

YUKON UNIVERSITY

Management Responsibility

The consolidated financial statements are the responsibility of management and the Board of Governors of the Yukon University. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The consolidated financial statements include estimates based on the experience and judgment of management.

Management is responsible for maintaining the books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of University objectives and that operations are carried out effectively.

Management is also responsible for designing systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon University Act*, bylaws, and policies of the University.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the external auditor to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the consolidated financial statements.

These consolidated financial statements have been independently audited by the University's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Lesley Brown
President



Sheila Ananthan, CPA, CGA
Director, Finance and Administrative Services

September 24, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Yukon University

Opinion

We have audited the consolidated financial statements of Yukon University and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of operations, consolidated statement of changes in net assets, consolidated statement of remeasurement gains and losses, and consolidated statement of cash flows for the 9-month period 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 Group as at 31 March 2021, and the consolidated results of its operations, its consolidated remeasurement gains and losses, and its consolidated cash flows for the 9-month period then ended in accordance with Canadian public sector accounting standards.

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 Group 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 annual 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. 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. 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 public sector accounting standards, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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.

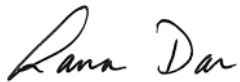
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Group'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 Group'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 Group 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 within the Group 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.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada


Vancouver, Canada
24 September 2021

YUKON UNIVERSITY
Consolidated Statement of Financial Position
As at March 31, 2021 and June 30, 2020

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
ASSETS		
Current Assets		
Cash (note 4)	\$ 8,506,296	\$ 2,671,041
Accounts receivable (note 3)	7,716,264	8,692,908
Inventories	175,637	194,607
Prepaid expenses	448,704	147,638
Total Current Assets	<u>16,846,901</u>	<u>11,706,194</u>
Non-Current Assets		
Restricted cash and cash equivalents (note 5)	1,111,510	640,483
Restricted investments (note 6)	4,815,042	4,011,077
Accrued pension benefit asset (note 7a)	20,529,300	19,888,200
Capital assets (note 8)	8,735,325	8,944,803
Total Non-current Assets	<u>35,191,177</u>	<u>33,484,563</u>
Total Assets	<u>\$ 52,038,078</u>	<u>\$ 45,190,757</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 4,368,312	\$ 3,135,879
Deferred revenue (note 10)	204,494	186,790
Deferred contributions (note 11)	5,551,419	3,340,755
Vacation leave and employee future benefits (note 12)	3,735,513	2,911,873
Loan payable (note 13)	996,431	996,431
Total Current Liabilities	<u>14,856,169</u>	<u>10,571,728</u>
Non-current Liabilities		
Deferred capital contributions (note 14)	5,520,768	5,485,717
Other employee future benefits (note 7b)	6,294,100	5,957,400
Total Non-current Liabilities	<u>11,814,868</u>	<u>11,443,117</u>
Net Assets		
Invested in capital assets	3,214,557	3,459,086
Externally restricted for endowments (note 15)	3,240,606	3,202,406
Internally restricted for pension (note 7a)	20,529,300	19,888,200
Internally restricted for capital assets (note 5)	542,597	-
Unrestricted	<u>(2,295,837)</u>	<u>(2,916,549)</u>
	25,231,223	23,633,143
Accumulated remeasurement gains/(losses)	135,818	(457,231)
Total Net Assets	<u>25,367,041</u>	<u>23,175,912</u>
Total Liabilities and Net Assets	<u>\$ 52,038,078</u>	<u>\$ 45,190,757</u>
Contractual rights (note 20)		
Contractual obligations (note 21)		

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Governors



 Chair



 Member

YUKON UNIVERSITY
Consolidated Statement of Operations
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>9-month period ended</u>	<u>year ended</u>
	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Revenues		
Government of Yukon contributions (note 17)	\$ 28,671,025	\$ 35,243,255
Other contributions (note 11)	4,469,548	4,868,472
Tuition (note 10)	2,338,913	2,801,975
Contracts (note 10)	1,166,117	1,370,252
Sales, rentals, and services	784,880	1,467,104
Student assistance/scholarships	725,055	915,984
Miscellaneous income (note 18)	720,069	1,065,795
Amortization of deferred capital contributions (note 14)	445,913	447,384
Interest income	44,437	229,265
	<u>39,365,957</u>	<u>48,409,486</u>
Expenses (note 16)		
Direct instruction	\$ 12,176,681	\$ 14,697,283
Direct instructional support	8,300,454	10,485,924
General administration	6,226,999	7,297,018
Services received without charge (note 16)	3,821,869	4,879,075
Research	3,769,541	4,270,063
Facility services and utilities	1,383,168	1,870,907
Cost of sales	895,431	1,575,918
Amortization of capital assets (note 8)	806,730	1,072,700
Student assistance/scholarships	401,901	908,181
Miscellaneous	23,303	103,501
	<u>37,806,077</u>	<u>47,160,570</u>
Excess of revenues over expenses (note 22)	<u>\$ 1,559,880</u>	<u>\$ 1,248,916</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Changes in Net Assets
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Externally Restricted for Endowments</u>	<u>Internally Restricted for Pension</u>	<u>Internally Restricted for Capital Assets</u>	<u>Accumulated Remeasurement Losses</u>	<u>9-month period ended March 31, 2021 Total</u>	<u>year ended June 30, 2020 Total</u>
Balance, beginning of	\$ (2,916,549)	\$ 3,459,086	\$ 3,202,406	\$ 19,888,200	\$ -	\$ (457,231)	\$ 23,175,912	\$ 21,775,780
Excess of revenues over expenses	918,780	-	-	641,100	-	-	1,559,880	1,248,916
Capital assets acquired net of disposals (note 8)	(597,252)	597,252	-	-	-	-	-	-
Deferred capital contributions invested in capital assets (note 14)	480,964	(480,964)	-	-	-	-	-	-
Amortization of capital assets (note 8)	806,730	(806,730)	-	-	-	-	-	-
Amortization of deferred capital contributions (note 14)	(445,913)	445,913	-	-	-	-	-	-
Transfer to internally restricted for capital assets	(542,597)	-	-	-	542,597	-	-	-
Remeasurement gains/(losses)	-	-	-	-	-	593,049	593,049	(328,637)
Endowment contributions	-	-	16,386	-	-	-	16,386	306,715
Net gain on investments	-	-	21,814	-	-	-	21,814	173,138
Balance, end of period	\$ (2,295,837)	\$ 3,214,557	\$ 3,240,606	\$ 20,529,300	\$ 542,597	\$ 135,818	\$ 25,367,041	\$ 23,175,912

