Financial Statements

Ryerson Polytechnic University

March 31, 2000

Ryerson Polytechnic University

March 31, 2000

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AUDITORS' REPORT

To the Board of Governors of
Ryerson Polytechnic University

We have audited the financial statements of **Ryerson Polytechnic University** as at and for the year ended March 31, 2000 comprising the following:

Balance Sheet
Statement of Operations and Changes in Net Assets
Statement of Cash Flows

These financial statements are the responsibility of the management of the University. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP

Toronto, Canada,
June 5, 2000.

Chartered Accountants

Ryerson Polytechnic University

BALANCE SHEET

[in thousands]

As at March 31

	2000 $	1999 $
ASSETS		
Cash and short-term investments	**28,015**	21,445
Accounts receivable	**9,456**	7,671
Prepaid expenses	**527**	3,127
Inventories	**786**	749
Investments *[note 3]*		
Endowment fund	**10,266**	7,899
Debt repayment fund	**18,401**	15,229
SuperBuild fund *[note 8]*	**42,590**	—
Capital assets, net *[note 5]*	**119,413**	118,676
	229,454	174,796
LIABILITIES		
Accounts payable and accrued liabilities	**7,947**	9,517
Deferred revenue	**11,117**	11,013
Long-term debt *[note 6]*	**51,850**	54,043
Deferred revenue contributions *[note 7]*	**30,507**	29,328
Deferred capital contributions *[note 8]*	**69,502**	24,833
	170,923	128,734
NET ASSETS		
Endowments *[note 9]*	**10,266**	7,899
Other *[note 10]*	**48,265**	38,163
	58,531	46,062
	229,454	174,796

See accompanying notes

On behalf of the Board of Governors:

Chair Secretary

Ryerson Polytechnic University

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

[in thousands]

Year ended March 31

	2000 $	1999 $
REVENUE		
Operating grants	**76,947**	69,541
Other grants and contracts	**9,848**	5,830
Tuition fees	**68,447**	61,952
Sales and services	**24,878**	22,642
Other student fees	**6,826**	6,478
Donations *[note 12]*	**1,353**	1,664
Amortization of deferred capital contributions *[note 8]*	**1,960**	1,680
Investment income *[note 4]*	**3,106**	2,020
Other income	**3,278**	4,334
	196,643	176,141
EXPENSES		
Salaries and benefits	**110,201**	109,981
Materials, supplies, repairs and renovations	**54,629**	47,328
Bursaries and scholarships	**5,796**	3,908
Interest *[note 6]*	**4,728**	4,871
Amortization of capital assets	**11,187**	7,967
	186,541	174,055
REVENUE LESS EXPENSES *[note 13]*	**10,102**	2,086
Endowment contributions *[note 9]*	**2,367**	2,259
Net Assets, beginning of year	**46,062**	41,717
NET ASSETS, end of year	**58,531**	46,062

See accompanying notes

Ryerson Polytechnic University

STATEMENT OF CASH FLOWS

[in thousands]

Year ended March 31

	2000 $	**1999** $
OPERATING ACTIVITIES		
Revenue less expenses	**10,102**	2,086
Add (deduct) non-cash items		
Amortization of capital assets	**11,187**	7,967
Amortization of deferred capital contributions	**(1,960)**	(1,680)
Net change in non-cash working capital balances	**491**	7,821
Cash provided by operating activities	**19,820**	16,194
FINANCING AND INVESTING ACTIVITIES		
Contributions received for capital purposes	**46,629**	—
Endowment contributions	**2,367**	2,259
Acquisition of capital assets and collections	**(11,924)**	(7,029)
Long-term debt principal repayments	**(2,193)**	(2,705)
Purchase of investments, net	**(48,129)**	(12,589)
Cash used in financing and investing activities	**(13,250)**	(20,064)
Net increase (decrease) in cash and short-term investments during the year	**6,570**	(3,870)
Cash and short-term investments, beginning of year	**21,445**	25,315
CASH AND SHORT-TERM INVESTMENTS, end of year	**28,015**	21,445

See accompanying notes

Ryerson Polytechnic University

NOTES TO FINANCIAL STATEMENTS

[amounts in thousands, except for note 17]

March 31, 2000

1. DESCRIPTION

Ryerson Polytechnic University [the "University"] was incorporated as a university in 1993 under the laws of the Province of Ontario. The special mission of the University is the advancement of applied knowledge and research to address societal need, and the provision of programs of study that provide a balance between theory and application and that prepare students for careers in professional and quasi-professional fields. As a leading centre for applied education, the University is recognized for the excellence of its teaching, the relevance of its curriculum, the success of its students in achieving their academic and career objectives, the quality of its scholarship, research and creative activity, and its commitment to accessibility, lifelong learning and involvement in the broader community.

