earmarked for capital projects in the project planning stage with an anticipated project cost less than $10 million.

e. *Operating contingencies*

These funds represent operating reserves available for spending to protect against possible adverse circumstances such as changes in student enrolment due to geopolitical events, investment return fluctuations and salary cost escalations.

f. *Research support*

These funds represent departmental funds reserved for Canada Research Chairs and related research allowances, start-up research funds and funds provided to faculty and librarians under an expense reimbursement program.

g. *Departmental trust funds*

These funds represent departmental trust funds available for spending by divisions with no external restrictions.

h. *Student assistance*

These funds represent departmental operating funds available to provide scholarships, bursaries, and other student assistance.

i. *Other funds*

These funds are held primarily to support various initiatives to enhance the quality, structure and organization of programs and activities, as well as the restructuring needed to adapt to the long-range budget plan and to improve the productivity of physical assets.

13. *Endowments*

Endowments consist of externally restricted donations received by the University and internal resources transferred by Governing Council in the exercise of its discretion. With respect to the latter case, Governing Council may have the right to subsequently decide to remove the designation. The investment income generated from endowments must be used in accordance with the various purposes established by donors or Governing Council. 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.

University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income made available for spending and requiring the reinvestment of income not made available for spending. The investment policy has set the real rate of return objective of at least 4% over 10-year periods, net of all investment fees and other expenses, while taking an appropriate amount of risk to achieve this target, but without undue risk of loss. The amount made available for spending must normally fall between a range of 3% and 5% of the fair value per unit of the endowment pool. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending or if the investment return is negative, the amount that is made available for spending is funded by the accumulated reinvested income. However, for endowment funds, where the fair value of the endowment is below the donated capital and does not have sufficient accumulated reinvestment income, endowment capital is used in the current year as this is deemed prudent by the University. This amount is expected to be recovered by future net investment income. As at April 30, 2025, there are 142 endowments with the original gift value of $43 million that have a fair value of $42 million and a deficiency of $1 million. As at April 30, 2024, there were no endowments with a deficiency, where the fair value was below the original gift value. In fiscal 2025, $10.63 (2024 - $9.97) per unit of LTCAP was made available for spending, representing 4% (2024 - 4%) of the five-year average fair value per unit of the endowment pool.

The change in net assets restricted for endowments consists of the following:

	2025			2024		
	Externally restricted	**Internally restricted**	**Total**	Externally restricted	Internally restricted	Total
Balance, beginning of year	**3,104**	**512**	**3,616**	2,806	461	3,267
Donations (notes 17 and 18)	**95**	**-**	**95**	66	-	66
Investment income, net of fees and other expenses of $47 (2024 - $47) (note 3)	**278**	**44**	**322**	324	54	378
Investment income made available for spending	**(117)**	**(18)**	**(135)**	(106)	(16)	(122)
Transfer of donations and matching funds from deficit	**19**	**16**	**35**	14	13	27
Balance, end of year	**3,379**	**554**	**3,933**	3,104	512	3,616

14. Ontario Student Opportunity Trust Fund

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

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 10) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael's College and the Toronto School of Theology) are not included in these consolidated financial statements.

Phase 1:

	(thousands of dollars)	
	2025	2024
Endowments at book value, beginning of year	**396,754**	379,230
Donations	**113**	-
Transfer from expendable funds	**10,212**	17,524
Endowments at book value, end of year	**407,079**	396,754
Cumulative unrealized gains	**94,846**	79,503
Endowments at fair value, end of year	**501,925**	476,257

	(thousands of dollars)	
	2025	2024
Expendable funds available for awards, beginning of year	**34,223**	34,518
Realized investment income	**26,494**	32,936
Transfer to endowment balance	**(10,212)**	(17,524)
Bursaries awarded	**(14,659)**	(15,707)
Expendable funds available for awards, end of year	**35,846**	34,223
Number of award recipients	**3,125**	3,340

Phase 2:

	(thousands of dollars)			
	2025		2024	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**51,736**	**6,661**	49,694	5,783
Donations	**50**	**-**	3	1
Transfer from expendable funds	**1,132**	**66**	2,039	877
Endowments at book value, end of year	**52,918**	**6,727**	51,736	6,661
Cumulative unrealized gains	**6,917**		5,087	
Endowments at fair value, end of year	**59,835**		56,823	

	(thousands of dollars)			
	2025		2024	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**4,291**	**980**	4,020	974
Realized investment income (loss)	**3,149**	**(386)**	3,906	1,119
Donations	**-**	**-**	4	-
Transfer to endowment balance	**(1,132)**	**(66)**	(2,039)	(877)
Bursaries awarded	**(1,680)**	**(418)**	(1,600)	(236)
Expendable funds available for awards, end of year	**4,628**	**110**	4,291	980
Number of award recipients	**508**	**205**	546	120

15. Ontario Trust for Student Support

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Support matching program to award student aid as a result of raising an equal amount of endowed donations. The University also matched certain endowed donations.

Endowments at book value in this note represent contributions received plus a portion of realized investment income. The expendable funds available for awards are included in deferred contributions (note 10) on the consolidated balance sheet. The endowments and expendable fund balances of the affiliates (Victoria University, The University of Trinity College, University of St. Michael's College and the Toronto School of Theology) are not included in these consolidated financial statements.

	(thousands of dollars)			
	March 31, 2025*		March 31, 2024*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Endowments at book value, beginning of year	**96,466**	**19,518**	91,217	16,657
Donations received	**651**	**7**	176	228
University matching	**-**	**-**	-	-
Transfer from expendable funds	**1,590**	**150**	5,073	2,633
Endowments at book value, end of year	**98,707**	**19,675**	96,466	19,518
Cumulative unrealized gains	**19,147**		15,223	
Endowments at fair value, end of year	**117,854**		111,689	

	(thousands of dollars)			
	March 31, 2025*		March 31, 2024*	
	University of Toronto	**Affiliates**	University of Toronto	Affiliates
Expendable funds available for awards, beginning of year	**6,509**	**1,195**	6,387	3,287
Realized investment income	**8,952**	**1,237**	8,670	1,221
Donations	**2**	**-**	-	-
University matching and contribution	**(219)**	**-**	41	-
Transfer to endowment balance	**(1,590)**	**(150)**	(5,073)	(2,633)
Bursaries awarded	**(3,639)**	**(831)**	(3,516)	(680)
Expendable funds available for awards, end of year	**10,015**	**1,451**	6,509	1,195
Number of award recipients	**1,121**	**233**	1,091	253

*As per Ministry of Colleges, Universities, Research Excellence and Security guidelines.

16. Supplemental cash flow information

The net change in other non-cash items is as follows:

	2025	2024
Accounts receivable	**(42)**	(18)
Inventories and prepaid expenses	**(9)**	(5)
Other long-term assets	**(30)**	(60)
Accounts payable and accrued liabilities	**(38)**	206
Deferred contributions	**36**	73
	(83)	196

The purchase of capital assets funded by accounts payable and accrued liabilities is as follows:

	2025	2024
Increase in capital asset acquisitions funded by accounts payable and accrued liabilities	**14**	40

17. Donations

During the year, the University raised pledges, gifts and philanthropic grants of $209 million (2024 - $194 million). In 2025, $155 million (2024 - $155 million) was recorded as revenue, of which $114 million (2024 - $128 million) was received in the current year, $41 million (2024 - $27 million) was received and deferred in prior years, and $95 million (2024 - $66 million) was recorded as a direct addition to endowments (note 13) and is not recorded as donations revenue.

18. Government and other grants for restricted purposes

During the year, the University received $641 million (2024 - $547 million) of government and other grants for research and $52 million (2024 - $50 million) for capital infrastructure and other purposes, of which $540 million (2024 - $510 million) was recorded as revenue and $154 million (2024 - $87 million) was deferred (notes 10 and 11).

19. Financial risks and risk management

The University is exposed to various financial risks through transactions in financial instruments. The majority of these risks are related to investments in the LTCAP. To manage the investment risk of the LTCAP portfolio, the University has set the benchmark Reference Portfolio with an asset mix that reflects its long-term return objectives and risk appetite. The University monitors and limits the active risk, which is defined as the volatility in the actual portfolio minus the volatility in the Reference Portfolio. The University uses risk systems and data management tools to evaluate risk exposures across multiple asset classes, as well as the total portfolio. If the measured risk of the portfolio exceeds the limit, actions will be taken to reduce the portfolio's risks.

Foreign currency risk

The University is exposed to foreign currency risk from direct and indirect (e.g., pooled funds) investments that are denominated in currencies other than the Canadian dollar. Fluctuations caused by changes in the currency rates applied to these investments can result in a positive or negative effect on the fair value of the investments and on the cash flows from these investments. To manage foreign currency risk, the University has established a benchmark currency hedging policy for both the LTCAP and EFIP. In 2025, the benchmark policy for the LTCAP is to hedge 50% (2024 - 50%) of the currency exposure of all the asset classes of the Reference Portfolio, with the exception of emerging markets, which are unhedged. The benchmark policy for EFIP is to hedge 100% (2024 - 100%) of its non-Canadian currency exposure. As at April 30, 2025, the fair value of investments denominated in foreign currencies is $3.5 billion (2024 - $3.2 billion), of which $2.2 billion (2024 - $2.0 billion) has been hedged.

Credit risk

The University is exposed to credit risk in connection with its fixed-income investments and derivative contracts because of the risk of a financial loss caused by a counterparty's potential inability or unwillingness to fulfill its contractual obligations. To manage the credit risk exposure from direct fixed-income holdings or from the use of derivatives, limits are established for individual counterparties, and these are monitored regularly. The majority of the University's fixed-income investments are in highly rated securities. As at April 30, 2025, 37% (2024 - 37%) of the University's bond exposure from derivative instruments are either unrated or have market appropriate credit equivalent ratings of A or lower.

Interest rate risk

The University is exposed to interest rate risk with respect to its investments in bonds. As at April 30, 2025, the fair value of total investments in bonds is $4.5 billion (2024 - $4.2 billion), composed of $1.9 billion (2024 - $1.7 billion) of bonds indirectly held through pooled funds and $2.6 billion (2024 - $2.5 billion) of notional bond exposure arising from derivative financial instruments. As at April 30, 2025, the University does not hold bonds directly (2024 - nil) in its portfolios. The interest rate risk of fixed income exposures is managed based on the interest rate risk of the Reference Portfolio in LTCAP and based on the interest rate risk of the target portfolio in EFIP.

The University is also exposed to interest rate risk on its floating interest rate debt. The University mitigates this risk by entering into interest rate swap agreements.

