Financial Statements of

McMASTER UNIVERSITY

Year ended April 30, 2001

McMASTER UNIVERSITY

FINANCIAL STATEMENTS

APRIL 30, 2001

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STATEMENT OF MANAGEMENT RESPONSIBILITY

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements present fairly the financial position of the University as at April 30, 2001 and the results of its operations and its cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit Committee. Members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee, with and without the presence of management.

The financial statements for the year ended April 30, 2001 have been reported on by KPMG LLP, the auditors appointed under the University Act. The Auditors' Report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information in the financial statements.

Dr. P. George
President and Vice-Chancellor

Ms K. Belaire
Vice-President, Administration

AUDITORS' REPORT

The Board of Governors
McMaster University

We have audited the statement of financial position of McMaster University as at April 30, 2001 and the statements of operations and changes in unrestricted net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 April 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Hamilton, Canada

July 12, 2001

McMASTER UNIVERSITY

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2001, WITH COMPARATIVE FIGURES FOR 2000
(in thousands of dollars)

	2001	2000
Assets		
Current Assets:		
Cash and cash equivalents	$ 83,893	$ 80,905
Research grants receivable	44,401	39,322
Accounts receivable	16,985	15,511
Inventories	5,516	4,735
Prepaid expenses	1,689	1,821
	152,484	142,294
Long-Term Assets:		
Investments (note 4)	314,694	275,721
Deferred pension asset (note 10)	281,364	38,521
	596,058	314,242
Capital Assets, net (note 5)	267,368	222,161
Total Assets	$ 1,015,910	$ 678,697
Liabilities, Deferred Contributions and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 43,030	$ 29,557
Unearned fees and other deferred revenue	13,593	13,202
Current portion of long-term debt	165	381
	56,788	43,140
Deferred Contributions (note 6):		
Deferred contributions for future expenses	208,568	187,385
Deferred contributions for capital assets	194,738	158,024
	403,306	345,409
Accrued Employee Future Benefits (note 10)	57,908	6,291
Long-term Debt (note 7)	17,731	17,897
Net Assets (note 8):		
Unrestricted	3,475	337
Reserves	241,396	48,675
Invested in capital assets	57,890	48,471
Internally restricted endowments	86,084	86,249
Externally restricted endowments	91,332	82,228
	480,177	265,960
Total Liabilities, Deferred Contributions and Net Assets	$ 1,015,910	$ 678,697

See accompanying notes to financial statements

McMASTER UNIVERSITY

STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2001, WITH COMPARATIVE FIGURES FOR 2000
(in thousands of dollars)

	2001	2000
Revenues:		
Operating grants	$ 110,210	$ 103,301
Research grants and contracts	98,327	80,992
Tuition fees	71,829	65,232
Sales by ancillary operations	48,663	45,700
Donations and other grants	22,675	26,570
Investment income	19,609	17,801
Other revenue	39,392	30,145
Earned capital contributions	16,173	12,905
	426,878	382,646
Expenses:		
Salaries and wages	213,669	202,452
Employee benefits:		
Current	24,620	22,385
Future (notes 3 and 10)	(3,528)	(12,392)
Supplies and services	138,781	112,190
Amortization of capital assets	27,968	23,972
Interest on long-term debt	1,584	1,621
	403,094	350,228
Excess of revenues over expenses	23,784	32,418
Uses of excess of revenues over expenses:		
Increase in net assets invested in capital assets	(9,419)	(14,109)
(Increase) decrease in internally restricted endowments	165	(4,280)
Increase in reserves	(11,392)	(14,013)
	(20,646)	(32,402)
Increase in unrestricted net assets	3,138	16
Unrestricted net assets, beginning of year	337	321
Unrestricted net assets, end of year	$ 3,475	$ 337

See accompanying notes to financial statements.

McMASTER UNIVERSITY
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2001, WITH COMPARATIVE FIGURES FOR 2000
(in thousands of dollars)

	2001	2000
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 23,784	$ 32,418
Increase in deferred pension asset	(13,595)	(18,096)
Increase in accrued employee future benefit	3,698	-
Amortization of capital assets	27,968	23,972
Earned capital contributions	(16,173)	(12,905)
Net increase in deferred contributions restricted for future expenses	21,183	65,022
Net change in non-cash working capital (note 9)	6,662	(2,483)
Cash provided by operating activities	53,527	87,928
FINANCING AND INVESTING ACTIVITIES:		
Increase in deferred contributions restricted for capital assets	52,887	25,643
Contributions to externally restricted endowments	9,104	20,005
Repayment of long-term debt	(382)	(413)
Acquisition of capital assets	(73,175)	(49,899)
Acquisition of long-term investments	(38,973)	(72,655)
Cash used in financing and investing activities	(50,539)	(77,319)
Increase in cash position	2,988	10,609
Cash and cash equivalents, beginning of year	80,905	70,296
Cash and cash equivalents, end of year	$ 83,893	$ 80,905
Supplementary information:		
Interest paid during year	$ 1,584	$ 1,621

See accompanying notes to financial statements.