These 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 financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds; and the ancillary operations, such as residences, food services and parking.

These financial statements do not include the assets, liabilities and operations of organizations federated or affiliated with the University but not controlled by the University.

The University is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada within the framework of the accounting policies summarized below:

Cash and short-term investments

Short-term investments, which consist primarily of bankers' acceptances and short-term deposits, are carried at cost which approximates market value.

Investments

Investments are recorded at cost. Gains and losses on sales of investments are recognized in the year of disposal and are included in investment income unless externally designated for capital preservation and credited directly to the endowment fund. Investments are written down in the year when there is deemed to be an impairment in value which is other than temporary.

Inventories

Inventories, which consist of goods held for resale, are recorded at the lower of cost and net realizable value.

Fair value of financial instruments

For certain of the University's financial instruments, including cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, the carrying amounts approximate the fair value due to their short-term nature. The fair value of investments is determined based on quoted market values.

Capital assets

Purchased capital assets are recorded at cost. Contributions of capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Equipment and furnishings	3 - 10 years
Library books	5 years

Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. 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. Unrestricted donations are recorded on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided.

[amounts in thousands, except for note 17]

Contributed materials and services

Contributed materials are recorded in these financial statements. In addition, an indeterminable number of hours are contributed by volunteers each year. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

3. INVESTMENTS

Endowment investments consist of cash and short-term investments and units of the Sceptre Investment Counsel Limited Endowment Foundation and Trust Fund ["EFT"]. The market value of the investments held for the endowment fund at March 31, 2000 was $10,953 [1999 - $8,139]. The EFT asset mix which represented 77% of the investments held for the endowment fund at March 31, 2000 was 4.7% short-term investments, 50.6% bonds, 24.9% Canadian equities and 19.8% foreign equities.

Investments held for debt repayment and SuperBuild capital budgets consist of cash and short-term investments. The debt repayment funds have been set aside to fund term debt maturing and payable within 24 months of the date of the financial statements. The investments held for the SuperBuild fund represent advances received from the Province of Ontario to finance construction of new University buildings *[note 8]*.

4. INVESTMENT INCOME

Investment income included in the statement of operations and changes in net assets is calculated as follows:

	2000 $	**1999** $
Total investment income earned	**3,125**	2,039
Less amount credited directly to endowment principal for capital preservation of externally restricted amounts and included in endowment contributions	**(19)**	(19)
Investment income recognized during the year	**3,106**	2,020

NOTES TO FINANCIAL STATEMENTS

[amounts in thousands, except for note 17]

March 31, 2000

5. CAPITAL ASSETS

Capital assets consist of the following:

	2000			1999		
	Cost $	**Accumulated amortization** $	**Net book value** $	**Cost** $	**Accumulated amortization** $	**Net book value** $
Land	**31,643**	**—**	**31,643**	31,643	—	31,643
Buildings	**131,376**	**57,630**	**73,746**	131,376	54,346	77,030
Equipment and furnishings	**90,452**	**79,272**	**11,180**	79,814	72,627	7,187
Library books	**8,399**	**5,555**	**2,844**	7,113	4,297	2,816
	261,870	**142,457**	**119,413**	249,946	131,270	118,676

The change in net book value of capital assets is due to the following:

	2000 $	**1999** $
Balance, beginning of year	**118,676**	119,614
Purchase of capital assets internally financed	**7,885**	7,029
Purchase of capital assets funded by deferred contributions	**4,039**	—
Less amortization of capital assets	**(11,187)**	(7,967)
Balance, end of year	**119,413**	118,676

The investment in capital assets has been financed as follows:

	2000 $	**1999** $
Long-term debt *[note 6]*	**51,850**	54,043
Deferred capital contributions *[note 8]*	**26,912**	24,833
Internally financed *[note 10]*	**40,651**	39,800
Investment in capital assets	**119,413**	118,676

NOTES TO FINANCIAL STATEMENTS

[amounts in thousands, except for note 17]

March 31, 2000

6. LONG-TERM DEBT

Long-term debt consists of the following:

	2000 $	**1999** $
Student residence and underground parking facilities 11.04% mortgage loan with semi-annual payments of interest only of $1,463 maturing November 1, 2010	**26,500**	26,500
Land held for future development 5% mortgage loan with annual payments of interest and principal of $350 maturing December 31, 2002	**4,700**	4,800
International Living and Learning Centre 6% mortgage loan with quarterly payments of interest of $136 maturing August 5, 2013. Principal repayments of $300 continue through August 2013	**7,400**	7,700
Bookstore/parking facilities and Rogers Communications Centre 7.95% term loan with monthly blended payments of principal and interest of $94 with the balance of principal due on October 1, 2000, collateralized by a mortgage debenture on the bookstore/parking facilities	**12,056**	12,224
Obligations under capital leases Three leases for computers and telephone equipment with terms ranging from 72 months to 84 months, and maturing from March 2002 to September 2002. The leases bear interest at 8.02% to 9.25% with total monthly payments of $49	**1,194**	1,651
Ryerson Athletic Centre 5.3% term note with one year term, semi-annual blended payments of principal and interest of $411 with balance of principal paid June 2, 1999, against which the student athletics capital levy has been pledged	**—**	1,168
	51,850	54,043

[amounts in thousands, except for note 17]

The following are the future minimum annual debt principal repayments due over the next five fiscal years and thereafter:

	$
2001	12,955
2002	945
2003	4,948
2004	300
2005	300
Thereafter	32,402
	51,850

Total interest expense for the year ended March 31, 2000 was $4,728 [1999 - $4,871].

7. DEFERRED REVENUE CONTRIBUTIONS

Deferred revenue contributions represent unspent externally restricted grants and donations for research and other specific purposes. The changes in the deferred revenue contributions balance were as follows:

	2000 $	**1999** $
Balance, beginning of year	**29,328**	19,148
Amount received during the year	**18,956**	30,538
Amount recognized as revenue during the year	**(17,777)**	(20,358)
Balance, end of year	**30,507**	29,328

[amounts in thousands, except for note 17]

8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2000 $	**1999** $
Balance, beginning of year	**24,833**	26,513
Add contributions during the year	**46,629**	—
Less amortization of deferred capital contributions	**(1,960)**	(1,680)
Balance, end of year	**69,502**	24,833

During the year, the University received a contribution of $42,590 [1999 - nil] under the Province of Ontario's SuperBuild Program to partially finance the construction of three new buildings on campus: Centre for Computing and Engineering, Centre for Graphic Communications and Centre for Studies in Community Health. These funds were held in cash and short-term investments at March 31, 2000, pending the commencement of the construction program.

[amounts in thousands, except for note 17]

9. NET ASSETS - ENDOWMENTS

Endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact, with the investment income generated used for the purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. The changes in the endowment fund balances were as follows:

	2000			1999
	OSOTF $	**Other** $	**Total** $	**Total** $
Endowment balance, beginning of year	**3,545**	**4,354**	**7,899**	5,640
Donations received	**904**	**275**	**1,179**	1,361
Matching funds from the Government of Ontario	**1,188**	**—**	**1,188**	898
Endowment balance, end of year	**5,637**	**4,629**	**10,266**	7,899

The Ontario Student Opportunity Trust Fund ["OSOTF"], which forms part of the University's externally restricted endowments, includes matching grants provided by the Government of Ontario for student aid purposes.

10. NET ASSETS - OTHER

The changes in other net assets, other than endowments, are as follows:

	2000				1999
	Invested in capital assets $	**Internally restricted** $	**Deficit** $	**Total** $	**Total** $
	[note 5]	*[note 11]*			
Net assets, beginning of year	**39,800**	**14,953**	**(16,590)**	**38,163**	36,077
Revenue less expenses	**—**	**—**	**10,102**	**10,102**	2,086
Change in internally restricted net assets *[note 11]*	**—**	**4,768**	**(4,768)**	**—**	—
Purchase of capital assets internally financed *[note 5]*	**7,885**	**—**	**(7,885)**	**—**	—
Repayment of long-term debt used to acquire capital assets	**2,193**	**—**	**(2,193)**	**—**	—
Amortization of capital assets, net	**(9,227)**	**—**	**9,227**	**—**	—
Net assets, end of year	**40,651**	**19,721**	**(12,107)**	**48,265**	38,163

[amounts in thousands, except for note 17]

11. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2000 $	**1999** $
Budget incentive program	**3,766**	3,517
Student funds		
Non-tuition activities	**813**	893
Athletics capital levy	**—**	588
Campus centre levy	**60**	—
Student aid	**950**	876
Professional development fund	**329**	216
Continuing education initiative	**400**	—
Capital project funds		
General operations	**5,000**	2,066
Ancillary operations	**4,270**	3,261
Other infrastructure	**959**	1,828
Enrollment incentive plan	**708**	999
Other	**2,466**	709
	19,721	14,953

12. DONATIONS

Donations recorded in the statement of operations and changes in net assets are calculated as follows:

	2000 $	**1999** $
Total donations received	**7,322**	4,176
Amounts recognized as:		
Endowment contributions *[note 9]*	**(2,367)**	(2,259)
Deferred revenue contributions	**(2,831)**	—
Deferred capital contributions	**(771)**	(253)
Donations recognized as revenue during the year	**1,353**	1,664

[amounts in thousands, except for note 17]

13. SEGMENTATION OF OPERATIONS

The following schedule segments the University's financial results on a basis consistent with its annual operating budget:

	2000				1999
	General operations $	Ancillary operations $	Research and other $	Total $	Total $
Revenue	**155,021**	**24,983**	**16,639**	**196,643**	176,141
Expenses	**148,693**	**22,501**	**15,347**	**186,541**	174,055
Transfers and appropriations	**(5,068)**	**(2,482)**	**7,550**	**—**	—
Revenue less expenses	**1,260**	**—**	**8,842**	**10,102**	2,086

General operations include government operating grants, tuition fees and other income received to fund salaries, benefits, materials and supplies, bursaries and other operating costs associated with instruction, academic and administrative support services and research other than sponsored or contract research.

Ancillary operations include services provided as supplementary to the primary function of instruction and research. They include student residences, bookstore, parking, food services, facility rental and conference operations.

Research and other funds include sponsored research, expendable gifts, grants for special purposes, interest on non-expendable gifts, capital grants and monies for capital purposes, and internally restricted operating funds. The funds received for these purposes have some degree of limitations on their use.

14. PENSION PLANS

The majority of the University's employees are members of the Ryerson Retirement Pension Plan [the "RRPP"], a defined benefit plan. Certain faculty are members of the Teachers' Superannuation Fund [the "TSF"], a multi-employer defined benefit plan. Pension indexing has been incorporated in the RRPP and the TSF.

According to the most recent actuarial valuation of the RRPP as at January 1, 1999, the RRPP had actuarial assets of $426,621 and actuarial liabilities of $329,024.

Total pension costs incurred for the year were $1,454 [1999 - $3,498].

15. CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE

In 1998, the University renewed its agreement with the Canadian Universities Reciprocal Insurance Exchange ["CURIE"] for a period of five years, ending January 1, 2003. CURIE is a pooling of the property damage and public liability insurance risks of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses. No additional assessment has been made for the current year.

16. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2000 financial statements.

NOTES TO FINANCIAL STATEMENTS

[amounts in thousands, except for note 17]

March 31, 2000

17. PUBLIC SECTOR SALARY DISCLOSURES ACT, 1996 [UNAUDITED]

Details of employees who were paid a salary of $100,000 or more in the calendar year of 1999 are as follows:

Name	Position	Salary paid* $	Taxable benefits $
Alexopoulos, C.	Chair, Math, Physics & Computer Science	**100,072**	**618**
Allen, L.	Executive Director, Human Resources	**118,751**	**704**
Alnwick, K.	Registrar	**100,627**	**642**
Aspevig, K.	Dean, Faculty of Arts	**109,123**	**694**
Bailey, K.	Professor, Business Management	**119,673**	**552**
Boctor, S.	Assoc. Dean, Fac. of Eng. & App. Science	**105,195**	**647**
Booth, M.	Dean, Continuing Education	**120,425**	**768**
Bowen, S.	Director, Faculty Affairs, Business Management	**113,723**	**742**
Britnell, J.	Professor, Nursing	**105,077**	**541**
Buckby, M.	Professor, Math, Physics & Computer Science	**104,899**	**494**
Clarke, D.	Professor, Business Management	**110,045**	**473**
Deutsch, E.	Professor, Business Management	**135,386**	**540**
Dewson, M.	Vice President, Faculty Affairs	**133,158**	**811**
Dimitriu, J.	Professor, Mechanical Engineering	**104,630**	**524**
Easton, J.	Director, Cooperative Education Office	**108,542**	**604**
Everatt, R.	Network Analyst	**103,443**	**174**
Gibson, V.	Professor, IT Management	**105,873**	**560**
Grayson, L.	Vice President, Administration & Student Affairs	**143,195**	**885**
Jensen, K.	Professor, Business Management	**103,332**	**561**
Johnston, D.	Professor, Interior Design	**106,433**	**532**
Jones, B.	Professor, Occupational & Public Health	**112,052**	**580**
Jones, K.	Director, CSCA	**116,533**	**725**
Karim, S.	Professor, Electrical Engineering	**103,025**	**526**
Keeble, J.	Professor, Radio and Television Arts	**108,038**	**565**
Kilner, T.	Professor, Math, Physics & Computer Science	**106,217**	**593**
Kurys, R.	Professor, Business Management	**104,665**	**595**
Kushnir, V.	Professor, Math, Physics & Computer Science	**120,458**	**593**
Lajeunesse, C.	President	**189,171**	**20,635**
Lan-Hing-Fung, A.	Professor, Math, Physics & Computer Science	**104,680**	**556**
Lavery, R.	Professor, Math, Physics & Computer Science	**105,450**	**546**
Lea, J.	Professor, Mechanical Engineering	**100,533**	**600**
Lemieux, L.	Assistant Director, IT Support	**106,761**	**228**
Lemieux, R.	Director, Comp. & Communications Services	**100,262**	**641**
Lesser, B.	Assistant Director, Teaching Tech. Support	**105,345**	**208**
Levine, I.	Dean, Faculty Applied Arts	**103,927**	**661**