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Remeasurement Gains and Losses
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Accumulated remeasurement losses, beginning of period	\$ (457,231)	\$ (128,594)
Unrealized gains/(losses) attributable to:		
Restricted investments	<u>593,049</u>	<u>(328,637)</u>
Accumulated remeasurement gains/(losses), end of period	<u>\$ 135,818</u>	<u>\$ (457,231)</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Cash Flows
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Operating activities:		
Excess of revenues over expenses	\$ 1,559,880	\$ 1,248,916
Items not affecting cash		
Amortization of capital assets (note 8)	806,730	1,072,700
Amortization of deferred capital contributions (note 14)	(445,913)	(447,384)
Loss on disposal of capital assets	58,907	7,182
Changes in non-cash working capital balances		
Accounts receivable	976,644	(5,635,703)
Accounts payable	1,232,433	(50,730)
Deferred revenue	17,704	(1,107,393)
Deferred contributions	2,210,664	684,477
Inventories	18,970	(76,110)
Prepaid expenses	(301,066)	(12,265)
Vacation leave and employee future benefits	823,640	202,637
Increase in accrued pension benefit asset	(641,100)	(1,612,400)
Increase in non-current other employee future benefits	336,700	402,600
Cash flows provided from/(used in) operating activities	<u>6,654,193</u>	<u>(5,323,473)</u>
Investing activities:		
Increase in restricted cash and cash equivalents	(471,027)	(84,875)
Increase in restricted investments	(210,916)	(576,964)
Cash flows used in investing activities	<u>(681,943)</u>	<u>(661,839)</u>
Capital activities:		
Capital assets acquired (note 8)	(656,159)	(386,408)
Cash flows used in capital activities	<u>(656,159)</u>	<u>(386,408)</u>
Financing activities:		
Net investment income from endowments (note 15)	21,814	173,138
Endowment contributions (including transfers)	16,386	306,715
Receipt of deferred capital contributions	480,964	-
Cash flows provided from financing activities	<u>519,164</u>	<u>479,853</u>
Change in cash:		
Net increase/(decrease) in cash	5,835,255	(5,891,867)
Cash		
Beginning, of period	<u>2,671,041</u>	<u>8,562,908</u>
End of period	\$ <u>8,506,296</u>	\$ <u>2,671,041</u>
Interest received	\$ 44,436	\$ 229,265
Interest paid	73	229

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 1 - PURPOSE

a) The *Yukon University Act* was proclaimed into force effective February 6, 2020 replacing the *Yukon College Act*. Under the *Yukon University Act*, Yukon College, incorporated under the *Yukon College Act*, continues as a corporation under the name Yukon University. Yukon University (the University) is a post-secondary educational institution. The University is a not-for-profit organization and is a registered charity under the *Income Tax Act* and is therefore exempt from tax. A significant portion of its funding is provided by the Government of Yukon. The purpose of the University is to offer a balance of educational programs. Programs include baccalaureate, masters and doctoral degree programs, certificate and diploma programs, and continuing and adult basic education. The University also undertakes and maintains research, scholarly activities and other learning and training activities for these purposes.

b) The Yukon University Foundation (the Foundation) is incorporated as a not-for-profit organization under the *Canada Not-For-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act* and is therefore exempt from tax. The Foundation was established:

- to fund, facilitate, promote, and carry out activities which are consistent with the objectives of the University and to provide support for its educational facilities, educational programs, and education services;
- to fund the provision of bursaries, scholarships and prizes granted by the University for any purpose for students in attendance at facilities owned and/or operated by the University;
- to receive bequests, legacies, donations, gifts, funds, and property from all sources and to hold and invest such funds and property and to administer and distribute such funds and property for the purposes of the Foundation; and
- to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the power of the Foundation.

c) The University changed its financial year end from June 30 to March 31 to better align with the fiscal year end of existing funders. The effective date of this change is March 31, 2021.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The University has elected to apply the Section 4200 series for government-not-for-profit organizations.

b) Basis of consolidation

The consolidated financial statements include the accounts of the University and its controlled entity, the Foundation. All inter-entity transactions and balances have been eliminated on consolidation.

