

Consolidated Financial Statements of

**CARLETON UNIVERSITY**

Year ended April 30, 2021

# CARLETON UNIVERSITY

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Year ended April 30, 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Carleton University

### ***Opinion***

We have audited the consolidated financial statements of Carleton University (the “Entity”), which comprise:

- the consolidated statement of financial position as at April 30, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2021, and its consolidated results of operations, its consolidated changes in net assets 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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity 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.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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.



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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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

October 6, 2021

# CARLETON UNIVERSITY

## Consolidated Statement of Financial Position

April 30, 2021, with comparative information for 2020  
(in thousands of dollars)

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 462,709	\$ 437,243
Marketable securities	141,055	106,438
Accounts receivable (note 3)	33,110	34,882
Prepaid expenses	11,059	7,215
Current portion of net investment in lease (note 5)	935	876
	<u>648,868</u>	<u>586,654</u>
Investments (note 4)	351,648	301,800
Net investment in lease (note 5)	5,741	6,676
Tangible capital and intangible assets (note 6)	702,529	680,663
Collections (note 7)	24,909	24,760
	<u>\$ 1,733,695</u>	<u>\$ 1,600,553</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 52,792	\$ 49,842
Deferred revenue (note 9)	126,210	96,281
Accrued leave	18,255	15,278
Current portion of long-term debt (note 10)	4,323	4,079
	<u>201,580</u>	<u>165,480</u>
Long-term debt (note 10)	54,984	59,307
Deferred capital contributions (note 11)	191,527	192,017
Employee future benefits liability (note 12(a))	79,050	236,723
Net assets:		
Unrestricted	(78,370)	(236,471)
Internally restricted (note 13(b))	461,850	448,915
Investment in tangible capital and intangible assets (note 14)	445,151	411,210
Investment in collections (note 7)	24,909	24,760
Endowments (note 15)	353,014	298,612
	<u>1,206,554</u>	<u>947,026</u>
Contingent liabilities and commitments (notes 16 and 17)		
Subsequent event (note 25)		
	<u>\$ 1,733,695</u>	<u>\$ 1,600,553</u>

See accompanying notes to consolidated financial statements.

# CARLETON UNIVERSITY

## Consolidated Statement of Operations

April 30, 2021, with comparative information for 2020  
(in thousands of dollars)

	2021	2020
Revenue:		
Government grants for general operations	\$ 173,896	\$ 171,725
Fees	336,036	335,419
Research grants and contracts	69,527	70,780
Sales and services	5,063	21,683
Donations	12,002	14,109
Investment income	51,369	15,718
Amortization of deferred capital contributions (note 11)	12,448	12,357
Other revenue (note 18)	11,215	23,985
	<u>671,556</u>	<u>665,776</u>
Expenses:		
Salaries	343,774	331,881
Benefits	39,532	35,943
Employee future benefits (note 12(b))	39,113	26,420
Supplies	11,425	12,331
Minor equipment and furnishings	12,580	12,929
Externally contracted services and fees	27,083	29,951
Scholarships and bursaries	53,168	47,600
Utilities	9,960	9,872
Travel	1,736	11,762
Renovations	21,019	27,323
Interest	2,870	3,126
Amortization of tangible capital and intangible assets	37,990	36,118
Other expenses (note 19)	32,189	40,341
	<u>632,439</u>	<u>625,597</u>
Excess of revenue over expenses	<u>\$ 39,117</u>	<u>\$ 40,179</u>

See accompanying notes to consolidated financial statements.

# CARLETON UNIVERSITY

## Consolidated Statement of Changes in Net Assets

Year ended April 30, 2021, with comparative information for 2020  
(in thousands of dollars)

	Unrestricted	Internally restricted (note 13)	Investment in tangible capital and intangible assets (note 14)	Collections (note 7)	Endowments (note 15)	2021	2020
Net assets, beginning of year	\$ (236,471)	\$ 448,915	\$ 411,210	\$ 24,760	\$ 298,612	\$ 947,026	\$ 1,103,018
Excess of revenue over expenses	39,117	–	–	–	–	39,117	40,179
Employee future benefit re-measurements and other items (note 12(c))	170,592	–	–	–	–	170,592	(194,996)
Internally imposed restrictions	(16,368)	12,935	–	–	3,433	–	–
Internally endowed restrictions	(1,299)	–	–	–	1,299	–	–
Net change in investment in tangible capital and intangible assets (note 14)	(33,941)	–	33,941	–	–	–	–
Contributions to collections (note 7)	–	–	–	149	–	149	192
Endowment contributions and investment income (note 15)	–	–	–	–	17,790	17,790	13,462
Unrealized (loss) gain on endowment investments (note 15)	–	–	–	–	31,880	31,880	(14,829)
<b>Net assets, end of year</b>	<b>\$ (78,370)</b>	<b>\$ 461,850</b>	<b>\$ 445,151</b>	<b>\$ 24,909</b>	<b>\$ 353,014</b>	<b>\$ 1,206,554</b>	<b>\$ 947,026</b>