Liquidity risk

The University is exposed to liquidity risk if it does not maintain sufficient liquidity to manage its obligations associated with its derivative financial instruments, the funding of calls from private market funds, long-term debt, and the annual LTCAP distribution for spending. The University has developed a system that models the potential liquidity needs of the LTCAP under stressed market conditions. This helps ensure that adequate cash and other sources of liquidity are available to meet all liquidity needs over a stress-test extended period. The same modelling analysis ensures that the University can, if necessary, rebalance LTCAP's asset mix to match the target asset class weights of the Reference Portfolio. In addition, the University has a voluntary sinking fund that was established for the purpose of accumulating funds to repay the principal of the University's debentures at maturity.

Other price risk

The University is exposed to other price risk through changes in market prices (other than changes arising from interest rates or foreign currencies) with respect to its investments in public equity, private equity, fixed income, real estate, infrastructure and hedge funds. The factors that cause the changes in market prices may affect a specific individual investment, its issuer, or they may affect similar securities traded in the market. This risk is managed by having a benchmark Reference Portfolio, which reflects the University's risk appetite, and by monitoring actual risk against the risk of the Reference Portfolio.

20. Other commitments

a. The estimated cost to complete construction and renovation projects in progress as at April 30, 2025, which will be funded by operations and donations, is approximately $1.7 billion (2024 - $1.5 billion).

b. The future annual payments under various operating equipment leases are approximately $10 million.

c. The future base rent lease payments for space rentals are as follows:

2026	21
2027	20
2028	18
2029	18
2030	16
Thereafter	94
	187

21. Contingencies

a. The University has a program under which it guarantees bank loans to faculty and staff members to assist in the purchase or refinancing of their homes. The University holds mortgages as collateral security against such guarantees. As at April 30, 2025, the amount of loans guaranteed is $11 million (2024 - $10 million). The University's estimated exposure under these guarantees is not material.

b. The University issues irrevocable standby letters of credit for its capital construction projects that guarantee payments to the City of Toronto if it fails to perform certain restorative work at the completion of its capital construction projects. As at April 30, 2025, the amount of outstanding letters of credit issued is $23 million (2024 - $28 million).

c. The members of TRIUMF and the Canadian Nuclear Safety Commission ("CNSC") approved a decommissioning plan that requires all members to be severally responsible for their share of the decommissioning costs as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has put in place a plan for funding the cost of decommissioning that does not require any payments from the joint venture partners.

d. 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 obligation for these assets will be recorded in the period in which a legal obligation exists or when there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

e. The nature of the University's activities is such that there are usually claims or potential claims in prospect at any one time. As at April 30, 2025, the University believes that it has valid defences and appropriate insurance coverage in place on certain claims that are not expected to have a material impact on the University's consolidated financial position. There also exist other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are required.

f. On January 1, 2023, the University entered into a membership with a reciprocal exchange of insurance risks, named the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). This self-insurance reciprocal, in association with 77 other Canadian universities, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. Plan members are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at December 31, 2024, the date of the latest financial statements available, CURIE was fully funded with surplus of $130 million (December 31, 2023 - $108 million).

UNIVERSITY OF TORONTO

TAB 6

FOR RECOMMENDATION **PUBLIC** **OPEN SESSION**

TO:	Business Board
SPONSOR: **CONTACT INFO:**	Professor Trevor Young, Vice-President & Provost provost@utoronto.ca
PRESENTER: **CONTACT INFO:**	Professor Trevor Young, Vice-President & Provost provost@utoronto.ca
DATE:	March 6, 2024 for March 13, 2024
AGENDA ITEM:	4

ITEM IDENTIFICATION:

Budget Report 2024-25 and Long-Range Budget Guidelines 2024-25 to 2028-29.

JURISDICTIONAL INFORMATION:

Excerpt from the Terms of Reference for the Planning and Budget Committee:

4.3.2. The annual budget is considered by the Committee for recommendation to the Academic Board. [Once the budget is recommended by the Academic Board, the concurrence of the Business Board is sought in regard to fiscal soundness before it is forwarded to the Governing Council.]

GOVERNANCE PATH:

1. Planning and Budget Committee [for recommendation] (February 26, 2024)
2. UTM Campus Council [for information] (March 4, 2024)
3. UTSC Campus Council [for information] (March 5, 2024)
4. Academic Board [for recommendation] (March 7, 2024)
5. **Business Board [for concurrence with the recommendation of the Academic Board] (March 13, 2024)**
6. Executive Committee [for endorsement and forwarding] (March 26, 2024)
7. Governing Council [for approval] (April 4, 2024)

PREVIOUS ACTION TAKEN:

The Budget Report 2023-24 and Long-Range Budget Guidelines 2023-24 to 2027-28 were approved by the Governing Council at its March 30, 2023 meeting.

HIGHLIGHTS:

The University continues to be in strong financial shape, although we are facing some pressures related to the recent significant compensation increases and continued constraints – and some uncertainty – on our primary sources of operating revenues. The 2024-25 operating budget is balanced with $3.52 billion in planned revenue – a 4.9% increase over 2023-24 – balanced against an equal $3.52 billion in planned spending and provisions for future priorities. A significant portion of revenue growth is from strong returns on our short- and medium-term investments which are expected to be significantly higher than in recent years. Excluding this one-time increase, revenue growth is about 3% across all other sources of revenue.

In Fall 2023, the Government released the recommendations of their Blue-Ribbon Panel (BRP) which included increases to domestic fees, a 10% increase to operating grants, future enrolment growth funding, and special consideration for the University of Toronto on tuition. In response, on February 26, 2024, the Government announced nearly $1.3 billion in new funding over three years for the postsecondary sector. This included an across-the-board increase in operating grant funding of about 7% over three years, targeted funding for institutions at high financial risk, temporary support for unfunded students, support for mental health initiatives, and additional funding for capital renewal. The University is waiting for more details on the individual allocations.

The Government also announced a three-year extension to the freeze on domestic Ontario resident tuition fees that has been in place since the 10% cut in 2019-20. We are anticipating that the increased operating grant funding will roughly offset the financial impact of the extension of the freeze over the three years. As a result, the 2024-25 Budget assumes continuation of the tuition freeze and a $15 million increase to operating grants to offset the financial impact relative to the 3% increase that had been planned for next year. Tuition for non-Ontario residents in undergraduate programs will increase by 5%, consistent with the frameworks in place since 2021-22, and tuition for incoming students into our Master of Arts, Master of Science, and MSc in Applied Computing will increase by 7.5% as approved under the Government's sector-wide anomaly adjustment program for tuition that is significantly below comparable programs.

In January 2024, the Federal Government announced a two-year reduction in the number of available international student permits including a potential 50% decrease in permits for Ontario's postsecondary education sector. The focus of this policy change is not on the University of Toronto which has responsibly and gradually increased our international enrolment over many years, in-line with our strategic plans and accompanied by transparent recruitment and admissions processes and robust student supports. However, it remains unclear how the Province will operationalize this new policy and there is some risk to our intake plans for 2024-25. We are actively working with all levels of government to ensure that the allocation of permits recognizes institutions like U of T and addresses the problem where the challenges lie.

Operating revenues are derived primarily (87%) from tuition, other student fees, and provincial operating grants, all of which are tied to enrolment. Divisional enrolment plans will add about 2,500 domestic undergraduate spaces over the next five years including the funded nursing, medicine, and SAMIH expansions. The University also continues to see strong demand from international students and is planning for growth of about 1,200 international FTEs over the planning period. With these plans, international enrolment will be maintained at about 31% of total undergraduates from a diverse set of countries across the world. Other sources of revenue include investment income, endowment income, Canada Research Chairs, funding for the indirect costs of research, and sales of services.

Total spending for student aid is projected at $380 million for 2024-25 across undergraduate and graduate scholarship and bursary programs. About $65 million of this will come from the endowment payout with the remainder set aside from operating funds.

The operating budget reflects the aspirations and service plans in academic and shared-service divisions. Academic divisional plans include hiring of tenure and teaching stream faculty, enhancement of student services, increased experiential learning, work-integrated learning, and research opportunities, development of new academic programs, provisions for capital projects, and additional financial support for students. Additional investments into shared services include funding for addressing deferred maintenance, information security programs, rollout of the new student advising system and an improved transfer credit system, development of new administrative systems to reduce processing times and effort, and funding to sustain our library services and collections.

Looking ahead, we are anticipating revenue growth to slow to around 3% per year over the five-year plan, reflecting slowing enrolment growth and continued constraints on tuition and operating grants. Note that the long-range plan described in the Budget Report assumes 3% flexibility on domestic tuition as of 2025-26, which we now know will not be the case. However, as noted above, the increased operating grant funding is expected to offset the impact of the continued freeze so the overall revenue plan is not materially impacted.

Given the ongoing uncertainty around our main sources of operating revenues, the University must remain restrained in our allocation of resources, while ensuring we maintain standards of excellence in teaching, research, and the student experience. Expenditure allocations are proposed within these competing constraints and priorities. Decisions on the allocation of resources across the institution take into consideration a balance between the rates of expenditure increase in the administrative divisions vs. the academic divisions.

FINANCIAL IMPLICATIONS:

The Long-Range Budget Guidelines plan for a balanced budget in each of the five years. The University continues to demonstrate an outstanding ability to cope with financial challenges by developing strategic and creative multi-year budget plans, which maintain and enhance academic priorities while minimizing the impact of the economic volatility on the student experience and on the research strength of the University. Leaders of academic and shared service portfolios continue to rise to the challenge, seeking efficiencies and collaborations wherever possible. Enrolment demand remains strong and the University continues to attract excellent domestic and international students.

RECOMMENDATION:

Be It Recommended:

THAT the Budget Report 2024-25 be approved and

THAT the Long-Range Budget Guidelines 2024-25 to 2028-29 be approved in principle.