1. AUTHORITY AND PURPOSE:

McMaster University operates by authority of The McMaster University Act, 1976. It is governed by a Board of Governors and Senate, the powers and responsibility of which are set out in the Act. It is a comprehensive research university offering a broad range of undergraduate, graduate and continuing education programs and degrees. The University is a not-for-profit organization and is therefore exempt from income tax under Section 149 of the Income Tax Act.

These financial statements include the assets, liabilities, deferred contributions, net assets, revenues, expenses, and other transactions of the operations for which the University has jurisdiction. They do not include the assets, liabilities and operations of McMaster Divinity College, McMaster Students Union Inc., and McMaster Children's Centre, Inc. which are independently governed and managed. Information on related organizations is disclosed in Note 15 (Related Party Transactions).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Canadian Institute of Chartered Accountants for not-for-profit organizations.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of revenues and expenses. Actual results could differ from those estimates.

(a) Accrual Accounting:

The University follows the accrual basis of accounting by recording income when earned and expenses when materials or services are received. Commitments for goods and services not yet received are not included in expenses.

Pledges from fund raising and other donations, because of the uncertainty of receipt, are not recorded until the year of receipt of cash or other assets.

(b) Revenue Recognition:

Operating grants are recognized as revenue in the period received or receivable. Operating grants relating to a future period are recorded as deferred contributions and recognized as income in the periods to which they relate.

Tuition fees which relate to academic terms or parts thereof occurring after April 30 are recorded as deferred revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(b) Revenue Recognition (continued):

Grants for sponsored research are recorded as deferred contributions. When research expenditures funded by such grants are incurred during the year, the equivalent amounts are brought into revenue.

Grants and donations received for the acquisition of capital assets are recorded as deferred contributions until such time as they are invested in capital assets. When invested in capital assets, the amounts are transferred to deferred contributions for capital assets and recognized as earned capital contributions revenue in the periods in which the amortization of the related capital assets is recorded.

Endowment donations are recognized as a direct increase in net assets held as endowments. Income earned from the investment of endowments principal, to the extent it is restricted, is recorded as deferred contributions and recorded as revenue in the periods in which the related expenses are incurred.

Other externally-restricted contributions are recorded as deferred contributions and recognized as revenue in the periods in which the related expenses are incurred.

Gifts-in-kind are recorded at their fair market value on the date of receipt or at nominal value when fair market value cannot be reasonably determined.

(c) Investments:

Investments are stated at cost or, when donated, at fair market value at date of receipt, plus accrued income. Gains on sales of investments are recorded in the year of disposal and are included in income from investments. Losses are recognized in the year of disposal or when there is a significant and permanent impairment in value and are netted with income from investments.

Funds are generally pooled and either managed by external fund managers or maintained as working capital and invested in fixed income investments.

(d) Inventories:

Inventories are stated at the lower of cost and net realizable value.

(e) Prepaid Expenses:

Expenditures incurred for materials and services to be consumed in future periods are recorded as prepaid expenses and recorded as expenses in the year consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(f) Capital Assets:

Capital assets are recorded at cost or, if donated, at the fair value on the date of receipt. Amortization is recorded on a straight-line basis at the following annual rates:

Asset	Rate
Land	-
Buildings	2.5%
Site improvements	5%
Library materials	10%
Equipment, furnishings and vehicles	20%
Computing equipment	33.3%
Leasehold interests	Rate applicable to leased assets

(g) Works of Art:

Works of art are expensed in the year of acquisition. During the year, $141,000 (2000 - $396,000) of works were purchased or donated.

(h) Contributed Services:

The University acknowledges the receipt of donated services. Because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(i) Ancillary Enterprises:

Charges are made to ancillary enterprises for all costs associated with these operations including replacements and renovations of equipment and facilities. The enterprises are self-sustaining and are intended to operate on a breakeven basis.