# CARLETON UNIVERSITY

## Consolidated Statement of Changes in Net Assets (continued)

Year ended April 30, 2021, with comparative information for 2020  
(in thousands of dollars)

	Unrestricted	Internally restricted (note 13)	Investment in tangible capital and intangible assets (note 14)	Collections (note 7)	Endowments (note 15)	2021	2020
Details of year-end balance:							
Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (428)
Ancillary	680	-	-	-	-	680	680
Provision for employee future benefits (note 12(a))	(79,050)	-	-	-	-	(79,050)	(236,723)
Appropriations – Operating	-	382,153	-	-	-	382,153	354,428
Appropriations – Ancillary	-	21,195	-	-	-	21,195	40,086
Research	-	50,395	-	-	-	50,395	46,702
Entrepreneurial initiatives	-	4,795	-	-	-	4,795	4,966
Professional development	-	3,305	-	-	-	3,305	2,727
Scholarships	-	7	-	-	-	7	6
Tangible capital and intangible assets	-	-	445,151	-	-	445,151	411,210
Collections	-	-	-	24,909	-	24,909	24,760
Endowment	-	-	-	-	353,014	353,014	298,612
<b>Net assets, end of year</b>	<b>\$ (78,370)</b>	<b>\$ 461,850</b>	<b>\$ 445,151</b>	<b>\$ 24,909</b>	<b>\$ 353,014</b>	<b>\$ 1,206,554</b>	<b>\$ 947,026</b>

# CARLETON UNIVERSITY

## Consolidated Statement of Cash Flows

Year ended April 30, 2021, with comparative information for 2020  
(in thousands of dollars)

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 39,117	\$ 40,179
Add (deduct) non-cash items:		
Amortization of tangible capital and intangible assets	37,990	36,118
Amortization of deferred capital contributions	(12,448)	(12,357)
Unrealized losses (gains) on investments and marketable securities	(30,051)	13,663
Net change in other non-cash operating working capital (note 20)	33,784	10,474
Changes relating to employee future benefits:		
Employee future benefits contributions	(26,194)	(95,340)
Employee future benefits expenses	39,113	26,420
Net cash provided by operating activities	81,311	19,157
Financing activities:		
Decrease in mortgages payable (note 10(a))	-	(114)
Decrease in loans payable (note 10(a))	(4,079)	(3,852)
Capital contributions received (note 11)	11,958	3,889
Endowment contributions and investment income	17,790	13,462
Net cash used in financing activities	25,669	13,385
Investing activities:		
Net purchases of investments	(22,534)	(28,151)
Decrease in net investment in lease	876	820
Tangible capital and intangible assets additions	(59,856)	(56,421)
Net cash used in investing activities	(81,514)	(83,752)
Increase (decrease) in cash and cash equivalents	25,466	(51,210)
Cash and cash equivalents, beginning of year	437,243	488,453
Cash and cash equivalents, end of year	\$ 462,709	\$ 437,243
Consisting of:		
Cash on deposit	\$ 181,419	\$ 149,316
Outstanding cheques	(3,945)	(6,252)
Money market fund	8,670	23,614
Short-term bond and mortgage fund	276,565	270,565
	\$ 462,709	\$ 437,243
Interest paid	\$ 2,870	\$ 3,126

See accompanying notes to consolidated financial statements.

# CARLETON UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended April 30, 2021  
(in thousands of dollars)

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### 1. Description:

Carleton University (the “University”) was incorporated as a university in 1943 under the laws of the Province of Ontario. The University is dedicated to providing post-secondary and graduate education and to conducting research.

The University is a registered charity and therefore is, under section 149(1)(f) of the Income Tax Act (Canada), exempt from payment of income tax.

The consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University. Accordingly, these consolidated financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds and ancillary operations. These consolidated statements also include the assets, liabilities, deficit and operations of the University’s subsidiary and joint ventures as follows:

Sudbury Neutrino Observatory Institute is a joint venture of the University and three other Canadian universities, which performs research in sub-atomic physics. The University’s proportionate share of the Institute’s operations has been included in these consolidated financial statements.

TRIUMF is a joint venture of the University and 13 other Canadian universities, which performs research in particle and nuclear physics. TRIUMF is an unincorporated registered charity; however, TRIUMF plans to transfer all of its assets and liabilities to TRIUMF Inc., a not-for-profit corporation in 2021. From that transfer day onward, the University will become a member of the corporation with the 13 other universities. Each university has an undivided 1/14 interest, 7.14% (2020 - 7.14%), 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 proportionate share of TRIUMF’s operations has been included in these consolidated financial statements.

Carleton University Foundation (U.S.) (the “Foundation”) was incorporated without share capital on February 12, 1996 under the District of Columbia Non-Profit Corporation Act. The Foundation is not included in these consolidated financial statements. The objects of the Foundation, as established by the Internal Revenue Code of 1986, are to accept, receive, manage and distribute money and other property to support education and research at the University. The Foundation had minimal activity in the year.