DOCUMENTATION PROVIDED:

- *Budget Report 2024-25 and Long-Range Budget Guidelines 2024-25 to 2028-29*

TAB 7

Perpetuating a Gendered Profession

An Empirical Deconstruction of the Job Openings for Academic Librarians at the University of Toronto from 1985 to 2021

Guenther Lomas, Jessica Shiers, Harriet M. Sonne de Torrens, Joanna Szurmak, and Meaghan Valant

Introduction

Gender discrimination within academic librarianship has deep roots in the history of the profession and female labour in Canada that can be traced back to the early decades of the twentieth century and to the development of the professional educational programs for librarianship.[1] The history of academic librarianship at the University of Toronto (U of T) has remained a relatively silent partner in the published histories of the University, the University of Toronto Library (UTL) system and the seven affiliated colleges (Innis College, New College, St. Michael's College, Trinity College, University College, Victoria College

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1 Lorne Bruce, "Professionalization, Gender, and Librarianship in Ontario, 1920-75," *Library & Information History* 28, no. 2 (2012): 117-34; Harriet Sonne de Torrens, "Academic Librarianship: The Quest for Rights and Recognition at the University of Toronto," in *In Solidarity: Academic Librarian Labour Activism and Union Participation in Canada*, edited by Jennifer Dekker and Mary Kandiuk, 81-102, 314-324 (Sacramento, CA: Library Juice Press, 201). In the nineteenth century, academic librarianship was a male occupation. In 1876, Melvil Dewey noted, "[t]he time has at last come when a librarian may, without assumption, speak of his occupation as a profession," see M. Dewey, "The Profession," *American Library Journal* I (1876): 5-6. The last quarter of the nineteenth century was when library work was professionalized, with the visible signs of library schools opening (first in 1887) and organization of the American Library Association in 1876, see Joanne E. Passet, "Men in a Feminized Profession: The Male Librarian, 1887-1921," *Libraries & Culture* 28, no. 4 (1993): 385-402, 386; Lorne D. Bruce, "From Library Work to Library Science: Forming Canadian Librarianship, 1920-1960," Partnership: *The Canadian Journal of Library and Information Practice and Research* 14, Iss. 1 (2019): 1-41. doi:10.21083/partnership.v14i1.4752

and Woodsworth College).[2] In some respects, this is surprising, given that U of T is one of the largest and oldest post-secondary institutions in Canada (established in 1849) and with a global library collection, built by librarians, that rivals the top major Ivy League collections in North America. The UTL system has consistently employed the largest number of librarians in Canada compared to other post-secondary institutions. Librarians are appointed in the forty-two libraries on three campuses and support the teaching and research requirements of "over 300 graduate programs, with more than 70 professional programs, and about 700 undergraduate degree programs. There are more than 15 million volumes in 341 languages in the 42 libraries."[3]

From a broader perspective, however, the relatively silent history of U of T librarianship corresponds to the low profiles that librarians have had on Canadian academic campuses and to the way academic libraries are considered expensive cost centres rather than pivotal academic units of knowledge, an increasingly prominent ideology within the corporatization of academia.[4] In the last thirty years (1991 to 2021), 74% of the librarians holding full-time positions at the University of Toronto have consistently been female. This exceeds the understood average of 69.5% females in the *Association of Research Libraries Annual Salary Survey 2021*.[5]

The statistical evidence of predominantly female librarians over the decades at the University of Toronto raises equity questions. It is known, for example, in other female dominated professions, such as nursing, teaching, and social media jobs, that men receive higher salaries compared to their female counterparts.[6] Similar findings have been reported in the library profession with male librarians receiving higher salaries

2 Robert H. Blackburn, *Evolution of the Heart: A History of The University of Toronto Library up to 1981* (Toronto: University of Toronto Press, 1989).

3 The description of the UTL system is from the job posting, Associate Librarian, Collections and Research Services (Librarian III), at the University of Toronto Mississauga, February 2021.

4 Lisa Sloniowski, "Affective Labor, Resistance, and the Academic Librarian," *Library Trends* 64, no. 6 (2016): 645-666.

5 University of Toronto, *Facts & Figures, (2010 to 2021)*, https://data.utoronto.ca/facts-and-figures/ The publication no longer lists part-time librarians; Anam Mian, ARL Annual Salary Survey 2021, Association of Research Libraries, https://doi-org.myaccess.library.utoronto.ca/10.29242/salary.2021.

6 Shiliang Tang, "Understanding Unconscious Bias by Large-scale Data Analysis" (PhD diss., University of California, 2019), 78.

than their female counterparts.[7] Low morale in the workplace increases the risk of professionals seeking employment in other sectors, as has been recently observed in the diminishing numbers in the Canadian nursing profession.[8] At U of T librarians' minimum salaries are below faculty, teaching stream and comparable non-unionized managerial ranks, even though many librarians have, in addition to the professional master's degree in information studies, advanced degrees in management, law, the sciences, the humanities and the social sciences.[9] In addition, it has been shown that men are drawn to stereotypical female occupations because there is a view that there are more opportunities for promotion given the gender biases, which, in turn, reinforces the gender discrimination.[10] Stereotypes, as the historically feminized profession of librarianship, are especially suited to justifying these inequalities.[11]

Given the consistently high percentage of female librarians in the UTL system, the researchers were interested in determining to what extent gendered language has been incorporated into the job advertisements.

7 Nicole Eva, Mê-Linh Lê, John Sheriff, "Less Money, Less Children, and Less Prestige: Differences between Male and Female academic Librarians," *Journal of Academic Librarianship* 47 (2021), 1-11 (p. 5). doi: https://doi.org/10.1016/j.acalib.2021.102392 ; Eva O. Arceo-Gomez, Raymundo M. Campos-Vazquez, Raquel Y. Badillo and Sergio Lopez-Araiza, "Gender Stereotypes in Job Advertisements: What do They Imply for the Gender Salary Gap?," *Journal of Labor Research* 43 (2022), 65–102.

8 Meredith Schwartz, "Women's Work: What If No One Wants To Work (Here) Anymore?," *Library Journal* 147, Iss. 10 (2022): 6; for the recent feminization of social media employment, see B. E. Duffy and B. Schwartz, "Digital "Women's Work?": Job Recruitment Ads and the Feminization of Social Media Employment," *New Media & Society* 20, no. 8 (2018): 2972-2989. doi: https://doi.org/10.1177/1461444817738237

9 In the 2018 Canadian Association of Professional Academic Librarians census notes that academic librarians in Canada in addition to the required masters degree in Information Studies, 56.85% have a second masters degree, 3.27% a third masters degree, 10.63% have a PhD, 13.29% have an additional professional degree (law, etc.) and 45.19% have additional certificates and diplomas, https://capalibrarians.org/wp/wp-content/uploads/2019/03/2018_Census_March_24_2019.pdf

10 Ben Lupton, "Explaining Men's Entry into Female-Concentrated Occupations: Issues of Masculinity and Social Class," *Gender, Work, and Organization* 13, no. 2 (2006): 103–28.

11 Aaron C. Kay, Szymon Czaplinski and John T. Jost, "Left-right Ideological Differences in System Justification following Exposure to Complementary Versus Noncomplementary Stereotype Exemplars," *European Journal of Social Psychology* 39 (2009): 290–98. doi:10.1002/ejsp.500; Nicolas Kervyn, Vincent Y. Yzerbyt, Charles M. Judd and Ana Nunes, "A Question of Compensation: The Social Life of the Fundamental Dimensions of Social Perception," *Journal of Personality and Social Psychology* 96, no. 4 (2009): 828-842; Danielle Gaucher, Justin Friesen, and Aarun C. Kay, "Evidence that Gendered Wording in Job Advertisements Exists and Sustains Gender Inequality", *Journal of Personality and Social Psychology* 101, issue no. 1 (2011): 109-128.

Words have meaning, conscious or subliminal.[12] This study uses content analysis to examine 355 academic librarian job openings that were advertised from 1985 to December 2021 and issued by the libraries in the University of Toronto Library (UTL) system. During this 36-year period, the UTL system has had two Chief librarians, 1) Carole Moore (1985-2011) and 2) Larry Alford (2011-present), henceforth referred to as CL1 and CL2.[13] The year of transition (2010-2011), when the leadership changed from CL1 to CL2, surprisingly, introduced decisive turning points in the results of the analysis of the job advertisements.

This study examines the use of gendered and stereotypical language in librarian job ads at the University of Toronto. First, we examine hiring trends in entry-level job postings over time. Second, we examine the extent to which gendered language is used in job ads for librarians. Third, we investigate the degree of undervalued managerial and pedagogical responsibilities in the librarian job ads at the University.

Literature Review

Content analysis of job advertisements has been used in library science studies dating back to the 1950s. Studies have focused primarily on job changes within the profession. A few cases have explored the effects of listing character traits in job ads, as well as the hiring trends of subject specialists, digital or electronic librarians, technical services and other specialized areas of academic librarianship.[14] Few studies, however, have focused on a single Canadian institution over a lengthy period of time and even fewer have employed artificial intelligence as a tool for analyzing the content of the postings.

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12 Tang, "Understanding Unconscious Bias."; Gaucher et al., "Evidence that Gendered Wording in Job Advertisements Exists,"; Rayla E. Tokarz, Tati Mesfin, "Stereotyping Ourselves: Gendered Language Use in Management and Instruction Library Job Advertisements," *Journal of Library Administration* 61, no. 3 (2021), 301-311 (p. 301).

13 John Papadopoulos, "New UofT Chief Librarian," *Slaw: Canada's Online Legal Magazine*, August 3, 2011. https://www.slaw.ca/2011/08/03/new-uoft-chief-librarian/

14 Rayla E. Tokarz, "Creative, Innovative and Collaborative Librarians Wanted: The Use of Personality Traits in Librarian Job Advertisements," *Library Philosophy and Practice* (2019): 1-21. https://digitalcommons.unl.edu/libphilprac/2463 ; Akhilesh K. S.Yadav, "Key Skills and Competencies of LIS Professionals in the Digital Library Environment: A Content Analysis of Job Advertisements," *Library Management*; *Bradford* 43, Iss. ½ (2022): 50-65; Ildiko Kovacs and Kornelia Vamosi Zarandne, "Digital Marketing Employability Skills in Job Advertisements—Must Have Soft Skills for Entry-Level Workers: A Content Analysis," *Economics & Sociology* 15, Iss. 1 (2022): 178-192.

Gender analysis of librarians' job postings has been an active area of research for the past twenty years.[15] Especially in recruitment practices, which some researchers suggest are responsible for reinforcing gender biases.[16] The subject of ideal personality traits for librarians has been of interest to some researchers for the past decade, with mixed perspectives from candidates, who in some cases were less attracted to positions which emphasize these traits.[17] Interestingly, in the Gender-Decoder, discussed below and used for previous analysis of librarians' job postings, there is a pronounced emphasis on personality characteristics in the lexicon utilized.