The University controls the Foundation as the Board of Governors of the University have the ability to be appointed as the majority of the members of the Board of Directors of the Foundation. The President of the University is the only board member in common for the Foundation and the University. The President is an ex-officio member of the Board of Directors of the Foundation and a non-voting member of the Board of Governors of the University. The Foundation operates out of the University's main campus building with the assistance of University employees in the advancement office.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

The financial instruments of the University include cash, accounts receivable, restricted cash and cash equivalents, restricted investments, accounts payable and accrued liabilities, employee accrued liabilities and loan payable.

All of the University's financial instruments are assigned to the cost or amortized cost measurement category, except for restricted investments which are assigned to the fair value measurement category.

Fair value classification

Restricted investments includes equity and debt instruments that are quoted in an active market. They are initially recognized at fair value and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized. Realized changes in fair value of restricted investments are recorded as deferred contributions, where they remain deferred until the restriction on use is fulfilled, and at that time the amount is transferred to the Consolidated Statement of Operations. Transaction costs are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Consolidated Statement of Operations.

The University classifies, for financial reporting purposes, fair value measurements using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the University can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

Amortized cost classification

These financial instruments are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the cost of the instrument.

Writedowns are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to net recoverable value with the writedown recognized in the Consolidated Statement of Operations. Accounts receivable are recorded at cost less valuation allowances. Valuation allowances are calculated by examining amounts overdue 90 days or more to estimate amounts deemed to be uncollectible.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the time of contribution.

When conditions indicate that an asset no longer contributes to the University's ability to provide its services, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress costs are capitalized as incurred. These amounts are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets once the assets are placed in service.

Capital assets are amortized on a straight-line basis over their estimated useful lives, which are estimated as follows:

	<u>Useful life (years)</u>
Leasehold improvements	20
Equipment general	10
Equipment electronic data processing (EDP)	3
Mobile trailers	20
Furniture and fixtures	10
Vehicles	5

The Works of art are capitalized at cost and no amortization is recorded.

e) Inventories

Inventories consist of items for resale in the bookstore and food service operations and are valued at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis.

f) Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not reliably estimable and accordingly is not recognized in the consolidated financial statements.

g) Employee future benefits

Pension benefits

Yukon University Employees' Pension Plan (pension plan) is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the University after 24 months of continuous service. The University's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ended September 30. In general, pension benefits are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan. Plan members can accumulate up to 35 years of continuous service. The University has contracted with external organizations to provide the services of trustee, administration, consulting, and investment management for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Employee future benefits (continued)

The University accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

Past service costs from plan amendments are accounted for in the period of the plan amendments.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group.

Other non-pension benefits

The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, and retirement ages of employees, and is recognized over the period in which the benefits are earned (i.e. the period the employee renders service to the University). Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group. The University accrues other vacation and leave benefits for employees as earned based on their respective terms of employment.

h) Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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

Endowment contributions are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest cannot be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes.

Sales, rentals and services, miscellaneous income, and tuition are reported as revenue at the time the services are substantially provided, or the products are delivered. Deposits received from students are recognized as a liability until the student enrolls in courses and requests application of the deposit against tuition fees charged on their student account. Tuition fees received in advance of courses being delivered are deferred and recognized as revenue when the courses are delivered.

The University provides education, rentals, research and services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Allocation of expenses

The University allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. Fundraising expenses incurred during the year are included in general administration expenses.

j) Internally restricted net assets

Net assets invested in capital assets represents the amount the University has spent on capital assets using its own funding sources. Net assets internally restricted for pension represents the amounts restricted in order to meet future pension obligations. Net assets internally restricted for capital assets represents the amounts restricted in order to invest in capital assets (replacement and purchase of new assets).

k) Related party transactions

The University is related to all Government of Yukon departments, corporations, agencies, and the University's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the University. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The University receives certain services provided by the Government of Yukon without charge. The majority of the services received without charge represent costs associated with facilities provided by the Government of Yukon at a reduced, or no, charge. These services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the University's operations in its consolidated financial statements. These services are recorded at amounts based on the Government of Yukon's amortization expense (for the main campus), and on fair value for the rental of other facilities.

l) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the accrued pension benefit asset and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. Actual results could differ significantly from those estimated. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period which they become known.

m) Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the consolidated financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingent liability is disclosed in the notes to the consolidated financial statements and no liability is accrued.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 3 – FINANCIAL RISK MANAGEMENT

The University's financial instruments are exposed to the following risks: interest rate risk, foreign exchange risk, credit risk, liquidity risk and other price risk. The University manages these risk exposures on an ongoing basis. The University is not party to any financial derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The University is exposed to interest rate risk on its fixed interest rate for financial instruments, which subject the University to a fair value risk. Investments are monitored by the Board of Governors and managed by investment managers, subject to asset mix and performance benchmarks contained in the investment policies. The investment managers report on a regular basis to the Board of Governors.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The University is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, accounts receivable, restricted cash and cash equivalents and restricted investments represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Information regarding the University's accounts receivable is as follows:

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Carrying value	\$ 7,716,264	\$ 8,692,908
Allowance for doubtful accounts	\$ 47,170	\$ 55,230
Accounts receivable % less than 30 days	93 %	89%
Accounts receivable % over 90 days	4 %	4%

Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due.