# CARLETON UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended April 30, 2021  
(in thousands of dollars)

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### 2. Summary of significant accounting policies:

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies.

(a) Basis of presentation:

The University uses the deferral method of accounting for contributions for not-for-profit organizations.

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the University, or the Foundation.

(b) Cash and cash equivalents:

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty and short-term deposits with an original maturity of ninety days or less.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The University has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The University is party to certain derivative financial instruments, principally interest rate swaps.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 2. Summary of significant accounting policies (continued):

### (c) Financial instruments (continued):

The University accounts for interest rate swaps as hedges. The University uses the accrual basis of accounting for hedges. At the inception of the hedging relationship, the University designated that hedge accounting would be applied and formally documented the hedging relationship between the swap and the loan. At inception and throughout the loan period, the critical terms of the swap and the loan are the same.

Gains or losses realized on settlement are deferred until the settlement of the swap. Payments and receipts under the interest rate swaps are recognized as adjustments to interest expense on long-term debt. The fair value of the swap is not recorded on the consolidated statement of financial position, but is disclosed in note 10(c).

### (d) Tangible capital and intangible assets:

Purchased tangible capital and intangible assets are recorded at cost. Donated tangible capital and intangible assets are recorded at an appraised value established by independent appraisal in the period received by the University. Land acquired prior to May 1, 2011 are recorded at deemed cost, being its fair value at May 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations. All subsequent purchases are recorded at cost.

Amortization is provided on a straight-line basis over the estimated useful life of the asset. When components of a capital asset have different useful lives, they are accounted for as separate items of capital assets and depreciated separately.

The estimated useful lives of assets are as follows:

Asset	Useful life
Tangible capital assets:	
Buildings and its components	20 to 40 years
Cogeneration facility	25 years
Equipment and furniture	10 years
Computer equipment	4 years
Automobiles	5 years
Library holdings	10 years
Intangible assets:	
Software	4 years

Construction costs are capitalized as work progresses and amortization commences in the period that the asset is available for use.

When a tangible capital or intangible asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 2. Summary of significant accounting policies (continued):

(e) Art collection:

Purchases of items to be included in the collection are expensed. Donations of items to be included in the collection are recorded as direct increases in net assets at an appraised value established by independent appraisal in the period received by the University.

(f) Deferred capital contributions:

Contributions received for tangible capital and intangible assets are deferred in the accounts and amortized over the same term and on the same basis as the related capital asset.

(g) Recognition of revenue and other contributions:

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

(ii) Contributions and investment income externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are recognized.

(iii) Endowment contributions and restricted investment revenue earned for re-endowment are recognized as direct increases in net assets in the period in which they are received or earned.

(iv) Student fees are recognized as revenue in the period that the courses and seminars are held. Sales revenue is recognized at point of sale.

(v) Contract revenue is recognized as the service is provided.

(h) Internally imposed restrictions on net assets:

The University internally restricts the use of portions of its externally unrestricted net assets for specific future uses. When incurred, expenses are charged to operations, and the balance of internally restricted assets is reduced accordingly.

(i) Contributed services:

Volunteers, as well as members of the staff and faculty of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 2. Summary of significant accounting policies (continued):

(j) Employee benefit plans:

The University accrues its obligations and related costs for funded employee future benefit plans as the employees render the service necessary to earn the pension and other retirement benefits, based on the latest going concern funding valuation. The actuarial determination of the accrued benefit obligations for pensions and other employee future benefits uses the projected method on service (which incorporates management's assumptions used for funding purposes, other cost escalation, retirement ages of employees and other actuarial factors). The actuarial valuation is performed at least every three years. In the years between valuations, pension plan results are prepared based on extrapolations of the latest available funding valuation results. The University has elected to accrue its obligations and related costs for unfunded plans on a basis consistent with funded plans. Assets of the employee future benefit plans are valued using fair values at the date of the consolidated financial statements.

The benefit plan expense for the year consists of the current service and finance costs. Re-measurements and other items are recorded directly on the consolidated statement of changes in net assets.

(k) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the consolidated financial statements in the period in which they become known.

Significant management estimates include assumptions used in determining the employee future benefits liability.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

### 3. Accounts receivable:

	2021		2020	
Research	\$	8,992	\$	10,778
Student		12,298		8,767
Government		1,837		1,531
Other		11,982		15,252
		<u>35,109</u>		<u>36,328</u>
Less allowance for doubtful accounts		(1,999)		(1,446)
	\$	<u>33,110</u>	\$	<u>34,882</u>

### 4. Investments:

(a) Carrying value, cost and fair values:

The cost and fair value of the investments are as follows:

	2021		2020	
	Fair value	Cost	Fair value	Cost
Marketable securities	\$ 351,648	\$ 303,029	\$ 301,800	\$ 286,640

The carrying value of marketable securities is fair value.