Technology has played an increasingly prominent role in the assessment of gendered language in postings.[18] This study's application of artificial intelligence (AI) to the content analysis of the job advertisements, however, is relatively unique, as there have been few similar studies undertaken. This may be due to the size of datasets available for most studies. AI has been used primarily to examine the automation of library resources, legal significance and services, library operations and the supporting role of librarians in the use of AI in academic communities.[19] There is little scholarship on the use of AI in the

15 Ronald Beaudrie and Robert Grunfeld, "Male Reference Librarians and the Gender Factor," *Reference Librarian* 33 (1991): 211-213; Lupton, "Explaining Men's Entry into Female-Concentrated Occupations,"; Adeola Adesoji Arinola and F. Oyewusi, "Gender Influence on Managerial Efficiency of Academic Librarians in Nigeria," *Gender and Behaviour* 7, no. 1 (2009): 2317-2329. doi: 10.4314/gab.v7i1.45048 ; Gaucher et al., "Evidence that Gendered Wording in Job Advertisements exists ,"; Tang, "Understanding Unconscious Bias."

16 Inger Askehave and Karen Korning Zethsen, "Gendered Constructions of Leadership in Danish Job Advertisements," *Gender, Work and Organization*, Vol. 21 No. 6 (November 2014): 531-545.

17 Janine Bosak and Sabine Sczesny, "Am I the Right Candidate? Self-Ascribed Fit of Women and Men to a Leadership Position," *Sex Roles* 58, Iss. 9-10 (2008): 682–688. https://doi.org/10.1007/s11199-007-9380-4; Susan A. Henricks and Genevieve M. Henricks-Lepp, "Desired Characteristics of Management and Leadership for Public Library Directors as Expressed in Job Advertisements," *Journal of Library Administration* 54, no. 4 (2014): 277-290, doi: 10.1080/01930826.2014.924310; Lisa Kristina Horvath and Sabine Sczesny, "Reducing Women's Lack of Fit with Leadership Positions? Effects of the Wording of Job Advertisements," *European Journal of Work and Organizational Psychology* 25, no. 2 (2016): 316-328.

18 Gaucher et al., "Evidence that Gendered Wording in Job Advertisements Exists,"; Tang, "Understanding Unconscious Bias."

19 Sofia Pr. Grigoriadou, "Artificial Intelligence Law and Management for E-Libraries," *Journal of Internet Law* 25 Iss. 10 (2022): 1, 3-9; Sandy Hervieux and Amanda Wheatley, *The Rise of AI: Implications and Applications of Artificial Intelligence in Academic Libraries*. ACRL Publications in *Librarianship Ser*., vol. 78 (Association of Colleges and Research Libraries, 2022); Sandy Hervieux and Amanda Wheatley, "Perceptions of Artificial Intelligence: A Survey of Academic Librarians in Canada and the United States," *Journal of Academic Librarianship* 47 (2021): 1-11; Geneva Henry, "Research Librarians as Guides and Navigators for AI Policies at Universities," *Research Library* no. 299 (2019): 47-66.

content analysis of academic librarian positions, except for the following studies. In 2011 the Gender-Decoder, which was created by Danielle Gaucher, Justin Friesen, and Aaron C. Kay includes two brief lists of masculine and feminine words (Table 1).[20] The same Gender-Decoder was used by Tokarz and Mesfin in their analysis of gendered language in management and instruction library job advertisements in 2021.[21] The Gender-Decoder is available to use online to check the language in job postings.[22] Based on Gaucher et al., earlier work, Shiliang Tang at the University of California in 2019 created a comprehensive list of gendered terms, masculine, feminine, as well as, neutral.[23] The Tang lexicon was extracted from 17 million job postings on LinkedIn (2005-2016) which were analyzed to create a large dataset of gendered terminology.[24] Based on the Gaucher et al Gender-Decoder and the two online bias classification systems, Textio and Unitive, Shiliang Tang at the University of California in 2019 designed similar algorithms, "two scalable algorithms that match the same metrics" using similar methodologies to assess the language in the LinkedIn postings.[25] As a result, words were listed in different gender score ranges for adjectives and verbs: Strongly Masculine, Masculine, Slightly Masculine, Neutral, Slightly Feminine, Feminine, and Strongly Feminine.[26] Despite an increase in the participation of women in the workforce, Tang's text analysis of gender biases in 17,376,448 LinkedIn job advertisements (from 2005 to the end of 2016) demonstrates that significant biases remain within certain professions. "People still hold strong gender stereotypes."[27] The Tang lexicon became the basis for the gendered language analysis undertaken in this study.

In terms of the two areas of responsibilities, management and instruction, it is generally acknowledged that management responsibilities in job postings are imbued with masculine language and is embedded

20 Gaucher et al., "Evidence that gendered wording in job advertisements exists."

21 Tokarz and Mesfin, "Stereotyping Ourselves."

22 The Gender Decoder, https://gender-decoder.katmatfield.com/.

23 Tang, "Understanding Unconscious Bias," 144-149.

24 Tang, 76.

25 Tang, 79-82.

26 Tang, 144-149.

27 Tang, 134.

with masculine discourses and practices.[28] Teaching has gradually lost some of its prestige in academia with increased class sizes, workloads and administrative responsibilities in the neoliberal academy.[29] With this development academic librarianship has been undergoing a transition which has contributed to a shift in emphasis on more teaching responsibilities and collaboration with faculty.[30] Within the history of the University of Toronto, the term "teaching" has been exclusively reserved for faculty (tenure and teaching streams), as noted in the revisions made to the University of Toronto Art (1971, 1978).[31] Neither libraries nor librarians are mentioned in the revised act, even though they were a core part of the previous 1971 University of Toronto Act revisions. Librarians are designated as staff. As a result, the depreciative value of pedagogy for librarians has been relegated to the lower rungs of the hierarchical ladder of academia, resulting in the fortification of a further internal gendered stratification within academia.[32] Even though there has been an increased acknowledgement of the role of teaching, there is no known study on the professional-level contributions to stratifying, therefore, devaluing teaching within librarianship

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28 Rosemary Deem, 'New Managerialism' and Higher Education: The Management of Performance and Cultures in Universities in the United Kingdom,' *International Studies in Sociology of Education* 8, Iss. 1 (1998): 47-70. https://doi.org/10.1080/0962021980020014.

29 Margaret Thornton, "The Changing Gender Regime in the Neoliberal Legal Academy," *Zeischrift für Rechtssoziologie (The German Journal of Law and Society)* 33, no. 2 (2014): 235-251.

30 Joyce Lindstrom and Diana D. Shonrock, "Faculty-Librarian Collaboration to Achieve Integration of Information Literacy," *Reference and User Services Quarterly* 46, no. 1 (2006): 18-23 (p. 18); Annamary Consalvo, Gina M. Doepker, Vandy Dubre and Joanna Neel, "Librarian-Faculty Collaboration for Literacy Courses: Promoting Better Learning for Preservice Teachers," *Language and Literacy* 24, Iss. 3 (2022): 107-130.

31 Lisa Becksford, "Teacher, Librarian, or Both? A Quantitative Investigation of Instruction Librarians' Teacher Identity," *CR&L* 83 no. 3 (2022): 372; Cate Watson, "Narratives of Practice and the Construction of Identity in Teaching," *Teachers and Teaching* 12, no. 5 (2006): 509–26, https://doi.org/10.1080/13540600600832213; David Peele, "Librarians as Teachers: Some Reality, Mostly Myth," *Journal of Academic Librarianship* 10, no. 5 (1984): 267–71; Topsy N. Smalley, "Bibliographic Instruction in Academic Libraries: Questioning Some Assumptions," *Journal of Academic Librarianship* 3, no. 5 (1977): 280–83; Pauline Wilson, "Librarians as Teachers: The Study of an Organization Fiction," *Library Quarterly* 49, no. 2 (1979): 146–62; Robert Zai, "Neither Fish nor Fowl: A Role Theory Approach to Librarians Teaching," *Journal of Library Administration* 55, no. 1 (2015): 1–23, https://doi.org/10.1080/01930826.2014.978680.

32 Tilman Reitz, "Academic Hierarchies in Neo-Feudal Capitalism: How Status Competition Processes Trust and Facilitates the Appropriation of Knowledge," *Higher Education; Dordrecht* 73, Iss. 6 (2017): 871-886. doi:10.1007/s10734-017-0115-3.

by using the term instruction rather than teaching.[33] This appears to be both an institutional, as well as a professional trend that devalues librarians' pedagogical contributions to academic communities.

Entry-level postings figure prominently in the last decades combined with increased experiences and knowledge in the current study. The literature on entry-level positions has concentrated on job skills for different recent graduates and on specific responsibilities, such as the digital environment, systems, and specialized areas.[34] Only a few studies have examined the precariousness of entry-level positions with lower remuneration and proliferation of contract employment and the expectations of higher experience in the profession.[35] Sajni Lacey examined the "financial insecurity, devalued labour" of entry-level positions and determined the complicated precariousness of contract work in libraries. Researchers have found that entry-level positions often require higher levels of experience.[36] There are even fewer studies on how entry-level positions with high expectations for experience and knowledge contribute to the gendered biases and pay-equity issues in the profession.

Methodology

The analysis of the UTL job openings is comprised of three interrelated methodologies in Studies One to Three. Study One presents a time series with an analysis that reviews the number of postings issued

33 For the professional use of instruction rather than teaching see, *Information Literacy Instruction, Objectives for: A Model Statement for Academic Librarians* (Jan. 2001); *Instruction Programs in Academic Libraries*, Guidelines for (October 2011); *Framework for Information Literacy for Higher Education* (filed February 2015, approved January 2016).

34 E. C. Tewell, "Employment Opportunities for New Academic Librarians: Assessing the Availability of Entry Level Jobs", *Portal: Libraries and the Academy* 12 no. 4 (2012); 407-423; Claudene Sproles and David Ratledge, "An Analysis of Entry-Level Librarian Ads Published in American Libraries, 1982-2002", *Electronic Journal of Academic and Special Librarianship* 5, nos 2-3 (2004); David Ratledge and Claudene Sproles, "An Analysis of the Changing Role of Systems Librarians" *Library Hi Tech*; *Bradford* 35, Iss. 2 (2017): 303-311; Joe C. Clark, "What Employers Want: Entry-Level Qualifications for Music Librarians," *Notes* (2013): 472-493.

35 Carli Agostino and Melanie Cassidy, "Failure to Launch: Feelings of Failure in Early Career Librarians," *Partnership* 14 no. 2 (2019): 1-7. doi: https://doi.org/10.21083/partnership.v14i1.5224.