The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. As at March 31, 2021 and June 30, 2020, substantially all of the University's accounts payable and accrued liabilities is due within 6 months of period-end.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

Other price risk

Other price risk is the risk that changes in financial or market conditions impair the value of the University's assets, or that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The University's investments are managed by investment managers in accordance with the University's investment Governance Policy. The University is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Other price risk is not considered significant.

NOTE 4 - CASH

The University has, if needed, an operating demand line of credit with its banker that allows the University to borrow up to \$1,000,000 (June 30, 2020 - \$500,000) at bank prime. The credit line was unused at both March 31, 2021 and June 30, 2020. The University's credit facility interest rates are subject to fluctuations in the prime rate.

NOTE 5 - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of guaranteed investment certificates of \$818,913 (June 30, 2020 - \$162,277) and cash of \$292,597 (June 30, 2020 - \$ 478,206).

An amount of \$298,450 (June 30, 2020 - \$479,023) is externally restricted for certain endowment and deferred contributions. An amount of \$270,463 (June 30, 2020 - \$161,460) is internally restricted for prepaid employee leave. An amount of \$542,597 (June 30, 2020 - \$ -) is internally restricted for investment in capital assets.

NOTE 6 - RESTRICTED INVESTMENTS

Investments were comprised of the following:

	Level	Percentage	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Equity securities	1	61.90%	\$ 2,978,152	\$ 2,503,499
Debt securities	1	34.70%	1,671,808	1,407,219
Cash and cash equivalents	1	3.40%	165,082	100,359
Total		<u>100.00%</u>	<u>\$ 4,815,042</u>	<u>\$ 4,011,077</u>

Restricted investments are externally restricted.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS

a) Pension benefits

Yukon University Employees' Pension Plan is a defined-benefit pension plan, which requires the employer and the employee to make annual contributions to an employee's retirement account. Plan administrators hire an actuary to calculate the future benefits that the plan must pay an employee and the amount that the employer and employee must contribute to provide those benefits. During the 9-month period ended March 31, 2021, the pension benefits paid by the pension plan were \$3,764,500 (year ended June 30, 2020 - \$3,590,600) and the employer and employee contributions to the pension plan were \$1,812,000 (year ended June 30, 2020 - \$1,863,400) and \$1,797,000 (year ended June 30, 2020 - \$1,994,000), respectively.

The pension plan has two groups of members. Group 1 is for members with a start date prior to July 1, 2013. Group 2 is for members with a start date on or after July 1, 2013. The age at which a member can retire without a reduced pension is age 60 for Group 1 and age 65 for Group 2. During the 9-month period ended March 31, 2021 and the year ended June 30, 2020, Group 1 members were required to contribute to the plan at a rate of 10.72% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 13.12% on annual earnings in excess of the YMPE. During the 9-month period ended March 31, 2021 and year ended June 30, 2020, Group 2 members were required to contribute to the plan at a rate of 9.43% on annual earnings up to the YMPE plus 11.21% on annual earnings in excess of the YMPE.

Assets in the pension plan are based on fair values as reported by the custodian of the funds as at March 31, 2021. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as at March 31, 2021 using the projected benefits method prorated on services.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates of these future events. Key assumptions are summarized below:

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.30%	5.25%
Expected long-term rate of return on plan assets	5.30%	5.25%
Rate of compensation increase	3.40%	3.40%
Inflation rate	2.00%	2.00%
Expected average remaining service life	10 years	10 years
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.30%	5.25%
Rate of compensation increase	3.40%	3.40%
Inflation rate	2.00%	2.00%
Change in accrued benefit obligation:		
Accrued benefit obligation - beginning of period	\$ 93,159,000	\$ 87,143,800
Current service cost, net of employee contributions	1,898,200	2,095,100
Interest cost	3,657,700	4,800,300
Employee contributions	1,797,000	1,994,000
Benefits paid	(3,764,500)	(3,590,600)
Admin expenses	(458,100)	(230,000)
Actuarial (gains)/losses	(1,226,100)	946,400
Accrued benefit obligation - end of period	<u>\$ 95,063,200</u>	<u>\$ 93,159,000</u>
Change in plan assets:		
Fair value of plan assets - beginning of period	\$ 113,825,300	\$ 112,401,800
Actual return on plan assets	19,293,500	1,386,700
Employer contributions	1,812,000	1,863,400
Employee contributions	1,797,000	1,994,000
Benefits paid	(3,764,500)	(3,590,600)
Admin expenses	(458,100)	(230,000)
Fair value of plan assets - end of period	<u>\$ 132,505,200</u>	<u>\$ 113,825,300</u>
Reconciliation of accrued pension benefit asset - end of period:		
Accrued benefit obligation	\$ (95,063,200)	\$ (93,159,000)
Fair value of plan assets	<u>132,505,200</u>	<u>113,825,300</u>
Pension benefit surplus	37,442,000	20,666,300
Unamortized net actuarial gains	<u>(16,912,700)</u>	<u>(778,100)</u>
Accrued pension benefit asset	<u>\$ 20,529,300</u>	<u>\$ 19,888,200</u>