(b) Purpose:

Investments held by the University include funds, which are permanently endowed or restricted in use as follows:

	2021		2020	
	Carrying value		Carrying value	
Endowments	\$	347,491	\$	298,437
Parker loans for students		1,378		863
National Wildlife Research Centre Capital renewal		1,026		1,205
Sprott Student Investment Fund		1,753		1,295
	\$	<u>351,648</u>	\$	<u>301,800</u>



# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 5. Net investment in lease:

Carleton University has entered into an agreement with Environment Canada under which Carleton University built the National Wildlife Research Centre (NWRC) on its property and leased the building to Environment Canada. The lease term is for 99 years starting May 1, 2002.

Carleton University's net investment in the direct financing lease consists of:

	2021	2020
Minimum lease payments receivable	\$ 7,800	\$ 9,100
Unearned financing revenue	(1,124)	(1,548)
	6,676	7,552
Less current portion of net investment in lease	(935)	(876)
Net investment in lease	\$ 5,741	\$ 6,676

At April 30, 2021, future minimum lease payments receivable under the direct financing lease are as follows:

2021-22	\$ 1,300
2022-23	1,300
2023-24	1,300
2024-25	1,300
Thereafter	2,600
	<u>\$ 7,800</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 6. Tangible capital and intangible assets:

Tangible capital and intangible assets consist of the following:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Land	\$ 93,300	\$ –	\$ 93,300	\$ 93,300
Buildings and its components	856,168	324,503	531,665	512,099
Cogeneration facility	21,192	1,675	19,517	19,853
Equipment and furniture	96,226	53,703	42,523	41,384
Computer equipment	10,994	5,277	5,717	3,833
Automobiles	407	262	145	196
Library holdings	21,732	12,809	8,923	9,565
Intangible assets:				
Software	1,218	479	739	433
	<u>\$ 1,101,237</u>	<u>\$ 398,708</u>	<u>\$ 702,529</u>	<u>\$ 680,663</u>

Cost and accumulated amortization at April 30, 2020 amounted to \$1,054,394 and \$373,731, respectively. In the year, \$13,013 (2020 - \$17,838) of cost and accumulated amortization was removed from the respective balances for assets that had been fully-amortized and no longer in use.

Included in buildings and its components is \$68,353 (2020 - \$42,385) of construction in progress. As construction in progress is not yet in use, these assets are not amortized.

## 7. Collections:

The University has an art collection comprised of approximately 30,000 works of art. The collection focuses on three main areas. The first is twentieth-century Canadian art, in particular prints, drawings and photographs created since 1950. The second is European works on paper, in particular French prints from the 18th and 19th centuries. The third is Indigenous (Inuit, Métis and First Nations) art in all forms, including prints, drawings, sculptures and textiles. In 2021, there were additions of donated pieces of art at an appraised value of \$149 (2020 - \$192).

## 8. Accounts payable and accrued liabilities:

As at year end, the University had \$5,016 (2020 - \$4,767) payable for government remittances, including harmonized sales tax/goods and services tax and payroll remittances.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 9. Deferred revenue:

Deferred revenue includes deposits, prepayments on contracts and deferred contributions received by the University. Deferred contributions are unspent externally restricted grants and donations received in the current and prior years for expenditures in a future year.

Details of the year-end balances are as follows:

	2021	2020
Research	\$ 61,237	\$ 46,347
Donations	13,625	10,815
Grants	6,565	7,099
Student aid	7,692	6,510
Student fees	14,205	6,962
Other	22,886	18,548
	<u>\$ 126,210</u>	<u>\$ 96,281</u>

Research includes the unexpended portion of restricted research grants and prepayments on research contracts.

Donations are the unexpended portion of donor restricted gifts to be spent on specific items in future years.

Grants are unexpended restricted grants to be spent on specific items in future years.

Student aid is the unexpended donations and interest to be spent on student aid and other special purposes.

Student fees are tuition and related amounts received for courses beginning after April 30.

Other deferred revenue includes deposits and prepayments on contracts.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 10. Long-term debt:

As at April 30, 2021, the University has principal outstanding of \$54,984 (2020 - \$59,307) under long-term mortgages and loans.

(a) Details of long-term debt:

	Maturity	Interest rate	Annual payment	2021 Principal outstanding	2020 Principal outstanding
Loans payable:					
Leeds Residence	2027	6.724%	\$ 1,607	\$ 7,183	\$ 8,266
Prescott Residence	2029	6.299%	1,520	8,985	9,907
Frontenac Residence	2039	4.660%	937	11,481	11,841
Lennox & Addington Residence	2042	2.930%	1,591	24,972	25,817
NWRC loan	2028	6.460%	1,332	6,686	7,555
				59,307	63,386
Less current portion of long-term debt				(4,323)	(4,079)
				\$ 54,984	\$ 59,307

Annual payment amounts include principal and interest.