36 Robert K. Reeves and Trudi Bellardo Hahn, "Job Advertisements for Recent Graduates: Advising, Curriculum, and Job-seeking Implications," *Journal of Education for Library and Information Science* 51, Iss. 2 (2010): 103-119; J. Deeken and D. Thomas, "Technical Services Job ads: Changes since 1995," *College & Research Libraries* 67 (2001): 136-145; Penny M. Beile and Megan M. Adams, "Other Duties as Assigned: Emerging Trends in the Academic Library Job Market," *College & Research Libraries* 61 (2000): 336-347; Sproles and Ratledge, "An Analysis of Entry-Level Librarian Ads."

over time during the appointments of CL1 and CL2. Studies Two and Three employ data science methods, including some tools commonly used in artificial intelligence, to examine the gendered language and the creation of thematic lexicons specific to the profession of academic librarianship. Study Two applies the Tang Lexicon, as discussed in the literature review, to the analysis of the language used in the UTL postings. Study Three employs *Named Entity Recognition* (NER) to examine the use of language in job ads that list management or pedagogical responsibilities. The results of these analyses were plotted in graphs (Figures 1-13).

Preparation of Dataset

Job advertisements were assembled from the online Faculty of Information Job Site, the internal UTL listserv, existing college sites, and the University of Toronto archives. Due to the historically inconsistent advertising practices at U of T for librarians' positions there may be missing job ads in some years. The study undertook no filtering or grouping of the job advertisements.

There is a difference between job postings and job openings. 352 job ads were assembled; three job postings had two job openings each. In order to build a dataset that accurately represents the population of the study, the rows for the postings which had two openings were duplicated in the excel spreadsheet describing all postings. In total the dataset has 355 job openings. Data from the postings was manually parsed and coded on an excel sheet. The following categories were identified: unique id for each posting, title of job, file name of posting (pdf or word or web posting), campus, name of library unit, type of library (college, central system, UTM, UTSC), librarian rank, date (submission deadline, year, month), educational requirements, language requirements and the full text (description under the headings of duties, responsibilities and opportunities). For the analysis all punctuation and capital letters were removed, leaving only the unstructured text of the job openings. This was the basis for all the text analysis. From this a working dataset was compiled.

Librarian Ranks

The University of Toronto has four ranks: Librarian I, II, III, IV. Librarian I is a "probationary appointment, the term of which shall not be less than one year or more than two years."[37] To qualify for appointment or promotion to the rank of Librarian II, "the candidate shall have met the minimum educational requirement and shall have at least one year's professional experience or equivalent."[38] Combined, the job openings at the ranks of Librarian I and I-II total Administration considers the rank of Librarian III as the normal career path and the rank of Librarian IV is conferred to outstanding achievements in the UTL system, profession or University.

Study 1: Annual Time Series Analysis

The 355 postings have the following ranks: Librarian I (n=40), Librarian I-II (n=115), Librarian I-II-III-IV (n=1), Librarian II (n=59), Librarian I-III (n=2), Librarian II-III (n=50), Librarian II-III-IV (n=6), Librarian III (n=25), Librarian III-IV (n=27), Librarian IV (n=13). There are 17 postings without a rank. Entry-level, pre-permanent status (ranks I, II, I-II) total 60% (n=214) of the 355 openings.

Based on the counts of the job openings from 1985 to 2021, the graph has an overall upward sloping trend, despite slowing down between about 2005 and 2011 (Figure 1). The solid black line is a smoothed conditional means time series line plot that displays the total number of job postings per year from 1985 to 2021. The gray band around the solid black line represents the confidence band. This plot includes a vertical red dotted line that is positioned at the year 2011, which separates the two time periods of interest. The first time period, 1985-2011, represents CL1, while the second time period, which runs from 2012 to 2021, denotes the period for CL2.

Figure 2 plots the total number of postings per year per rank. This figure depicts a panel of dots—one for each variation of Librarian rank in the dataset. There are 11 variations for specifying the ranks (I to IV) on the postings: i, i-ii, i-ii-iii, i-ii-iii-iv, ii, ii-iii, ii-iii-iv, ii-iv, iii, iii-iv and iv. The unknown category is a catch-all category for postings with no mention of a rank. There is a rise in postings with the rank of Librarian I from c. 2006 to 2012 and then a decline for the rank of Librarian I

37 Definition, article 8 in University of Toronto, *Policies for Librarians*, http://www.governingcouncil.utoronto.ca/policies/lpolicy.htm.

38 Definition, article 9 in University of Toronto, *Policies for Librarians*, http://www.governingcouncil.utoronto.ca/policies/lpolicy.htm.

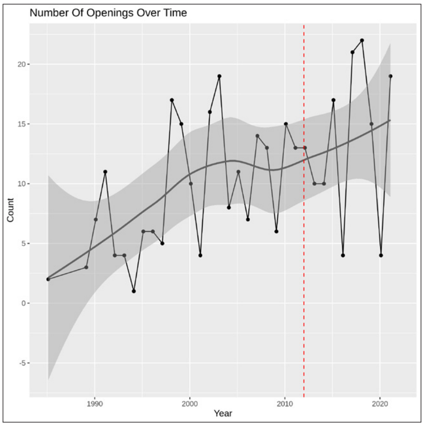

Figure 1 Total Number of Postings by UTL Chief Librarian 1985-2021 (Plot A1). Copyright authors.

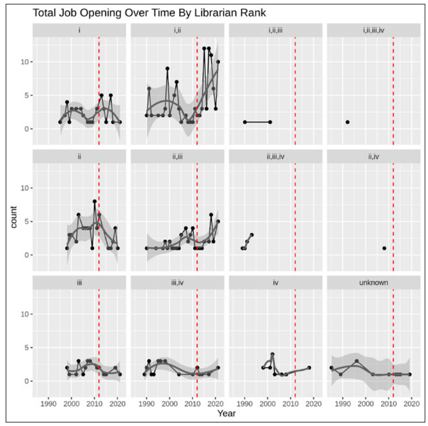

Figure 2 Total Number of Postings by Librarian Rank, 1985-2021 (Plot A2). Copyright authors.

to 2011 to 2021 (Figure 2). Instead, there is a sharp rise of postings with the rank of Librarian I-II from 2010 to 2015 (Figure 2). Combined the entry-level postings with the ranks of I, I-II, II (n=214) which is 66% of the 355 openings.

Artificial Intelligence and Thematic Lexicons

Study 2: Tang Lexicon and the Gender Decoder

To assess the degree to which gendered language was used in all the postings assembled, the Tang Lexicon from the LinkedIn study of 17 million job ads was applied to the full text of the dataset of job openings. Study Two examines the degree of gendered terms (masculine, feminine, neutral) in all the postings. The Tang lexicon, which is more extensive than the Gender Decoder, was used to analyze all the UTL job postings and each rank listed on the postings. The Gender Decoder includes numerous personality traits as part of the lexicon (Table 1). The Tang LinkedIn word clouds had seven categories–strongly masculine, masculine, slightly masculine, neutral, slightly feminine, feminine and strongly feminine.[39] These were simplified into three major categories: masculine, neutral and feminine.

39 Tang, "Understanding Unconscious Bias," 144-149.

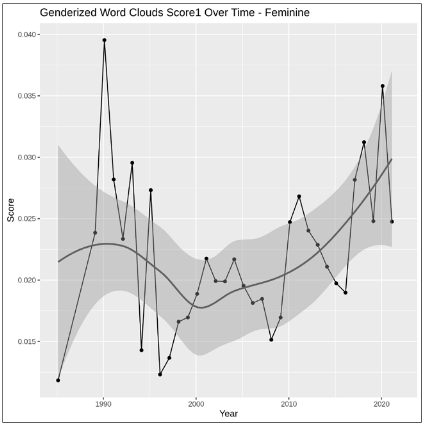

Figure 3 Feminine Language Score Over Time, 1985-2021 (Plot I3). Copyright authors.

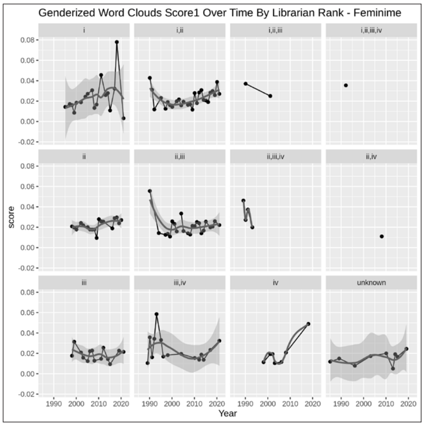

Figure 4 Feminine Language Score Over Time by Librarian Rank (Plot I6, see previous Plot I3). Copyright authors.

The line plot of the feminine score of terms (Figure 3) is the result of analyzing the word clouds from the LinkedIn thesis (Tang). A subset of words from the Tang LinkedIn lexicon of gendered terms were identified in the UTL job postings (Table 2). The analysis involved identifying overlaps between the word clouds in the LinkedIn paper and those in our corpus. The proportion of those overlapping words over the total number of words in each job posting was then calculated. These proportions were then averaged by year, resulting in a time series of scores that are represented in the line plot for the feminine words (Figures 3, 4). The plot (Figure 3) provides a clear visualization of how the proportion of words in the job postings overlap with the LinkedIn paper's word clouds and change over time. The plot displays the degree of feminine terms in the job postings, on average, over time. Between 1995 to 2021 there is a steady rise in the use of feminine language which peaks in 2021 (Figure 3). The rise in feminine language is most pronounced in the librarian ranks of I and II at the lower ranks (Figure 4). Whereas the use of masculine language tends to be relatively flat over time (Figures 5, 6) and the use of neutral language rapidly declines from the year 2000 to 2021 (Figures 7, 8).

Study 3: NER, Spans and Thematic Lexicons

The creation of thematic lexicons began with a preliminary short list of professional terms compiled manually by the researchers. This initial

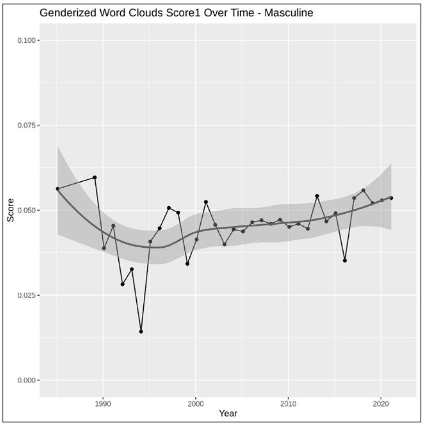

Figure 5 Masculine Language Score Over Time. Copyright authors.

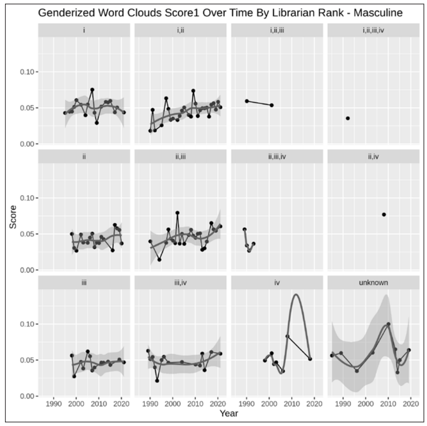

Figure 6 Masculine Language Score Over Time by Librarian Rank. Copyright authors.

