

Financial Statements of

**THE UNIVERSITY OF WESTERN ONTARIO**  
PENSION PLAN FOR MEMBERS OF THE ACADEMIC  
STAFF

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Academic Staff Pension Board of the University of Western Ontario

### ***Opinion***

We have audited the financial statements of the University of Western Ontario Pension Plan for Members of the Academic Staff (the Plan), which comprise

the statement of financial position as at December 31, 2022

the statement of changes in net assets available for benefits for the year then ended

and notes to the 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 financial position as at end of December 31, 2022, and the changes in net assets available for benefits for the year then ended in accordance with the Canadian accounting standards for pension plans.

### ***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" section of the Auditor's Report.

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### ***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 pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's 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 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 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

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.



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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 Plan'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 Plan'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 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 Plan 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 is written over a faint, horizontal line. The signature is stylized and appears to be the name of the auditor or representative.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada  
May 10, 2023



THE UNIVERSITY OF WESTERN ONTARIO  
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF  
Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Investment income (loss) (note 4(b))	\$ (81,198,330)	\$ 91,659,451
Increase in net assets:		
Contributions (note 6)	37,830,989	34,826,369
Transfers in to Plan	682,594	2,182,396
	<u>38,513,583</u>	<u>37,008,765</u>
Decrease in net assets:		
Benefit payments (note 7)	(63,886,052)	(48,664,025)
Administrative costs recovered by the University (note 9)	(213,961)	(210,399)
	<u>(64,100,013)</u>	<u>(48,874,424)</u>
	<u>(106,784,760)</u>	<u>79,793,792</u>



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Notes to Financial Statements (continued)

Year ended December 31, 2022

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1. Description of plan (continued):

Contributions are invested by the Plan, at the option of the em



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Notes to Financial Statements (continued)

Year ended December 31, 2022

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2. Basis of presentation:

(a) Basis of presentation:

The Plan is part of a group annuity policy issued by Sun Life Assurance to The University of Western Ontario, to fund The University of Western Ontario Pension Plan for Members of the Academic Staff bearing registration number 0358747.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises ("ASPE") in Part II of the CPA Canada Handbook - Accounting.

These financial statements have been prepared by management and present the information of the Plan as a separate financial reporting entity independent of the University and Plan members. These financial statements meet the accounting requirements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario) since they have primarily been prepared for filing with the Financial Services Regulatory Authority ("FSRA").

For a defined contribution pension plan, benefits are determined by the employer's and employees' contributions and the performance of the plan. Actuarial valuations are not Ontario) tectinilinre n503 Tc 0.18323 w -20.605 -1quiredtate6tuar0s8ith t pre(and P'Tdtiona

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Year ended December 31, 2022

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3. Significant accounting policies:

(a) Revenue:

Interest earned, net realized gains (losses) and changes in unrealized gains (losses) of investments within the segregated funds, are recorded on an accrual basis. Dividends are recorded as income, within the segregated funds, on the date the dividend is declared. Investment income is allocated daily among the members' accounts under the assumption that all interfund transfers of assets occurred at the business day end following the request for transfer. All contributions from the University and the members are reflected in the year in which they are due. Transfers into the Plan are allocated to members' records effective the end of the business day in which the transfer is received by the record keeper.

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Notes to Financial Statements (continued)

Year ended December 31, 2022

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3. Significant accounting policies (continued):

(c) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an

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Notes to Financial Statements (continued)

Year ended December 31, 2022

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3. Significant accounting policies (continued):

(c) Fair value measurement (continued):

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the net realized and change in unrealized gains (losses) of investments. Fair values are determined as follows:

- (i) Units in segregated funds are valued based on published unit values supplied by the fund administrator, which represents the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.
- (ii) Cash equivalents maturing within a year are stated at cost, which together with accrued interest approximates fair value given the short-term nature of these investments.

(d) Foreign currency translation:

These financial statements are presented in Canadian dollars, which is the Plan's functional currency. Transactions in foreign currencies are accounted for using the exchange rates in effect at the transaction date. At year end, investments in foreign currencies are accounted for at the rates of exchange in effect at year end and the resulting unrealized gains or losses are included in the changes in unrealized gains (losses) of investments.

(e) Capital risk management:

The capital of the Plan is represented by the net assets available for benefits. The capital is managed individually by the participating members of the Plan, via the segregated fund investments outlined in note 1. The members manage their individual account balance by monitoring the asset allocation among the offered investments for their individual risk tolerances, time horizons and expectations for investment returns.