(b) Long-term debt repayments:

Principal repayments under the mortgage and loan agreements are as follows:

2021-22	\$ 4,323
2022-23	4,582
2023-24	4,858
2024-25	5,149
Thereafter	40,395
	<u>\$ 59,307</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 10. Long-term debt (continued):

### (c) Interest rate swaps:

The University has entered into interest rate swap agreements to manage the volatility of interest rates. The University converted a net notional \$101,758 of floating rate debt for fixed rate debt ranging from 2.930% to 6.724%. The related derivative agreements are in place until the maturity of the debts in 2027, 2028, 2029, 2039, and 2042.

These interest rate swaps qualify, and have been designated by the University, as cash flow hedging items against the floating rate long-term debt. The University has assessed the hedging relationship as effective. The fair value of the interest rate swaps at April 30, 2021 is estimated to be \$7,818 (2020 - \$14,141) which represents the amount the University would have to pay if the swap agreements were terminated on that date. The University is current with respect to the required payments under the loan and swap agreements.

## 11. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of tangible capital and intangible assets. The amortization of the deferred capital contributions is recorded as revenue in the consolidated statement of operations. The changes in the deferred capital contributions balance are as follows:

	2021	2020
Balance, beginning of year	\$ 192,017	\$ 200,485
Less amortization of deferred capital contributions	(12,448)	(12,357)
Add capital contributions received:		
Contributions for equipment and buildings	6,136	2,894
Donated assets	5,822	995
	11,958	3,889
Balance, end of year	<u>\$ 191,527</u>	<u>\$ 192,017</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 12. Employee future benefits:

(a) Employee future benefits liability:

	2021		2020	
Post-employment and post-retirement benefit plans	\$	161,519	\$	163,274
Pension plan liability (asset)		(82,469)		73,449
	\$	79,050	\$	236,723

(b) Employee future benefits expense:

	Current service cost	Carrying amortization	2021	2020
Post-employment and post-retirement benefit plans	\$	5,825	\$	9,796
Pension plan		19,085		4,407
	\$	24,910	\$	15,621
				23,492
	\$	24,910	\$	39,113
				26,420

During the year, the University made cash contributions included in the total above of \$4,620 (2020 - \$4,233) and \$21,574 (2020 - \$91,107), respectively.

(c) Re-measurements and other items:

	2021		2020	
Post-employment and post-retirement benefit plans	\$	(12,756)	\$	14,536
Pension plan		(157,836)		180,460
	\$	(170,592)	\$	194,996

(d) Post-employment and post-retirement benefit plans:

The University has defined post-retirement benefit plans (other than pensions) and defined post-employment benefit plans covering substantially all of its employees. These plans provide health, dental and severance benefits to eligible employees. The most recent full actuarial valuation of employee future benefits was completed as at April 30, 2021.

Similar to many non-pension benefit plans in Canada, the University's plans are not pre-funded, resulting in plan deficits equal to the accrued benefit obligation.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 12. Employee future benefits (continued):

(e) Pension plan and pension plan liability:

The University contributes to the Carleton University Retirement Plan which is a defined contribution pension plan with a defined benefit minimum guarantee, covering substantially all full-time employees of the University.

An actuarial valuation of the Plan as of July 1, 2019 determined that the Plan had a \$59,277 unfunded going-concern liability and an unfunded \$120,998 hypothetical wind-up/solvency liability as at July 1, 2019. Subsequent to July 1, 2019, the University made lump sum special payments totaling \$61,729 into the pension fund for the period from July 1, 2019 to March 31, 2020. As a result, no University special payments are required to be made for the period from April 2020 to June 2023. The next actuarial valuation for funding purposes is required July 1, 2022, which will determine the minimum funding requirement commencing July 1, 2023.

An actuarial valuation roll-forward for funding purposes was performed as at April 30, 2021, the measurement date for financial reporting purposes.

Accrued benefit liability (asset):

The reconciliation of the funded status of the Plan to the amounts recorded in the consolidated financial statements is as follows:

	2021	2020
Accrued benefit obligation	\$ 1,495,677	\$ 1,369,012
Less: fair value of Plan assets	1,578,146	1,295,563
Accrued benefit liability (asset)	\$ (82,469)	\$ 73,449

## 13. Net assets:

(a) Capital management:

The University's overall objective for its capital is to fund tangible capital and intangible assets, future projects and ongoing operations. The University manages its capital by appropriating amounts to internally restricted net assets for anticipated future projects, contingencies and other capital requirements. These allocations are disclosed in note 13(b).

The University also considers its endowments, as disclosed in notes 4(b) and 15 as part of its capital. The University's objective with regards to endowments is to grow the endowment principal such that it preserves the original capital investment and provides the prescribed distribution rate described in note 15.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 13. Net assets (continued):

### (a) Capital management (continued):

Under the direction of its Board of Governors, the University is required to present a balanced budget each year.

The University is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

### (b) Internally restricted net assets:

Internally restricted net assets are funds restricted by the University for future commitments and projects to improve and invest in the University's campus facilities, information systems, equipment, programs and student aid.