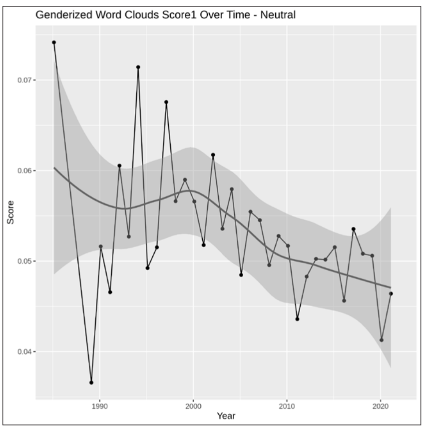

Figure 7 Neutral Language Score Over Time. Copyright authors.

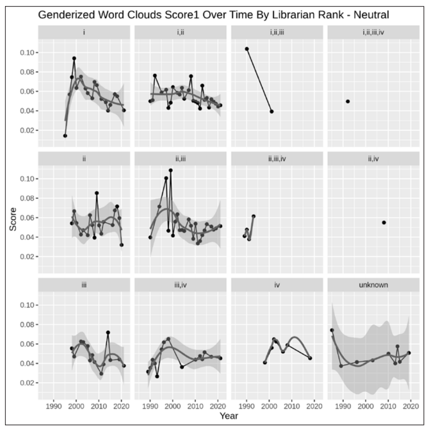

Figure 8 Neutral Language Score Over Time by Librarian Rank. Copyright authors.

basket of terms was used by the AI programming to find related words, thereby, expanding the list of terms in the thematic lexicon. This process, the Named Entity Recognition (NER) in artificial intelligence, compiled a comprehensive set of terms using the library called Spacy. NER is an AI-powered model that auto-highlights words in text after it has been trained on a specific criteria (context-specific), https://spacy.io/universe/project/video-spacys-ner-model-alt. The NER lists for qualifications, managerial and pedagogical responsibilities were reviewed by the researchers. Terms having other meanings than the main theme were deleted from the thematic lexicons. See further discussion of each thematic lexicon below.

To calculate the frequency of a term identified for each thematic lexicon, each job posting is given a total number of 'spans', e. g. 100. For example, a single posting has 2 'spans' (occurrences for HTML), then the proportion for that single posting is 2/100=0.02. This is done for each job posting. Then they are averaged per year. For example, in 2010, there were 3 job postings with these proportions, respectively: 0.01, 0.05, 0.09. Then the value for 2010 would be (0.01 + 0.05 + 0.09)/3 = 0.05. This is the value shown in each cell for each term per applicable year in the plot.

Level of Qualifications Required

The postings lacked consistent references to years of experience except in the postings with the rank of Librarian III. Instead, the degree or level of experience and knowledge were defined by the use of descriptive superlatives and descriptive phrases. AI was used to identify related terms to an initial list of terms compiled by the researchers (Table 3). An analysis was calculated over time according to the lexicon of words. There is a sharp increase in the use of superlative terminology from c. 2010 to 2021.

Figure 9 Level of Experience Qualifiers Over Time. Copyright authors.

Managerial Responsibilities

Table 4 lists the NER terms identified denoting managerial responsibilities. The entry-level positions, the majority of postings, demonstrate a steady rise in managerial responsibilities. An analysis was calculated over time (Figure 10) and by rank (Figure 11).

Librarian Rank	Management Score
I	0.0185
I, II	0.0250
I, II, III	0.0337
I, II, III, IV	0.0293
II	0.0281
II, III	0.0336
II, III, IV	0.0335
II, IV	0.0306
III	0.0375
III, IV	0.0424
IV	0.0435

Table

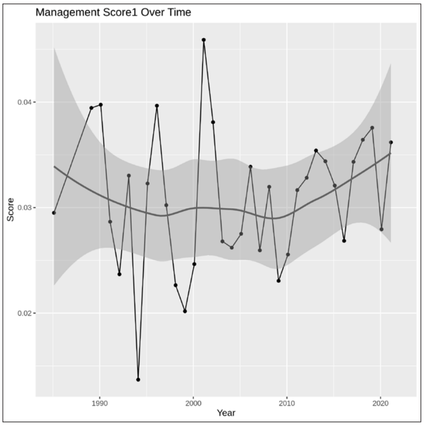

Figure 10 Managerial NER Terminology Over Time. Copyright authors.

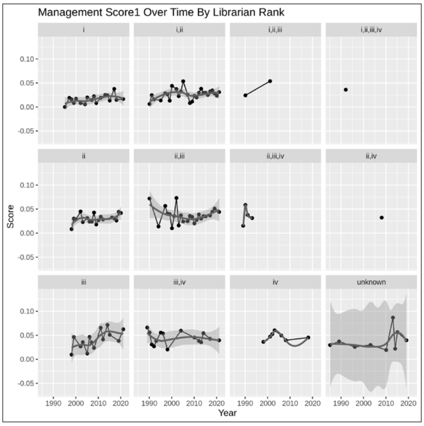

Figure 11 Managerial NER Terminology Over Time by Librarian Rank. Copyright authors.

Managerial responsibilities are a consistent component of librarians' postings. The responsibilities increase with each rank, as indicated in the table above. Note that the management score for librarian rank I is 0.0185, and for librarian rank II is 0.0281. Librarian postings with the rank I-II is at 0.0250, placing this rank closer to librarian rank II than to I. A similar situation exists for the postings with rank II and III. Postings with the rank II-III has a value of 0.0336, which is just slightly higher than the midpoint between II and III (i.e., [0.0281+0.0375]/2 = 0.0328). From this table it was determined that postings with mixed ranks listed, as for example I-II and II-III are biased toward the higher end of the spectrum, thus indicating a higher level of managerial responsibilities.

Pedagogical Responsibilities

The researchers questioned to what degree pedagogical responsibilities were a component of academic librarianship at the University of Toronto. In addition, there was an internal institutional understanding that the term 'teaching' was used for faculty and 'instruction' was the term used for the pedagogical work by librarians, thus segregating the value of the two endeavours. This differed from the gendered associations traditionally applied to the terms. The researchers were interested in determining to what extent the two terms were used or not in the job ads at the University of Toronto.

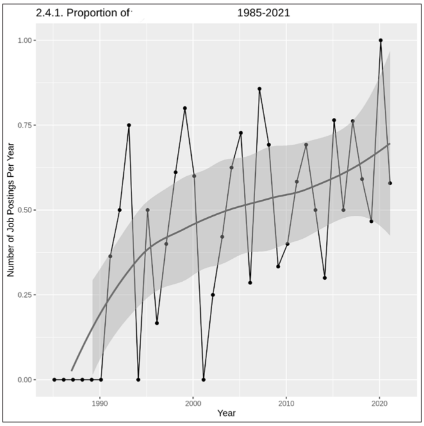

Figure 12 Pedagogical NER Terminology Over Time. Copyright authors.

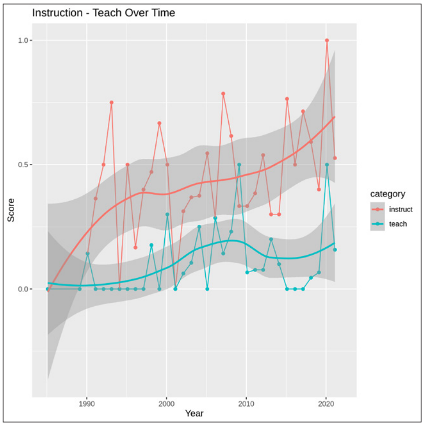

Figure 13 The 'Teaching' and 'Instruction' Terms Over Time. Copyright authors.

Two methods were adopted to examine the degree of librarians' pedagogical responsibilities in the UTL job postings. The first method employed NER and AI to analyse to what degree the comprehensive pedagogical topic of teaching in librarians' postings had increased or decreased over time. AI was used to create a lexicon of words related to pedagogical responsibilities (Table 5, Figure 12). The second method was an examination of how the two terms, 'teaching' versus 'instruction,' were employed in the postings' language. The researchers pursued an analysis of the terms over time (Figure 13).

Analysis and Results

Institutionalizing a Feminized Profession

The gender analysis of the 355 UTL job openings, using the Tang Lexicon, demonstrates an increased use of feminine language from 1995 to 2021, with a sharp rise from c. 2010 to 2021 under CL2 (Figure 3). The red line signals the transition year, c. 2010, between CL1 and CL2 (Figure 1). There is no doubt that the language utilized in the UTL postings reinforce and perpetuate a gendered profession. To what degree this is a conscious and deliberate decision is unknown. However, it is clear that the institution is supporting an element of professional stereotyping at the lower ranks. The data demonstrates that there is an increased usage of feminine language at the lower, entry-level ranks of librarian I and II and decrease in neutral language (Figs 3-8).

Hiring Practices and Entry-Level Job Advertisements

Contract work is often framed as enabling recent graduates to gain library experience.[40] At the University of Toronto, there are two types of contract jobs. The first, known as contractually limited appointment, has a set end-date. The second is in the permanent status stream, which leads to permanent status, the equivalent of tenure. The *Policies for Librarian*s at U of T specifically notes that rank I and even rank

40 Lindsay McNiff and Nicole Carter, "Contract Academic Librarians in Canada: Stories from a Nation-Wide Survey," *Canadian Journal of Academic Librarianship*, Vol 8 (2022); 1-31 (p. 3). https://doi.org/10/33137/cjal-rcbu.v8.38451.

II require only limited professional experience.[41] Of the 355 openings, 155 openings (43.7%) were contractually limited appointments (CLTA), 196 were contractual but in the permanent status stream (55%) and 4 postings had no information.