The unamortized net actuarial gains of \$16,912,700 as at March 31, 2021 is primarily comprised of the difference between the expected return on plan assets and the actual return on plan assets for the 9-month period ended March 31, 2021.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Elements of defined pension plan benefit costs recognized in the period:		
Current service cost, net of employee contributions	\$ 1,898,200	\$ 2,095,100
Interest cost on benefit obligation	3,657,700	4,800,300
Expected return on plan assets	(4,469,800)	(6,183,100)
Amortization of actuarial losses/(gains)	84,800	(461,300)
Net periodic pension cost recognized	<u>\$ 1,170,900</u>	<u>251,000</u>
Based on fair value of plan assets held, the assets were composed of:		
	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Equity securities	58%	56%
Debt securities	41%	42%
Other	1%	2%
Total	<u>100%</u>	<u>100%</u>

The net periodic pension cost of \$1,170,900 (year ended June 30, 2020 - \$251,000) is recognized in salaries, wages and benefits in note 16 and allocated to expenses by function on the Consolidated Statement of Operations in a manner consistent with the employee allocation to those functions.

Actuarial valuation for funding purposes

An actuarial valuation for funding purposes was performed as at June 30, 2020 which identified the University's required current service contributions as 100.4% (June 30, 2019– 94.3%) of employee contributions. Under economic and demographic assumptions used in these calculations this level of University contributions, together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

The actuarial valuation for funding purposes as at June 30, 2020 for the University had an actual surplus of \$16,005,500 (June 30, 2019 - \$19,586,500) at the measurement date on a going-concern basis and a deficit of \$21,013,500 (June 30, 2019 - \$11,295,600) if valued on the basis that the pension plan was terminated/wound up as at June 30, 2020. The solvency ratio of the pension plan was 86.3% as at June 30, 2020. The Government of Yukon provided a pension related contribution to the University during the year as described in note 17. All required contributions to the pension plan have been made.

The *Pension Benefits Standards Act* permits that in lieu of making special solvency payments, letters of credit can be obtained to reduce the solvency deficiency. In May 2011, for the solvency deficiency, the University acquired a letter of credit for the pension plan. The face value of the letter of credit was increased by \$202,067 per month for the period January 1, 2021 to March 31, 2021. On April 15, 2020 the Federal Government adopted a regulation to provide temporary, short-term solvency funding relief for sponsors of federally regulated defined benefit pension plans and, as a result, no increases to the face value of the letter of credit were required for the period April 1, 2020 to December 30, 2020. The University chose to adopt this moratorium. The face value of the letter of credit as at June 30, 2020 was \$18,932,500. In January 2021 the University renewed the letter of credit to December 31, 2021 for face value of \$21,357,297. The letter of credit is guaranteed by the Government of Yukon.

A new actuarial valuation for funding purposes will be prepared as at June 30, 2021 and will be filed with the regulator prior to December 31, 2021.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

The Government of Yukon has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letter of credit required by the University to address its solvency deficit in its pension plan, the Government of Yukon will provide the necessary support to address any resulting debt, interest and costs that may be required under the federal pension legislation. In January 2021, the guarantee remained in effect to December 31, 2021.

b) Other non-pension benefits

The non-pension benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, non-vesting but accumulating sick leave, special leave and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability is:

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Accrued benefit obligation, end of period		
Unamortized actuarial gain	\$ 6,707,200	\$ 6,355,200
Actuarially determined other employee future benefits, end of period	266,900	282,200
	<hr/>	<hr/>
Less: Current portion included in vacation leave and employee future benefits	6,974,100	6,637,400
Long-term portion other employee future benefits, end of period	(680,000)	(680,000)
	<hr/>	<hr/>
	\$ 6,294,100	\$ 5,957,400

The annual benefit plan cost and change in accrued benefit liability are as follows:

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Accrued benefit liability, beginning of period	\$ 6,637,400	\$ 6,234,800
Add: Annual benefit plan cost:		
Current service cost	706,300	903,400
Interest on accrued benefit obligation	140,400	179,200
Amortization of net actuarial gain	-	-
Total annual benefit plan cost	<hr/>	<hr/>
	7,484,100	7,317,400
Less: Benefits paid by the University	<hr/>	<hr/>
	(510,000)	(680,000)
Actuarially determined other employee future benefits, end of period	6,974,100	6,637,400
Less: Current portion included in vacation leave and employee future benefits	<hr/>	<hr/>
	(680,000)	(680,000)
Long-term portion other employee future benefits, end of period	<hr/>	<hr/>
	\$ 6,294,100	\$ 5,957,400