Internally restricted net assets have been designated for the following purposes:

	2021	2020
General appropriations	\$ 211,669	\$ 164,661
Capital reserve	54,035	85,773
Pension liability reserve	69,212	69,212
Student aid funds	4,613	2,031
Other projects and initiatives	42,624	32,751
Total operating appropriations	382,153	354,428
Research initiatives	50,395	46,702
Ancillary reserve fund	21,195	40,086
Entrepreneurial initiatives	4,795	4,966
Professional development funds	3,305	2,727
Scholarship funds	7	6
	<u>\$ 461,850</u>	<u>\$ 448,915</u>

(i) General appropriations relate to funds held centrally and within academic units to support long-term strategic initiatives as well as economic uncertainties.

(ii) Capital reserve funds relate to operating funds that have been allocated to capital improvements and additions, as well as for addressing the university's deferred maintenance.

(iii) Pension liability reserve represents funds set aside to cover future pension liabilities.

(iv) Student aid funds relates to funds available to provide financial support to students.



# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 13. Net assets (continued):

(b) Internally restricted net assets (continued):

- (v) Other projects and initiatives relates to funding set aside to support various initiatives, including improvements to campus facilities and infrastructure, as well as other initiatives aimed at improving the quality of the university's activities and programs.
- (vi) Research initiatives relates to funds that have been internally restricted for research activities.
- (vii) Ancillary reserve fund relates to funding available for improving ancillary programs and physical facilities.
- (viii) Entrepreneurial initiatives represents funds earmarked for the continuation of providing entrepreneurial activities at the university, including professional development services and seminars, non-credit course offerings, and contract services.
- (ix) Professional development funds are funds reserved for the professional development of faculty members.
- (x) Scholarship funds relates to funds that do not have donor placed restrictions on them, but have been internally earmarked for student support in future years.

## 14. Investment in tangible capital and intangible assets:

The investment in tangible capital and intangible assets consists of the following:

	2021	2020
Tangible capital and intangible assets	\$ 702,529	\$ 680,663
Less amounts financed by:		
Deferred capital contributions	(191,527)	(192,017)
Loans payable (Leeds, Prescott, Frontenac Lennox & Addington residences)	(52,621)	(55,831)
Other short-term financing	(13,230)	(21,605)
	<u>\$ 445,151</u>	<u>\$ 411,210</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 14. Investment in tangible capital and intangible assets (continued):

The net change in investment in tangible capital and intangible assets is calculated as follows:

	2021	2020
Tangible capital and intangible assets additions:		
Total additions	\$ 59,856	\$ 56,421
Less:		
Donated assets	(5,822)	(995)
Additions financed with grants	(6,136)	(2,894)
	47,898	52,532
Financing:		
Mortgages payable	–	114
Loans payable	3,210	3,037
Other short-term financing	8,375	(6,598)
	11,585	(3,447)
Amortization of deferred capital contributions	12,448	12,357
Amortization of tangible capital and intangible assets	(37,990)	(36,118)
	(25,542)	(23,761)
Net change in investment in tangible capital and intangible assets	\$ 33,941	\$ 25,324

## 15. Endowments:

Contributions restricted for endowment consist of monies received primarily as benefactions and which either the donor or the Board of Governors has designated as endowment. The annual income earned from funds designated as endowment by the donor may be expended only for the purpose designated. If no purpose is designated by the donor then the income is expended at the direction of the Board. Monies designated as endowment by the Board are unrestricted and the principal and annual income may be expended at its direction.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 15. Endowments (continued):

Investment income earned on endowed investments is distributed at a rate of 4% (2019 - 4%) of the moving average market value over four years of the endowment fund investments. Actual investment income earned in excess of the distributed amount is accumulated in the endowment fund for future distribution and to maintain capital.

	Externally endowed	Board designated	Total 2021	Total 2020
Donations and bequests	\$ 8,004	\$ –	\$ 8,004	\$ 8,286
Internal contributions	3,433	–	3,433	4,721
Realized gains on sale of investment	19,972	524	20,496	13,886
Investment income	2,110	145	2,255	3,452
Income distributions	(12,296)	(368)	(12,664)	(11,724)
	21,223	301	21,524	18,621
Unrealized gains (losses) on investments	31,880	998	32,878	(15,419)
Net change in year	53,103	1,299	54,402	3,202
Fund balance, beginning of year	291,031	7,581	298,612	295,410
Fund balance, end of year	\$ 344,134	\$ 8,880	\$ 353,014	\$ 298,612

The endowment balance consists of:

	2021	2020
Cumulative endowment principal	\$ 210,893	\$ 199,456
Cumulative undistributed investment income	101,958	91,871
Cumulative unrealized gains	40,163	7,285
Endowment balance on endowment investments	\$ 353,014	\$ 298,612

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 16. Contingent liabilities and commitments:

At April 30, 2021, commitments for future acquisitions, construction and renovations amounted to approximately \$34,258 (2020 - \$35,755).