Any profits/losses from ancillary operations are added to/deducted from reserves.

(j) Employee Future Benefits:

The University maintains defined-benefit plans providing pension, other retirement, and post-employment benefits for substantially all full-time employees.

Pension plan assets are valued at fair value for purposes of calculating expected return on plan assets. The costs of pension and other post-employment benefits (primarily medical benefits and dental care) related to the employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method of estimating the usage frequency and cost of services covered and management's best estimates of investment yields, salary escalation and other factors. A valuation allowance is recorded against an accrued benefit asset if the asset, less unamortized past service costs and unamortized actuarial losses, exceeds the present value of future service costs of the current active employees. See note 3 – Change in Accounting Policy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(k) Reserves:

The Board of Governors has approved a policy of permitting departments to carry forward unexpended budgets into the subsequent fiscal year for expenditure in that year. In addition, the University reserves other portions of fund balances for specific purposes approved by the Board of Governors.

3. CHANGE IN ACCOUNTING POLICY:

Effective May 1, 2000, the University adopted the new accounting standard of the Canadian Institute of Chartered Accountants (CICA) concerning employee future benefits, which includes pension, other retirement, and post-employment benefits other than pensions. See note 2(j) Significant Accounting Policies – Employee Future Benefits. The new standard moves the accounting for non-pension post-employment benefits to an accrual basis from the cash accounting basis previously used, and, with respect to pensions, requires the use of a prescribed market rate to measure the accrued pension benefit obligation.

The University has adopted the new accounting standard for employee future benefits retroactively without restating the financial statements of any prior periods. As a result, the University has recorded an increase in net assets of $181,329,000 and added this amount to reserves, an increase to employee future benefit liabilities of $47,919,000 and an increase to deferred pension asset of $229,248,000 as at May 1, 2000. The expense for accrued employee future benefits liability for the year ended April 30, 2001, is $18,703,000 higher than it would have been under the previous accounting standard.

4. INVESTMENTS:

(in thousands of dollars)	2001	2000
Equities:		
Canadian	$ 50,465	$ 38,907
United States	57,706	51,276
Non-North American	54,038	45,771
	162,209	135,954
Fixed income	145,249	132,969
Other	7,236	6,798
Total, at cost	$ 314,694	$ 275,721
Total, at market value	$ 304,586	$ 289,306

5. CAPITAL ASSETS:

Capital assets consist of the following:

(in thousands of dollars)			2001	2000
	Cost	Accumulated amortization	Net	Net
Land	$ 2,707	$ –	$ 2,707	$ 2,707
Buildings	270,543	136,562	133,981	135,890
Site improvements	5,675	4,415	1,260	1,399
Library materials	75,300	47,410	27,890	26,578
Equipment, furnishings and vehicles	109,651	74,592	35,059	24,778
Computing equipment	52,135	39,866	12,269	8,950
Leasehold interests	8,712	4,636	4,076	4,284
Construction in progress	50,126	–	50,126	17,575
	$ 574,849	$ 307,481	$ 267,368	$ 222,161

6. DEFERRED CONTRIBUTIONS AND DEFERRED CAPITAL CONTRIBUTIONS:

Deferred contributions represent unexpended amounts which are subject to externally imposed restrictions. Deferred capital contributions represent the unamortized amounts of grants and donations used for the purchase of capital assets. Changes during the year are as follows:

(in thousands of dollars)	Deferred Contributions	Deferred Capital Contributions
Balance, beginning of year	$ 187,385	$ 158,024
Contributions received and receivable:		
Restricted operating grants	240	–
Research grants and contracts	141,799	–
Donations and other grants	43,397	–
Investment income	8,717	–
Transferred to revenue:		
Operating grants	(218)	–
Research grants and contracts	(98,327)	–
Donations and other grants	(16,631)	–
Investment income	(4,907)	–
Amortization of capital assets acquired with capital grants and donations	–	(16,173)
Transferred to acquire capital assets	(52,887)	52,887
Balance, end of year	$ 208,568	$ 194,738

6. DEFERRED CONTRIBUTIONS AND DEFERRED CAPITAL CONTRIBUTIONS (Continued):

Deferred contributions consist of the following:

(in thousands of dollars)	2001	2000
Research grants and contracts	$ 116,865	$ 94,631
Donations, other grants and investment income	52,455	51,397
Capital grants and donations	38,792	41,139
Other restricted funds	456	218
	$ 208,568	$ 187,385

7. LONG-TERM DEBT:

Long-term debt consists of the following:

(in thousands of dollars)	Maturity Year	Interest Rate	2001 Principal Outstanding	2000 Principal Outstanding
Student residence mortgage	2011	9.81%	$ 11,544	$ 11,544
Leasehold liability for student residences	2020-2023	6.88% - 8%	4,796	4,889
Mortgage	2016	5.38%	1,556	1,619
Obligation under capital lease	2001	10.05%	–	226
			17,896	18,278
Due within one year			(165)	(381)
			$ 17,731	$ 17,897

Due in 2003: $176,000, 2004: $188,000, 2005: $200,000, 2006: $213,000.