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

b) Other non-pension benefits (continued)

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Weighted average assumptions for benefit costs:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	2.75%
thereafter	3.25%	3.25%
Expected average remaining service life	11 years	11 years
Weighted average assumptions for accrued benefit obligation:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	2.75%
thereafter	3.25%	3.25%
Expected average remaining service life	11 years	11 years

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 8 – CAPITAL ASSETS

	<u>Beginning of Period</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of Period</u>
March 31, 2021				
Cost:				
Leasehold improvements	\$ 7,033,896	\$ 18,819	\$ (29,630)	\$ 7,023,085
Equipment general	3,846,723	172,130	(180,566)	3,838,287
Equipment EDP	796,614	52,334	(4,098)	844,850
Mobile trailers	2,273,284	9,412	(111,304)	2,171,392
Furniture and fixtures	498,861	-	-	498,861
Works of art	81,948	21,500	-	103,448
Vehicles	521,633	-	-	521,633
Work in progress	32,647	381,964	-	414,611
Total	<u>\$ 15,085,606</u>	<u>\$ 656,159</u>	<u>\$ (325,598)</u>	<u>\$ 15,416,167</u>
Accumulated Amortization:				
Leasehold improvements	\$ 2,261,807	\$ 286,772	\$ (29,631)	\$ 2,518,948
Equipment general	1,792,204	321,933	(162,005)	1,952,132
Equipment EDP	661,862	66,664	(4,098)	724,428
Mobile trailers	772,867	85,248	(70,957)	787,158
Furniture and fixtures	176,778	33,480	-	210,258
Works of art	-	-	-	-
Vehicles	475,285	12,633	-	487,918
Work in progress	-	-	-	-
Total	<u>\$ 6,140,803</u>	<u>\$ 806,730</u>	<u>\$ (266,691)</u>	<u>\$ 6,680,842</u>
Carrying Amounts:	<u>\$ 8,944,803</u>			<u>\$ 8,735,325</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 8 – CAPITAL ASSETS (continued)

	<u>Beginning of Year</u>		<u>Additions</u>		<u>Disposals</u>		<u>End of Period</u>
June 30, 2020							
Cost:							
Leasehold improvements	\$ 7,056,317	\$	11,732	\$	(34,153)	\$	7,033,896
Equipment general	3,752,975		180,418		(86,670)		3,846,723
Equipment EDP	761,688		45,694		(10,768)		796,614
Mobile trailers	2,273,284		-		-		2,273,284
Furniture and fixtures	353,297		145,664		-		498,861
Works of art	78,948		3,000		-		81,948
Vehicles	521,633		-		-		521,633
Work in progress	32,647		-		-		32,647
Total	<u>\$ 14,830,789</u>	\$	<u>386,508</u>	\$	<u>(131,591)</u>	\$	<u>15,085,606</u>
Accumulated Amortization:							
Leasehold improvements	\$ 1,914,512	\$	381,448	\$	(34,153)	\$	2,261,807
Equipment general	1,456,826		414,866		(79,488)		1,792,204
Equipment EDP	574,873		97,757		(10,768)		661,862
Mobile trailers	659,203		113,664		-		772,867
Furniture and fixtures	133,045		43,733		-		176,778
Works of art	-		-		-		-
Vehicles	454,053		21,232		-		475,285
Work in progress	-		-		-		-
Total	<u>\$ 5,192,512</u>	\$	<u>1,072,700</u>	\$	<u>(124,409)</u>	\$	<u>6,140,803</u>
Carrying Amounts:	<u>\$ 9,638,277</u>					\$	<u>8,944,803</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Trades accounts payable	\$ 1,436,579	\$ 416,552
Payroll payable	1,116,591	1,072,056
Student deposits	1,083,111	902,174
Accrued accounts payable	475,901	216,045
Other payables	256,130	529,052
	<u>\$ 4,368,312</u>	<u>\$ 3,135,879</u>

NOTE 10 - DEFERRED REVENUE

	<u>Contracts</u>	<u>Tuition</u>	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Balance, beginning of period	\$ 146,924	\$ 39,866	\$ 186,790	\$ 1,294,183
Additions	1,059,617	2,463,117	3,522,734	3,064,834
Revenue recognized	(1,166,117)	(2,338,913)	(3,505,030)	(4,172,227)
Balance, end of period	<u>\$ 40,424</u>	<u>\$ 164,070</u>	<u>\$ 204,494</u>	<u>\$ 186,790</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 11 - DEFERRED CONTRIBUTIONS

	<u>Government of Yukon Contributions</u>	<u>Other contribution</u>	<u>Donations</u>	<u>9-month period ended March 31, 2021</u>	<u>year ended June 30, 2020</u>
Balance, beginning of period	\$ 432,035	\$ 2,314,906	\$ 593,814	\$ 3,340,755	\$ 2,656,278
Additions	24,424,821	6,776,614	517,029	31,718,464	41,119,998
Revenue recognized	(24,849,156)	(4,469,548)	(382,288)	(29,700,992)	(40,534,949)
Investment income	-	-	193,192	193,192	99,428
Balance, end of period	<u>\$ 7,700</u>	<u>\$ 4,621,972</u>	<u>\$ 921,747</u>	<u>\$ 5,551,419</u>	<u>\$ 3,340,755</u>

Government of Yukon contributions (note 17) includes services received without charge of \$3,821,869 (year ended June 30, 2020 - \$4,879,075) in addition to \$24,849,156 (year ended June 30, 2020 - \$30,364,180) recognized from deferred contributions, for a total of \$28,671,025 (year ended June 30, 2020 - \$35,243,255).