The analysis of the levels of qualifications required on the UTL job postings does not correspond, however, to the entry-level requirements described in the Policies for Librarians. Overall, the entry-level openings for the ranks of Librarian I, II, I-II (n=218) amount to 61% of all postings (Figs 1-2). The postings with the rank listing of I-II provide opportunities for more qualified individuals to apply and be hired at the rank of Librarian I. As studies have demonstrated, successful candidates obtaining entry-level positions usually have several years of experience.[42] Librarian ranks I and II are equivalent to Assistant Professor, the entry-level position prior to tenure at the University of Toronto. Librarians have four ranks rather than three ranks like the faculty, thus reinforcing a lower salary for a longer period of time in a female profession. By recruiting in the lower ranks, the remuneration for a predominantly female profession remains at a lower level. It takes 3 to 6 years before a librarian in the lower ranks is eligible for permanent status and the rank of Librarian III. This has a long-term and short-term impact on professionals. This is advantageous for the institution from a financial and managerial perspective.[43]

The analysis of the level of qualifications noted in the job postings confirm that the UTL administration is seeking qualified and experienced librarians beyond entry-level, and the descriptions offered in the librarians' policy (Figure 9, Table 3). This is in keeping with the trend that suggests that contract work is becoming more specialized.[44] Regrettably, this results in the devaluation of the expertise of candidates hired. Furthermore, in recent years librarian candidates applying for UTL positions have been told by administrators that they cannot negotiate their starting salaries. This is a specifically administrative bias within

41 Definition, articles 8 and 9 in University of Toronto, *Policies for Librarians*, http://www.governingcouncil.utoronto.ca/policies/lpolicy.htm.

42 Tewell, "Employment Opportunities for New Academic Librarians," 420.

43 James S. Chervinko, "Temporary Employees in Academic and Research Libraries" *Journal of Academic Librarianship* Vol 12 No. 4 (1986): 217-20.

44 McNiff and Carter, "Contract Academic Librarians in Canada," 14.

the UTL system that serves to reinforce the lower remuneration of professionals who are predominantly female.

Managerial Responsibilities

Managerialism, an ideology put into practice, has contributed to the UTL hierarchy and a shift of the decision-making authority to a few rather than the expertise of the librarians who work in the specific areas—all justified by the need for efficiency.[45] For example, the disbanding of the Library Council and replacement with the Chief Librarian's Executive Council has had a rippling impact on the role of the library in the community as well as dampening the voices of experts in the UTL system.

For this analysis the AI deduced list of words representing managerial responsibilities demonstrated a consistent inclusion of managerial responsibilities in the library postings from 1995 to 2021, even though most of these postings were not designated as having management responsibilities in the title of the position. There was a decline in the mid-1990s and then a sharp increase of managerial terms from 2010 to 2021, parallel to the rise of feminine gendered language (Figure 9). The latter is an interesting change, especially noteworthy when you consider that the majority of postings from 2010 to 2021 were for the ranks of librarian I and II, the more precarious and less remunerated positions, thus serving to undervalue the managerial responsibilities.

Librarians' Teaching and Pedagogical Contributions

Pedagogical activities and teaching have historically been a continuous component of academic librarianship, beginning in the nineteenth century when U of T faculty were actively involved in the building of the early collections and when the early librarian programs were affiliated with the Ontario Institute of Education. Academic librarians are themselves educators, knowledgeable about specialized areas of research and scholarship, and continually engaged on multiple levels in the education mandate of their communities, as officially first endorsed in 1958 by the Universities Library Section of the Association of College and Research Libraries (ACRL).

45 Silvia Vong, "More Critical, Less Managerial: Addressing the Managerialist Ideology in Academic Libraries," *Partnership*, Vol. 16, no. 2 (2021): 1-20.

AI deduced a list of terms representing pedagogical requirements for academic librarians (Table 5). The analysis revealed that pedagogical responsibilities increase steadily from the 1990s through to 2021, with a more upward swing from 2010 onward, confirming the increased role of librarians in the pedagogical mission of the university (Figure 12). This is not surprising given the emphasis on information literacy, development of embedded librarians in faculties, increased teaching, curriculum involvement and librarians' role in the design of pedagogical guides and programs.

At the University of Toronto, a political stratification and division was established between faculty and librarians in the revised University of Toronto Act (1971, 1978).[46] The term teach described the responsibilities of faculty, whereas librarians were designated as 'staff' in the University of Toronto Act. References to the library, which had been part of the previous act, were removed. [47] Furthermore, instruction is the term that has been promoted by the professional library associations, differentiating librarians' pedagogical role from faculty.[48] Consequently, the researchers were interested in understanding how the term 'teach' versus 'instruction' was being used in the UTL job postings. The results show that instruction remains the preferred term with a steady increase in the frequency of the term from the 1990s. Teaching, however, was minimally used during the 1990s, increases in frequency from 2000 onward but then dips down again from 2010, reinforcing instead the use of the term instruction (Figs 13, 14). It is interesting that it decreases in use and the term instruction prevails, given that in 2017 the ACRL board revised the 2007 ACRL Standards for

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46 University of Toronto Act (1971), as amended in 1978. See sections 1 (aa), 1 (m), " 'teaching staff' means the employees of the University, University College, the constituent colleges and the arts and science faculties of the federated universities who hold the academic rank of professor, associate professor, assistant professor, full-time lecturer or part-time lecturer, unless such part-time lecturer is registered as a student, or who hold any other rank created by the Governing Council and designated by it as an academic rank for the purposes of this clause." University of Toronto Act, 1971. http://www.governingcouncil.utoronto.ca/Assets/Governing+Council+Digital+Assets/Policies/PDF/ppdec151978.pdf.

47 For decades librarians' pedagogical work has been defined as instruction rather than teaching. See *Information Literacy Instruction, Objectives for: A Model Statement for Academic Librarians* (Jan. 2001) https://www.ala.org/acrl/standards/objectivesinformation April 7, 2023; *Framework for Information Literacy*, ACRL, https://www.ala.org/acrl/sites/ala.org.acrl/files/content/issues/infolit/framework1.pdf ; *Guides Lines for Instruction Programs in Academic Libraries* (2011)

48 ALA, SPEC Kits, provide examples of job postings and terminology used, as in the case of instruction, see Association of Research Libraries, https://publications-arl-org.myaccess.library.utoronto.ca/SPEC_Kits.

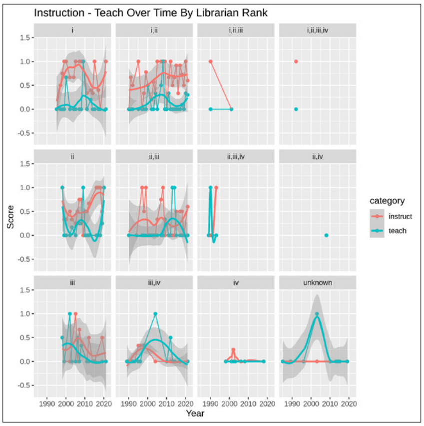

Figure 14 The 'Teaching' and 'Instruction' Terms Over Time by Rank. Copyright authors.

Proficiencies for Instruction Librarians and Coordinators to emphasize the role of teaching in librarianship.[49] This suggests that at the institutional-level the historical inequities and stratification continue to be played out between faculty and a predominantly female profession, librarianship, in the recruitment of new professionals at U of T in the lower ranks, librarians I and II (Figs 13, 14).

Limitations and Future Directions

There were several limitations to this study. Documents and reports published by professional associations, such as the Association of Research Libraries (ARL) and the Association of College and Research Libraries (ACRL), were not included in the study. The analysis of these numerous documents was outside the parameters of the current study but should be considered in future research. As is noted in the *ACRL Proficiencies for Assessment Librarians and Coordinators* (2017), "proficiencies may be used to write job descriptions that define duties of... librarians, assess performance and guide evaluation, and design professional development programs" (para. 6). Comparing the language used in these documents to the job advertisements in a more comprehensive methodology will help researchers explore the role that professional organizations play in perpetuating gendered language in the profession. Furthermore, it can enable researchers to examine

49 ACRL, "Roles and Strengths of Teaching Librarians," American Library Association, May 15, 2017. http://www.ala.org/acrl/standards/teachinglibrarians

the relationship between professional organizations and hiring institutions and how these entities contribute and reinforce gendered inequality in the profession of academic librarianship.

Another direction for future research is a nuanced comparison of professional proficiency documentation of stereotypically female-dominated professions such as nursing to male-dominated ones such as engineering. This would be followed by the creation of a gendered language continuum between these two professions—in terms of expectations—on which librarianship, as well as more "gender neutral" professions such as law or architecture, could be fitted. Job ads and professional expectations, as flushed out in professional proficiencies and codes of conduct, could then be used to map the profession onto the non-gendered profession continuum.

Conclusion

In this neoliberal era, managerialism, an ideology put into practice, has contributed to the UTL hierarchy, a perpetuation of gendered biases and a shift of the decision-making authority to a few rather than the expertise of the librarians who work in the specific areas—all justified by the need for efficiency.[50] The results of this study were initially surprising. The researchers had expected the results of the analysis to expose primarily historical and internal developments related to the workplace and professional changes, such as retirement packages offered by Administration (1985-86, 1991-93, 1994-96, 2011-2018), the increased enrolment at the University and the evolving role of technology in the profession. The most striking changes to the UTL postings, however, have occurred since 2010 under the leadership of CL2, with the growth of an increased corporate structure in the UTL system. The year 2010-2011 appears to be the decisive turning point for many of the changes noted. To some degree the last retirement package offered in 2011 with an end-date of 2018 may have contributed to the need to replace librarians who were retiring. However, the increased use of feminized language exceeds previous periods, even when retirement packages were offered. In addition, the increase of contractual postings at the ranks of I and II correspond to the increased use of feminized

50 Vong, "More Critical, Less Managerial," 1-20. The UTL Library Council was disbanded and replaced by the Chief Librarian's Executive Council, https://onesearch.library.utoronto.ca/chief-librarians-executive-council-and-senior-administration-staff-list-st-george-campus.

language in the postings. Supporting this trend is the decrease in the number of postings at the rank of Librarian III, the main career path of established professionals. The increase in postings at the rank of I and II, combined with an increase in required experience, specialized knowledge and consistent expectation of managerial responsibilities at the lower ranks, conveys a different message than simply replacing retiring senior colleagues. Thus, the perpetuation of a feminized profession is reinforced at the most vulnerable level of the profession, when colleagues are in precarious employment. Furthermore, it should be stressed that the increase in teaching responsibilities is noteworthy. This, combined with the subtle rise in managerial responsibilities in the postings, the emphasis on recruiting at the lower levels, and the sharp increased use of using superlatives to request levels of expertise, serves to devalue librarians' expertise at the lower levels and perpetuates gender inequities.

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Table 1 Masculine and Feminine Terms in Gender-Decoder by Danielle Gaucher, Justin Friesen, and Aaron C. Kay.