The benefits an employee receives at retirement or on termination are not predetermined. Income distribution or benefits are based on the assets within the member individual retirement plan account at the time they retire. Under this Plan, the member determines which investments his/her contributions, along with the contributions of the University, are invested in from a selection of investment options available within the Plan. This allows the member to create a portfolio suited to his/her own investment goals and tolerance for risk. The amount of money an individual employee has in the Plan account at retirement is based on the amount of contributions made over the years and the earnings these investments have made.

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Notes to Financial Statements (continued)

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3. Significant accounting policies (continued):

(f) Related party transactions:

Related party transactions with the University, in the form of employer contributions and administrative cost recoveries, 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 both parties. A segregated fund may not invest in any securities that constitute “related party” investments as defined under the Pension Benefits Standards Regulation unless such investment is nominal or immaterial to the segregated fund and Plan based upon a 1% of market value of asset threshold.

(g) Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Actual amounts could differ from these estimates.

(h) Income taxes:

The Plan is governed by the Pension Benefits Act (Ontario). As a registered pension plan under the Income Tax Act, Canada, the Plan is not liable for any income taxes.

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Notes to Financial Statements (continued)

Year ended December 31, 2022

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Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Individually significant investments:

The following information is provided in respect of individual investments in the Plan with a fair value in excess of 1% of the fair value of the Plan as at December 31, 2022, as required by the Pension Benefits Act (Ontario).

The Plan consists of investments as described in note 1 and as disclosed in note 4(a). Within these investments are units of pooled funds and some investments in individual securities.

Fund operator / Fund name	Nature of investments	Fair value
AB Canada Core Plus Bond Fund	Fixed income	54,977,689
BlackRock Canada Universe Bond Index, Class D	Fixed Income	38,182,905
233365 Ontario Inc - Romspen Mortgage Investment Fund	Fixed Income	28,674,533
AB SICAV LUX - Global Plus Fixed Income Portfolio, Class S CAD H	Fixed Income	36,916,867
BG Fundamental Canadian Equity Fund, Class I	Equities	56,491,970
CC&L Group Canadian Q Growth	Equities	56,095,207
AB Canada International Value Equity (Cap-Weighted, Unhedged) Fund	Equities	26,170,404
Arrowstreet Capital LP Global Small Cap I	Equities	17,862,116
BlackRock CDN MSCI ACWI Ex Canada Index	Equities	35,398,168
BlackRock CDN US Equity Index Non-Tax D	Equities	34,781,919
CC&L Q Emerging Markets Equity Fd	Equities	18,704,304
Fidelity Glb Lw Vol Eq Instl Trust (IP)	Equities	36,365,525
Fiera Capital Oakmark Global Pooled Fund A	Equities	44,447,464
MFS International Equity II Fund	Equities	25,489,796
T. Rowe Price Global Growth Equity Pool	Equities	43,916,273
William Blair Emerging Markets Leaders Pooled Fund	Equities	18,362,481





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Notes to Financial Statements (continued)

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Notes to Financial Statements (continued)

Year ended December 31, 2022

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10. Financial instruments:

(a) Fair values:

The fair values of investments are as described in note 3(c) and disclosed in note 4(a). The fair values of other financial assets and liabilities, being contributions receivable, and accrued liabilities, approximate the carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs for assets and liabilities that are not based on observable market data.

All of the Plan's investments have been classified as Level 2.

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Notes to Financial Statements (continued)

Year ended December 31, 2022

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11. Financial instruments (continued):

(b) Associated risks (continued):

(iv) Liquidity risk:

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. The Plan maintains an investment policy, as approved by the Administrator, which contains investment options across various markets which help to ensure the Plan is able to liquidate investments to meet its obligations.

(v) Credit risk:

Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations. The Plan's most significant exposure to credit risk is through its cash equivalents and its segregated fund investments which invest in debt securities. The Plan mitigates this risk by investing mostly with credit-worthy counter parties and in pooled funds holding debt securities with an investment grade credit rating. One pooled fund is able to invest in non-investment grade securities, however, the Plan requires the average portfolio quality to be a minimum of A. Since the Guaranteed Daily Interest Account is not a segregated fund, but is held in the general accounts of Sun Life, the risk regarding the return of principal and interest is related to the risk of Sun Life itself, although Canadian Life and Health Insurance Compensation Corporation (Assuris) covers this risk up to \$100,000 per investor.