Other contributions is comprised primarily of amounts from the Government of Canada, and also amounts from First Nations and other organizations. Donations revenue is recognized on the Consolidated Statement of Operations within student assistance/scholarships.

NOTE 12 - VACATION LEAVE AND EMPLOYEE FUTURE BENEFITS

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Vacation leave liability	\$ 2,657,383	\$ 1,897,998
Current portion of other employee future benefits (note 7b)	680,000	680,000
Funds held for income averaging	271,728	165,373
Long service leave liability	119,537	139,811
Compensatory pay liability	6,865	28,691
	<u>\$ 3,735,513</u>	<u>\$ 2,911,873</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 13 - LOAN PAYABLE

The University has entered into an agreement with a donor for a non-interest bearing loan that is invested as deemed appropriate by the University. Income from the loan will be used to establish and grow a research endowment. The principal will remain invested until it has been gifted to the University at which time it will be added to the research endowment and managed under the terms of the endowment agreement. While the loan is repayable within 90 days on demand, the loan may be converted to a gift at any time by the donor.

NOTE 14 - DEFERRED CAPITAL CONTRIBUTIONS

The changes in the deferred capital contributions balance are as follows:

	<i><u>9-month period ended</u></i> <i><u>March 31, 2021</u></i>	<i><u>year ended</u></i> <i><u>June 30, 2020</u></i>
Balance, beginning of period	\$ 5,485,717	\$ 5,933,101
Restricted government contributions	480,964	-
Amount amortized to revenue	<u>(445,913)</u>	<u>(447,384)</u>
Balance, end of period	<u>\$ 5,520,768</u>	<u>\$ 5,485,717</u>

NOTE 15 – EXTERNALLY RESTRICTED FOR ENDOWMENTS

	<i><u>9-month period ended</u></i> <i><u>March 31, 2021</u></i>	<i><u>year ended</u></i> <i><u>June 30, 2020</u></i>
Endowment balance, beginning of period	\$ 3,202,406	\$ 2,722,553
Investment income added to net assets	21,814	173,138
Contributions from donors	<u>16,386</u>	<u>306,715</u>
Endowment balance, end of period	<u>\$ 3,240,606</u>	<u>\$ 3,202,406</u>
Investment income added to net assets	\$ 21,814	\$ 173,138
Net income on investments recognized as revenue	<u>-</u>	<u>990</u>
Total investment income on endowments	<u>\$ 21,814</u>	<u>\$ 174,128</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 16 - EXPENDITURES BY OBJECT

	<i>9-month period ended</i> <u>March 31, 2021</u>	<i>year ended</i> <u>June 30, 2020</u>
Salaries, wages and benefits	\$ 25,620,853	\$ 30,679,919
Contract services	3,485,142	4,180,078
Rental of facilities and equipment	2,630,368	3,308,603
Utilities and communications	1,921,408	2,473,340
Material and supplies	1,120,418	1,371,071
Amortization of capital assets (note 8)	806,730	1,072,700
Licenses, permits, and memberships	465,087	564,526
Student assistance/scholarships	401,901	908,181
Promotion, events and advertising	374,965	460,292
Cost of sales and ancillary services	291,801	595,524
Travel	208,125	946,548
Bank fees and credit card commissions	193,470	231,879
Other	160,358	165,817
Books and subscriptions	64,505	102,998
Postage and freight	60,946	99,094
	<u>\$ 37,806,077</u>	<u>\$ 47,160,570</u>

Fundraising expenses totaling \$219,460 (year ended June 30, 2020 - \$324,478) are included in salaries, wages and benefits, contract services, material and supplies, and promotion, events, and advertising.