Letters of credit totaling \$12,867 (2020 - \$13,390) were issued on behalf of the University at year-end.

A decommissioning plan has been approved by the members of the TRIUMF joint venture and the Canadian Nuclear Safety Commission (CNSC) 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 complied with federal legislation by putting a decommissioning plan in place for funding the cost of decommissioning that does not require any payments from the members of the joint venture.

## 17. Canadian Universities Reciprocal Insurance Exchange:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance co-operative comprised of Canadian universities and colleges. CURIE insures property damage, general liability and errors and omissions risks. If premiums collected are insufficient to cover expenses and claims, the University may be requested to pay additional amounts.

## 18. Other revenue:

	2021	2020
Commissions and sponsorships	\$ 1,899	\$ 8,235
Medical insurance recoveries	1,234	1,728
Salary and benefit recoveries	1,057	1,558
Miscellaneous	7,025	12,464
	<u>\$ 11,215</u>	<u>\$ 23,985</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 19. Other expenses:

	2021	2020
Licensing and membership fees	\$ 6,028	\$ 9,818
Equipment rental	5,412	5,620
Support services	5,177	4,882
Minor repair and upkeep	4,468	4,764
Property taxes and insurance	3,612	3,361
Banking and bad debts	2,129	2,320
Advertising and promotion	1,866	3,827
Communication	1,405	1,411
Miscellaneous	2,092	4,338
	<u>\$ 32,189</u>	<u>\$ 40,341</u>

## 20. Net change in non-cash operating working capital:

	2021	2020
Decrease (increase) in accounts receivable	\$ 1,772	\$ (2,567)
Decrease (increase) in prepaid expenses	(3,844)	6,151
Increase in accounts payable and accrued liabilities	2,950	4,706
Increase (decrease) in deferred revenue	29,929	(82)
Increase in accrued leave	2,977	2,266
	<u>\$ 33,784</u>	<u>\$ 10,474</u>

## 21. Financial risks:

There has been no significant change to the risk exposures from the prior year, other than the impacts of COVID-19 as described in note 23.

### (a) Credit risk:

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The University's Statement of Investment Policies and Procedures defines permitted investments and provides guidelines and restrictions on acceptable investment categories which minimize credit risk.

The maximum credit exposure of the University is represented by the fair value of the investments and accounts receivable as presented in the consolidated statement of financial position.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## 21. Financial risks (continued):

### (a) Credit risk (continued):

Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or similar variations relating to economic, political or other conditions. The University monitors the financial health of its investments on an on-going basis with the assistance of its Finance Committee and its investment advisors.

The University assesses on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. In 2021, \$1,999 (2020 - \$1,446) is recorded as allowance for doubtful accounts.

### (b) Interest rate risk:

The University is exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate swaps as disclosed in the consolidated statement of cash flows and notes 4 and 10.

### (c) Currency risk:

The University believes that it is not exposed to significant foreign currency risks arising from its financial instruments.

### (d) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (e) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The University is exposed to these risks in connection with its holdings of domestic and foreign equities (including pooled funds), as well as through its investments in real estate and infrastructure.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

## 22. Ontario Student Opportunity Trust Fund (Phase I and Phase II) and Ontario Trust for Student Support:

The restricted endowment fund includes funds granted by the Government of Ontario for Phase I and Phase II of the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS), as these programs provide for the matching by the Province of Ontario of the endowment contributions received by the University. The investment revenue earned on those funds must be used to provide financial aid to Ontario Students.

As per Ministry of Training, Colleges and Universities policies, the transactions related to the Ontario Student Opportunity Trust Fund and to the Ontario Trust for Student Support must be presented in these consolidated financial statements, for the year ended March 31, 2021.

Endowment Fund	Ontario Student Opportunity Trust Funds		Trust for Student Support	Total 2021	Total 2020
	Phase I	Phase II			
Fund balance, beginning of year	\$ 16,922	\$ 5,668	\$ 17,288	\$ 39,878	\$ 38,709
Schedule of changes in expendable funds available for awards:					
Balance, beginning of year	\$ 6	\$ 893	\$ 270	\$ 1,169	\$ 1,077
Realized investment income net of direct investment- related expenses and preservation of capital contributions	1,590	274	832	2,696	2,585
Bursaries awarded	(1,469)	(180)	(853)	(2,502)	(2,493)
Balance, end of year	\$ 127	\$ 987	\$ 249	\$ 1,363	\$ 1,169
Endowment total book value	\$ 17,049	\$ 6,655	\$ 17,537	\$ 41,241	\$ 39,878

## 23. Impacts of COVID-19:

In March 2020 the World Health Organization declared the spread of coronavirus ("COVID-19") to constitute a global pandemic. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out and within Canada, imposing limitations on social gatherings, requiring people to stay at home, closure of all non-essential workplaces as well as the halting of in-person instruction at all post-secondary institutions. These restrictions impacted the operations of the University and resulted in the closure of the physical premises of all post-secondary institutions.