Feminine

agree-, affectionate-, child-, cheer-, collab-, commit-, communal-, compassion-, connect-, considerate-, cooperat-, co-operat-, depend-, emotiona-, empath-, feel-, flatterable-, gentle-, honest-, interpersonal-, interdependen-, interpersona-, inter-personal-, inter-dependen, inter-persona-, kind-, kinship-, loyal-, modesty-, nag-, nurtur-, pleasant-, polite-, quiet-, respon-, sensitiv-, submissive-, support-, sympath-, tender-, together-, trust-, understand-, warm-, whin-, enthusias-, inclusive-, yield-, share-, sharin-

Masculine

active-, adventurous-, aggress-, ambitio-, analy-, assert-, athlet-, autonom-, battle-, boast-, challeng-, champion-, compet-, confident-, courag-, decid-, decision-, decisive-, defend-, determin-, domina-, dominant-, driven-, fearless-, fight-, force-, greedy-, head-strong-, headstrong-, hierarch-, hostil-, impulsive-, independen-, individual-, intellect-, lead-, logic-, objective-, opinion-, outspoken-, persist-, principle-, reckless-, self-confiden-, self-relian-, self-sufficien-, selfconfiden-, selfrelian-, selfsufficien-, stubborn-, superior-, unreasonab-

Table 2 Subset of Words from S. Tang Lexicon Identified in Gender Analysis of Librarian Postings (words overlapping the master list identified in the LinkedIn Gendered Data Analysis from "Understanding Unconscious Bias by Large-scale Data Analysis" by Shiliang Tang, 2019)

Neutral

experience, reference, academic, excellent, responsible, develop, use, relevant, effective, acceptable, essential, part, participate, graduate, sound, outstanding, individual, key, central, record, maintain, plan, adapt, collaborate, coordinate, report, associate, advanced, engage, approach, subject, possess, close, specific, create, significant, facilitate, assume, search, apply, identify, hold, full, foreign, term, limited, experienced, original, perform, integrate, set, improve, busy, post, study, end, efficient, critical, join, offer, keep, different, ideal, complete, transition, act, make, seek, point, think, exceptional, select, preserve, explain, produce, further, intellectual, fill, regard, articulate, respect, contact, free, grow, clear, bring, advise, solve, show, exhibit, fluent, place, thorough, present, document, reach, sustain, private, determine, describe, copy, comfortable, administer, screen, back, great, run, state, suitable, author, keen, credit, consistent, display, define, cover, convey, survey, add, reliable, compile, broadcast, accomplished, early, popular, medical, face, merge, link, mobile, lecture, backup, instruct, see, gather, form, find, play, return, update, transform, smart, interpret, restore, inform, bind, capable, consult, eager, easy, edit, emerge, envision, approachable, favourable, feature, inject, renew, integral, intelligent, layout, live, manipulate, match, missing, note, old, alternate, persuade, useful

Feminine

support, appropriate, include, desirable, design, diverse, creative, good, assist, necessary, ensure, special, content, flexible, book, serve, complex, rare, meet, enthusiastic, change, communicate, positive, enhance, interact, accessible, help, small, ask, teach, cooperative, familiar, organize, unique, cultivate, object, prepare, inclusive, understand, modern, committed, detailed, responsive, kind, encourage, inspire, involve, open, short, organized, engaged, partner, clean, model, expect, view, date, enable, formal, respond, exchange, need, shape, purchase, learn, deep, dedicated, share, care, natural, exciting, social, enjoy, relate, trust, mature, supportive, sophisticated, love, contemporary, list, continue, imaginative, religious, ill, perfect, stay, thoughtful, request, sensitive, welcome, attached, minor, express, benefit, fine, barren, fragile, mix, call, supplement, attend, arrange, correspond, trustworthy, appeal, age, unite, advocate, visit, want, concerned, embrace, dream, photograph, equal, file, follow, generous, give, remain, green, guest, host, like, proper, progressive, little, accept

Masculine

research, strong, successful, incumbent, team, provide, head, professional, master, innovative, print, access, manage, high, chief, major, technical, dynamic, build, implement, energetic, focus, contribute, large, promote, international, lead, scholarly, control, deliver, oversee, senior, demonstrate, practice, physical, achieve, knowledgeable, supervise, assess, focused, important, conduct, finance, train, solid, institute, traditional, order, superior, excel, leading, take, scientific, direct, principal, review, trade, active, undertake, skilled, outside, represent, command, challenge, chair, standard, expert, main, deal, initiate, secure, carry, explore, loan, film, establish, certain, track, adept, productive, strengthen, qualified, practical, investigate, transfer, require, aboriginal, do, fast, hire, cross, negotiate, robust, risk, function, representative, historic, guide, bilingual, expand, rich, address, acquire, accurate, sexual, mentor, recommend, move, shift, common, check, gain, board, advance, travel, employed, capture, resolve, arm, repair, regular, utilize, own, official, operate, extend, interview, issue, grant, pilot, start, forge, competitive, consolidate, constructive, objective, test, succeed, urban, incorporate, independent, devise, pay, accomplish, title, supply, begin, upload, sufficient, suited, become, award, turn, tie, account, authoritative, target, handle, leave, total, agnostic, cold, load, station, exercise, premier, employ, die, determined, prompt, prove, demand, pursue, decisive, patent, indigenous, crucial, overseas, experiment, criminal, retrieve, cool, measure, mark, march, execute, foremost, informed

Table 3 Terminology used in Postings for Level of Qualifications (NER)

adept, competency, comprehensive, deep knowledge, deliver, demonstrate, demonstrated, depth, detailed, effective, effectively, emphasize, essential, evidence, evidence of, excellence, excellent, exceptional, exemplary, experience, experience, experience in, experienced, familiar, familiarity, high, highly, indepth, in-depth, knowledge, knowledge of, knowledgeable, necessary, outstanding, positive, prove, proven, relevant, skill, solid, sound, strong, strongly, substantial, success, successful, superior, thorough

Table 4 Managerial Responsibilities: Terminology (NER)

access management, accountability, accurately, administer, administration, administrative, administrative team, advice, advise, advocacy, analytical, analyze, analyze financial, apply policies, approach, aptitude, assess, assign, assurance, audit, budget, budgetary management, budgeting, build, building, building awareness, business, challenging situations, change management, change policies, changing need, coach, coaching, collaborative, collective agreement, collective agreements, communicate decisions, community building, compiles, conduct, consistent approaches, consultation, consultative, contractual, coordinate, coordinating, coordination, create, creates learned, cultivate, daily operations, day operations, day-to-day services, deadline, deadlines successfully, decision, definite asset, deliver, delivery circulation, departmental, departmental council, departmental policies, departmental procedures, deputize, design, detail-oriented, develop, developing assessment, developing management, developing policies, developing processes, developing program, developing, development, developmental plans, diplomacy, diplomatic, direct, direct management, director, discussion, document workflows, draft, effective operations, efficient, efficiently, engagement, enhance, enhance awareness, ensuring plan, establish, establish mechanisms, establish metadata, establish standing orders, established policies, establishing priorities, evaluate, evaluating, evening supervisor, event coordination, execute, execution, executive, excellent project management, facilitate, facilitation, facilities administrator, facility, financial, financial control, financial functions, financial management, financial resources, flows, forge, forge relationships, form, foster, function, functional operations, fundraising, funnel, goal, government, guidance, help aids, help develop, help train, hire, hiring, identifies fund-, identifies opportunities, identify, identifying objective, implement, implementate, implementation, implementing change, implementing plan, implementing policies, implements policies, improve, improve processes, increase awareness, independently, infrastructure, initiate, instruct, integrated workflow, intercultural, interpersonal, investigates systemic, judgement, judgment, lead, lead change, lead training, leader, leadership, leading, leading-, leading project, leverage, liaise, librarian policies, library management, library operations, library policies, library policy, library workflows, love of learning, maintain, maintain awareness, maintaining awareness, make collections, make recommendations, make resources, make scholarly, manage, management, management policies, management projects, management team, management workflows, manager, managerial, managing, managing change, manipulate, marketing, meeting deadline, meeting objectives, mentor, mentoring, microdat-, monitor, monitoring, negotiate, negotiation, nvivo, of hest, operation, operationalize, optimize, ordering, -ordinator, organisational, organizational, organization, organizational, organizational change, organize, organizing, overall, overall assessment, overall coordination, overall development, overall management, overall operation, overall operations, overall planning, overall responsibility, overall supervision, overall vision, oversee, oversees recruitment, oversight, perform, performance management, personal development, personnel, personnel management, persuade, planning, plan, planning, planning team, play a, play an, policies, policy, policy discussions, policy interpretation, policy issues, policy matters, policy formulation, premises, prepares monthly, prepares report, principal responsibilities, prioritize, priority, problem resolution, problem solving, problem solving, problem report, problem-solving, procedure, procedure oversight, productive, productive relationships, programmatic goals, project-, project aims, project coordinator, project development, project director, project life-cycle management, project management, project opportunities, project partners, project plan, project planning, project prioritization, project skills, project team, promote, promote awareness, promoting awareness, promotion, promotional skills, propose, provide advice, provide expertise, provide guidance, provide leadership, provision, public relations, public services, publicity, publicize, realistic plans, recommendation, recruiting, recruitment, relation, relationship, relationship building, remediate, renew, report, represent, resolution. Resolve, resolve integration, resolve issues, resolve service, responsibilities, responsible, responsible for, responsible management, responsibility, restore, retention, review, revise, schedule, schedule content, screen design, scripting, self-directed, self-motivated, senior level, senior management, serials, student services, service planning, set priorities, setting policy, setting priorities, several administrative, shift priorities, show leadership, smooth operation, solution, solve, spearhead, staff recruitment, staff supervision, staff training, staffed, staffing, staying abreast, stewardship, track, strategic, strategic guidance, strategic leadership, strategic marketing, strategic operations, strategic plan, strategic planning, strategic plans, strategic program, strategically assess, strategically develop, strategy, strengthen, supervise, supervision, supervisor, supervisory,

supervisory duties, supervisory responsibilities, supervisory, support, sustain, sustain resources, synthesis, systematic, tactic, tailor, taking responsibility, team building, team leadership, team orientation, team responsible, team skills, teambuilding, team-building, teamwork, to evaluate, to initiate, to manage, to plan, to supervise, track, train, training, troubleshoot, under supervision, unionized, valuate, visioning, work flows, workflow, workflow guidance

Table 5 Pedagogical Responsibilities (NER)

aid, aids, classroom learning, concise, course, courseware, creating content, ctsi, curricula, curricular, curriculum, datacite, deliver, deliver workshops, delivery, demonstration, design, educate, evaluation, experimentation, expert, expertise, guide, information literacy, ingest, instruct, instruction, instructional, instructor, interpretive, learn, learning, learning materials, lecture, libguide, libguides, literacy, online guides, online instruction, pedagogical, pedagogically, pedagogy, presentation, presenting, reading, research guides, seminar, specialist, standardized, student learning, subject guides, teach, teaching, teamwork, train, training, tutorial, video, wiki, workshop, workshops