Services received without charge included in above:

	<i>9-month period ended</i> <u>March 31, 2021</u>	<i>year ended</i> <u>June 30, 2020</u>
Rental of facilities and equipment	\$ 2,322,947	\$ 2,938,143
Utilities and communication	1,498,922	1,940,932
	<u>\$ 3,821,869</u>	<u>\$ 4,879,075</u>

NOTE 17 - GOVERNMENT OF YUKON CONTRIBUTIONS

	<i>9-month period ended</i> <u>March 31, 2021</u>	<i>year ended</i> <u>June 30, 2020</u>
Operating contributions	\$ 17,918,612	\$ 21,965,258
Contributions other	6,840,931	8,279,438
Services received without charge (note 16)	3,821,869	4,879,075
Pension funding	89,613	119,484
	<u>\$ 28,671,025</u>	<u>\$ 35,243,255</u>

A significant portion of the University's income is received from the Government of Yukon. For the 9-month period ended March 31, 2021, total Government of Yukon contributions made up 73% of total revenues (year ended June 30, 2020 - 73%). For the 9-month period ended March 31, 2021, the University received \$89,613 (year ended June 30, 2020 - \$119,484) for pension letter of credit costs.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 18 - MISCELLANEOUS INCOME

	<i><u>9-month period ended</u></i> <i><u>March 31, 2021</u></i>	<i><u>year ended</u></i> <i><u>June 30, 2020</u></i>
Salary, travel and other expense recovery	\$ 354,787	\$ 383,544
Computer lab usage fees	138,783	149,910
General student fees	120,644	256,248
Other miscellaneous revenue	69,480	166,191
Facilities and equipment rental	24,529	83,358
Book, publication and supply sales	6,158	18,011
Course materials recovery	4,583	8,533
Pension contract recovery	1,105	-
	<u>\$ 720,069</u>	<u>\$ 1,065,795</u>

NOTE 19 - RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed in Note 17, the University enters into transactions with related entities in the normal course of business.

The University receives funds from the Government of Yukon for student training allowances. An amount of \$334,354 (year ended June 30, 2020 - \$467,121) is recognized on the Consolidated Statement of Operations within student assistance/scholarships. Included in the amortization of deferred capital contributions on the Consolidated Statement of Operations is \$306,493 (year ended June 30, 2020 - \$307,849) related to the Government of Yukon. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At March 31, 2021 there was \$159,528 (June 30, 2020 - \$104,777) of accounts payable and accrued liabilities and \$5,273,063 (June 30, 2020 - \$7,666,357) of accounts receivable related to the Government of Yukon. At March 31, 2021 there was \$7,700 (June 30, 2020 - \$432,035) of deferred contributions and \$4,378,331 (June 30, 2020 - \$4,302,860) of deferred capital contributions related to the Government of Yukon. The University has a lease agreement with the Government of Yukon for a building and land lease which expires June 2022. Lease payments total \$49,194 for the 9-month period ended March 31, 2021, and \$50,561 for the year ended March 31, 2022.

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NOTE 20 - CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The University's contractual rights arise because of contracts entered into for undertaking specific programs and projects in the normal course of business. The following table summarizes the contractual rights of the University:

	<u>Government of Canada</u>	<u>Government of Yukon</u>	<u>Other</u>	<u>Total</u>
2022	\$ 3,413,885	\$ 236,186	\$ 1,994,064	\$ 5,644,135
2023	1,928,180	109,368	1,732,493	3,770,041
2024	1,602,544	100,000	1,780,949	3,483,493
Thereafter	1,212,094	-	1,860,313	3,072,407
	<u>\$ 8,156,703</u>	<u>\$ 445,554</u>	<u>\$ 7,367,819</u>	<u>\$ 15,970,076</u>

Government of Canada contributions consist of funds to be received for the Northern Basic Adult Education program, the Industrial Research Chair – Northern Energy Innovation, a Yukon satellite program, and various other programs and initiatives such as Industrial Research Assistance, Partners for Children, Bringing Research Home and Environmental Monitoring.

Government of Yukon contributions consist of funds to be received for the Centre for Northern Innovation in Mining, the Yukon Research Centre, the Cold Climate Innovation Centre, programs such as Environmental Monitoring and other initiatives.

Other contributions consist of funds to be received for student support, the Industrial Research Chair – Northern Energy Innovation and other initiatives.

NOTE 21 - CONTRACTUAL OBLIGATIONS

Leases

The University has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payments as follows:

	<u>Maintenance Services</u>	<u>Facility Leases</u>	<u>Telecommunication Course curriculum and Other Contracts</u>	<u>Total</u>
2022	\$ 199,029	\$ 86,238	\$ 1,021,381	\$ 1,306,648
2023	206,991	13,061	246,839	466,891
2024	215,270	-	75,935	291,205
2025	-	-	20,666	20,666
	<u>\$ 621,290</u>	<u>\$ 99,299</u>	<u>\$ 1,364,821</u>	<u>\$ 2,085,410</u>

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NOTE 21 - CONTRACTUAL OBLIGATIONS (continued)

Capital Assets

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the University at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the buildings and grounds, and the University is responsible for minor interior maintenance and repairs.

NOTE 22 - EXCESS OF REVENUE OVER EXPENSES

The revenue in excess of expenses includes net periodic pension cost of \$1,170,900 (year ended June 30, 2020 - \$251,000). As disclosed in note 7a, the University's employer contributions to the pension plan were \$1,812,000 (year ended June 30, 2020 - \$1,863,400), which is \$641,100 (year ended June 30, 2020 - \$1,612,400) higher than the amount recognized in expenses for the 9-month period ended March 31, 2021.

NOTE 23 – COMPARATIVE FIGURES

Certain comparative figures for 2020 included in these financial statements, have been reclassified to conform with the 2021 presentation.