During 2021, the levels of on-campus activity were significantly reduced and ancillary services were particularly impacted, reflecting a significant decrease in their operating revenues.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2021  
(in thousands of dollars)

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## **23. Impacts of COVID-19 (continued):**

The extent of such adverse effects on the University's business and financial and operational performance are uncertain and difficult to assess. The financial impacts will depend on future developments, including the duration, spread and severity of the outbreak, physical distancing requirements, the duration and geographic scope of related travel advisories and restrictions, and the extent of disruptions to businesses globally and its related impact on the economy.

The pandemic has also impacted global commercial and financial activities. This led to significant volatility and declines in the global public equity markets towards the end of fiscal 2020. These markets subsequently recovered their losses and continued to generate strong returns through the remainder of fiscal 2021, resulting in strong returns for the University's investments. It is uncertain whether market volatility relating to COVID-19 will occur again in the near future.

The University's budgets and forecasts have taken the expected impacts of the pandemic into account and management continues to manage the University's liquidity to ensure that obligations are met as they become due. The University has access to sufficient liquid resources to support operations in the coming year. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.

## **24. Comparative information:**

Certain 2020 comparative information has been reclassified to conform to the consolidated financial statement presentation adopted for 2021.

## **25. Subsequent event:**

On July 5, 2021, the University issued Senior Unsecured Series A Debentures amounting to \$220,000 bearing fixed interest at 3.264% per annum, interest only payable semi-annually, with the principal due July 5, 2061. As required by the Capital Debt Policy the University will be establishing a sinking fund. The sinking fund investment structure and required contributions will be determined so that the ultimate proceeds on the investments will be applied against the debenture payable upon due date. The proceeds of the bond will be used to fund capital projects as approved by the Board of Governors.



# CARLETON UNIVERSITY

## Schedule 1 - Consolidated Schedule of Changes in Ancillary Net Assets

Year ended April 30, 2021  
(in thousands of dollars)

Unrestricted	Housing, Conference & Dining	Physical Recreation & Athletics	Parking Services	Health & Counselling Services	The Print Shop	Ancillary Property Rentals
Revenues	\$ 9,844	\$ 4,935	\$ 114	\$ 3,504	\$ 216	\$ 456
Expenses	21,486	7,691	4,909	3,596	1,413	456
Excess (deficiency) of revenues over expenses	(11,642)	(2,756)	(4,795)	(92)	(1,197)	–
Net assets, beginning of year	–	–	–	–	–	680
Transfer from (to) non-ancillary unrestricted net assets	2,300	1,023	1,643	642	61	–
Appropriated to internally restricted net assets	–	–	–	(550)	–	–
Return of funds from internally restricted net assets	9,342	1,733	3,152	–	1,136	–
<b>Unrestricted net assets, end of year</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 680</b>

Internally restricted	Housing, Conference & Dining	Physical Recreation & Athletics	Parking Services	Health & Counselling Services	The Print Shop	Ancillary Property Rentals
Net assets, beginning of year	\$ 12,711	\$ 13,171	\$ 4,108	\$ 328	\$ 572	\$ –
Appropriated from unrestricted net assets	–	–	–	550	–	–
Return of funds to unrestricted net assets	(9,342)	(1,733)	(3,152)	–	(1,136)	–
<b>Internally restricted net assets, end of year</b>	<b>\$ 3,369</b>	<b>\$ 11,438</b>	<b>\$ 956</b>	<b>\$ 878</b>	<b>\$ (564)</b>	<b>\$ –</b>

Unrestricted	University Centre	Carleton DC Centre	Bookstore	Ancillary Capital Fund	Total 2021	Total 2020
Revenues	\$ 640	\$ 194	\$ 499	\$ 434	\$ 20,836	\$ 56,134
Expenses	(318)	505	528	(84)	40,182	52,831
Excess (deficiency) of revenues over expenses	958	(311)	(29)	518	(19,346)	3,303
Net assets, beginning of year	–	–	–	–	680	744
Transfer from (to) non-ancillary unrestricted net assets	(1,861)	435	–	(3,788)	455	(1,461)
Appropriated to internally restricted net assets	–	(124)	–	–	(674)	–
Return of funds from internally restricted net assets	903	–	29	3,270	19,565	960
Unrestricted net assets, end of year	\$ –	\$ –	\$ –	\$ –	\$ 680	\$ 680

Internally restricted	University Centre	Carleton DC Centre	Bookstore	Ancillary Capital Fund	Total 2021	Total 2020
Net assets, beginning of year	\$ 3,390	\$ 176	\$ 307	\$ 5,323	\$ 40,086	\$ 38,180
Appropriated from unrestricted net assets	–	124	–	–	674	2,866
Return of funds to unrestricted net assets	(903)	–	(29)	(3,270)	(19,565)	(960)
Internally restricted net assets, end of year	\$ 2,487	\$ 300	\$ 278	\$ 2,053	\$ 21,195	\$ 40,086