A sinking fund has been established to provide funds to repay a portion of the principal of the student residence mortgage upon maturity in 2011. The sinking fund investment is financed by an annual charge to the residence ancillary operation. The value of the sinking fund as at April 30, 2001 is $3,086,000 (2000 - $2,542,000).

Certain University student residences were constructed by the Ontario Student Housing Corporation on land leased from the University for a term of 50 years. The cost was financed partially through the Ontario Universities Capital Aid Corporation debentures, partially by the University's own funds, and the remainder through the Ontario Student Housing Corporation by mortgage loans provided by Federal and Ontario government agencies. These mortgage loans carry interest rates ranging from 6.88% to 8% and require annual payments of $447,000 to the year 2020 and $220,000 thereafter to 2023. The leasehold liability reflects the agreement to reimburse the Ontario Student Housing Corporation for the payment of these mortgage loans.

8. NET ASSETS:

Net assets are classified as follows:

(a) Unrestricted Net Assets: General funds available for future operations or, if negative, cumulative operating deficit.

(b) Reserves: Funds allocated for specific purposes and unexpended budgets carried forward for future expenditures within budget units.

(c) Invested in Capital Assets: Internally generated funds invested in capital assets, exclusive of capital assets financed through long-term debt or capital contributions.

(d) Internally Restricted Endowments: Unrestricted donations and bequests which have been endowed by action of the Board of Governors, including unspent investment income.

(e) Externally Restricted Endowments: Non-expendable donations and bequests. Unspent investment income is shown as deferred contributions for future expenses.

Changes in net assets for the year are:

(in thousands of dollars)	2001						2000
	Unrestricted	Reserves	Invested in Capital Assets	Internally Restricted Endowments	Externally Restricted Endowments	Total	Total
Balance, beginning of year as previously stated	$ 337	$48,675	$48,471	$86,249	$82,228	$265,960	$213,537
Change in accounting policy (note 3)	–	181,329	–	–	–	181,329	–
As restated	337	230,004	48,471	86,249	82,228	447,289	213,537
Excess of revenues over expenses	14,365	–	9,419	–	–	23,784	32,418
Internal restrictions	(11,227)	11,392	–	(165)	–	–	–
Externally restricted donations	–	–	–	–	9,104	9,104	20,005
Balance, end of year	$3,475	$241,396	$57,890	$86,084	$91,332	$480,177	$265,960

8. NET ASSETS (continued):

Reserves consist of the following:

(in thousands of dollars)	2001	2000
Employee benefits:		
Pensions	$ 261,802	$ 23,300
Other Post-Employment and Post-Retirement Benefits	(51,233)	–
	210,569	23,300
Unexpended departmental budgets	27,312	18,923
Other specific purposes	3,515	6,452
	$ 241,396	$ 48,675

9. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital consists of the following:

(in thousands of dollars)	2001	2000
Research grants receivable	$ (5,079)	$ (12,846)
Accounts receivable	(1,225)	(2,866)
Government grants receivable	(249)	2,765
Inventories	(781)	(407)
Prepaid expenses	132	(391)
Accounts payable and accrued liabilities	13,473	9,112
Unearned fees and other deferred revenue	391	2,150
	$ 6,662	$ (2,483)

10. EMPLOYEE FUTURE BENEFITS:

The University maintains defined-benefit plans providing pension, other retirement and post-employment benefits to substantially all full-time employees.

The fair values of plan assets and accrued benefit obligations were determined by independent actuaries as at January 31, 2001.