Ryerson Polytechnic University

NOTES TO FINANCIAL STATEMENTS

[amounts in thousands, except for note 17]

March 31, 2000

Name	Position	Salary paid* $	Taxable benefits $
Luk, P.	Professor, Business Management	**100,265**	**545**
MacDonald, P.	Professor, Civil Engineering	**105,659**	**583**
Maguire, L.	Associate Dean, Business Management	**116,780**	**670**
Malinski, R.	Program Director, Distance Education	**108,098**	**640**
Mastoras, A.	Professor, Math, Physics & Computer Science	**104,444**	**499**
McBurney, A. M.	Professor, Architecture & Landscape Arch.	**102,175**	**577**
McKessock, D.	Professor, Business Management	**112,958**	**562**
Mendelson, R.	Associate Vice President, Academic	**118,457**	**767**
Mock, D.	Vice President, Academic	**147,046**	**872**
Moss, R.	Professor, Business Management	**107,492**	**507**
Murphy, M.	Director, Rogers Communications Centre	**103,659**	**542**
Nagendra, B.	Professor, Math, Physics & Computer Science	**110,947**	**591**
Northwood, D.	Dean, Faculty of Engineering & Applied Science	**124,283**	**791**
O'Connell, J.	Professor, IT Management	**105,011**	**552**
Prabhu, S.	Professor, Electrical Engineering	**102,849**	**233**
Radchenko, S.	Professor, App. Chemical & Biological Science	**105,778**	**586**
Radford, J.	Acting Dean, Faculty of Business	**139,250**	**96**
Ryff, P.	Professor, Electrical Engineering	**108,073**	**624**
Salvas, R.	Chair, Civil Engineering	**104,699**	**628**
Sandys, J.	Dean, Faculty of Community Services	**105,080**	**671**
Schlanger, D.	Professor, Business Management	**104,182**	**528**
Shoniker, T.	Professor, Business Management	**129,867**	**614**
Slavinski, G.	Professor, Hospitality & Tourism Management	**100,383**	**593**
Smith, A. D.	Professor, Business Management	**116,970**	**526**
Stewart, M.	Professor, Mechanical Engineering	**102,963**	**481**
Strahlendorf, P.	Assoc. Professor, Occupational & Public Health	**100,331**	**459**
Swirsky, R.	Director, University Planning	**139,250**	**468**
Towsley, C.	Professor, Business Management	**111,287**	**539**
Trubic, J.	Professor, Business Management	**107,215**	**526**
Tushingham, T.	Professor, Economics	**101,092**	**580**
Valin, E.	Secretary to the Board of Governors	**108,099**	**194**
Wade, R.	Professor, Hospitality & Tourism Management	**103,784**	**618**
Wargo, J.	Chair, History	**109,029**	**630**
Whitworth, V.	Professor, App. Chemical & Biological Science	**109,205**	**244**
Wilson, P.	Professor, Business Management	**104,577**	**526**
Winton, J.	Executive Director, Financial Services	**106,238**	**690**

* Salaries listed here may include retroactive adjustments and may not, therefore, represent an individual's annual salary.