In 2001, the expense/(income) for the University's benefit plans is as follows:

(in thousands of dollars)	Pension Benefit Plans	Other Benefit Plans
Defined benefit plans (income) expense	$ (8,860)	$ 5,332

Information about the University's defined benefit plans as at January 31, 2001, in aggregate, is as follows:

(in thousands of dollars)	Pension Benefit Plans	Other Benefit Plans
Accrued benefit obligation	$ 740,096	$ 63,164
Fair value of plan assets	1,011,728	–
Funded status – plan surplus (deficit)	$ 271,632	$ (63,164)
Accrued benefit asset (liability) at April 30, 2001	$ 281,364	$ (57,908)

Included in the above accrued benefit obligation and fair value of plan assets at year-end are the following amounts in respect of plans that are not fully funded:

(in thousands of dollars)	Pension Benefit Plans	Other Benefit Plans
Accrued benefit obligation	$ 62,589	$ 63,164
Fair value of plan assets	–	–
Funded status – plan deficit	$ 62,589	$ 63,164

10. EMPLOYEE FUTURE BENEFITS (continued):

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

	Pension Benefit Plans	Other Benefit Plans
Discount rate	7.0%	7.0%
Expected long-term rate of return on plan assets	8.0%	8.0%
Rate of compensation increase	5.0%	5.0%

The rates used for purposes of adopting the new accounting standard at May 1, 2000, were identical to those listed above except that the discount rate used was 7.5%. For measurement purposes, a 10% annual rate of increase in the per capita cost of medical benefits was assumed for 2002. The rate was assumed to decrease to 5% by 2007, and remain at that level thereafter. A 5% annual rate of increase is assumed for dental benefits.

(in thousands of dollars)	Pension Benefit Plans	Other Benefit Plans
Employer contribution	$ 4,738	$ 2,018
Employee contribution	3,207	–
Benefits paid	27,718	2,018

11. SALARIED PENSION PLAN SURPLUS SHARING PROPOSAL:

During 2001, the University and individuals representing the salaried pension plan member groups entered into an agreement to withdraw $150,000,000 excess plan surplus to be divided equally between the University and plan members. The agreement requires various legal and regulatory approvals. It is expected that the surplus and related expenses will be withdrawn in 2002.

12. PLEDGES RECEIVABLE:

Outstanding pledges, not included in revenue and accounts receivable, are $22,977,000 (2000 - $30,784,000).

13. ONTARIO STUDENT OPPORTUNITY TRUST FUND:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations.

(in thousands of dollars)	2001	2000
Endowment balance, beginning of year	$ 30,901	$ 24,340
Donations	132	2,212
Matching funds from the Government of Ontario	89	2,255
	31,122	28,807
Investment income allocated to preservation of capital	102	2,094
Balance, end of year	31,224	30,901
Funds available for awards, beginning of year	279	248
Investment income	1,536	828
Bursaries awarded	(1,431)	(797)
Funds available for awards, end of year	384	279
Total funds	$ 31,608	$ 31,180

14. COMMITMENTS AND CONTINGENT LIABILITIES:

(a) 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 over forty 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.

(b) Outstanding Legal Issues:

The University is involved from time to time in litigation which arises in the normal course of operations. With respect to claims outstanding at April 30, 2001, the University believes it has valid defenses and appropriate insurance coverage in place. In the event that any claims are successful, the settlements of such claims are not expected to have a material effect on the financial position of the University, except as follows:

During the year, a legal claim was served on the University alleging that the University breached various duties in failing to remunerate a former employee with respect to patents that have been filed. The claim alleges damages of a percentage of revenues arising from the patents, or, in the alternative, a lump sum of $75,000,000. The University is actively defending this action and has filed a defense which denies all of the allegations. The probable outcome of this litigation cannot be determined at this time.

14. COMMITMENTS AND CONTINGENT LIABILITIES (continued):

(c) McMaster Nuclear Reactor:

It is expected that at some undeterminable future date the McMaster Nuclear Reactor will be decommissioned. A 1996 study estimated the cost of decommissioning at between $4,000,000 and $4,500,000. An amount is being charged to Reactor operations annually to provide for this cost. At April 30, 2001 the accumulated accrual, included in accounts payable and accrued liabilities, is $2,129,000 (2000 - $1,634,000).

(d) Capital Commitments:

The estimated cost to complete major approved capital projects is $30,224,000 at April 30, 2001.

15. RELATED PARTY TRANSACTIONS:

Certain fundraising activities are carried out by the following related organizations: The McMaster Medical Fund, The McMaster University Trust, the McMaster University Foundation, Friends of McMaster Incorporated. The assets and liabilities and operations of these organizations have not been consolidated with and are not material to these financial statements. Funds donated by these organizations to McMaster University during the year were $2,000,000 (2000 - $215,000).

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.