London, Canada N6A 5B8 (519) 661 - 2111

Combined Financial Statements

as at April 30, 2000

The 1999-2000 Combined Financial Statements and Notes have been converted to "pdf" format for use with Adobe Acrobat Reader.

Direct Links to Individual Notes to the Combined Financial Statements:

Maintained by Albert Birch, Financial Services
Last Update: Monday, January 15, 2001

AUDITOR'S REPORT

To the Board of Governors of
The University of Western Ontario

We have audited the combined financial statements of **The University of Western Ontario** as at April 30, 2000 comprising the following:

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

These combined 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 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 combined financial statements present fairly, in all material respects, the financial position of The University as at April 30, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Corporations Act (Ontario), we report, that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

London, Canada
July 14, 2000

ERNST & YOUNG
Chartered Accountants

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Financial Position **Statement 1**

As at April 30, 2000, with comparative amounts for 1999
(thousands of dollars)

	2000	1999
	$	**$**
Assets		
Cash	514	2,599
Accounts receivable	31,612	31,790
Inventories	4,871	4,899
Prepaid expenses	3,113	3,261
Investments [note 3]	314,723	239,344
Capital assets [note 4]	294,540	273,015
	649,373	554,908
Liabilities & deferred contributions		
Due to bankers on current account [note 6]	6,702	5,203
Accounts payable and accrued liabilities	47,375	44,642
Long term debt [note 7]	102,291	91,003
Deferred contributions and income [note 8]	121,982	65,525
Deferred capital contributions [note 9]	130,934	123,180
	409,284	329,553
Net assets		
Unrestricted [note 10]	(9,397)	(2,871)
Internally restricted [note 11]	35,568	36,112
Invested in capital assets [note 5]	61,315	58,832
Endowed [note 12]	152,603	133,282
	240,089	225,355
	649,373	554,908

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Operations **Statement 2**

Year ended April 30, 2000, with comparative amounts for 1999
(thousands of dollars)

	2000	1999
	$	**$**
Revenues		
Government grants and contracts	178,735	170,689
Student fees	132,405	114,449
Sales and services	95,224	86,195
Grants, contracts and donations	41,761	41,535
Investment returns	17,472	13,996
Recoverable salaries and benefits	17,505	18,332
Other revenues	3,012	2,307
	486,114	447,503
Expenses		
Salaries and benefits	300,010	287,879
Operating costs	71,987	66,994
Amortization of capital assets	34,238	30,246
Cost of goods sold	31,177	27,692
Taxes, utilities and space related costs	21,556	19,909
Scholarships and bursaries	19,685	15,278
Interest	5,477	5,303
Repairs and maintenance	6,633	3,741
	490,763	457,042
Excess (deficiency) of revenue over expenses	(4,649)	(9,539)

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Changes in Net Assets **Statement 3**

As at April 30, 2000, with comparative amounts for 1999
(thousands of dollars)

	2000					1999
	Unrestricted [note 10]	**Internally Restricted** [note 11]	**Investment in Capital Assets** [note 5]	**Endowment** [note 12]	**Total**	**Total**
	$	**$**	$	**$**	**$**	**$**
Net assets, beginning of year	(2,871)	36,112	58,832	133,282	225,355	220,305
Excess (deficiency) of revenue over expenses for the year	(4,649)				(4,649)	(9,539)
Change in internally restricted net assets	544	(544)			-	-
Change in investment in capital assets [note 5]	(1,098)		2,483		1,385	365
Net investment income transfer to internally endowed	(1,323)			1,323	-	-
Net investment income credited directly to endowment				7,657	7,657	(953)
Endowment contributions				10,341	10,341	15,177
Net assets, end of year	(9,397)	35,568	61,315	152,603	240,089	225,355

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Changes in Financial Position **Statement 4**

For the year ended April 30, 2000, with comparative amounts for 1999
(thousands of dollars)

	2000	1999
	$	**$**
Operating activities		
Excess (deficiency) of revenues over expenses for the year	(4,649)	(9,539)
Add (deduct) non-cash items		
Amortization of capital assets	34,238	30,246
Amortization of deferred capital contributions	(10,503)	(8,994)
Net change in non-cash balances related to operations [note 14]	59,544	19,522
Cash provided by operating activities	78,630	31,235
Investing and financing activities		
Net change in investments	(75,379)	(1,028)
Purchase of capital assets	(54,672)	(49,416)
Proceeds on disposal of capital assets	294	134
Contributions restricted for capital purposes	18,257	8,723
Investment income credited directly to endowment	7,657	(953)
Repayment of long-term debt	(2,970)	(2,268)
Long-term debt financing	14,258	14,600
Endowment contributions	10,341	15,177
Cash used in investing and financing activities	(82,214)	(15,031)
Net increase (decrease) in cash	(3,584)	16,204
Cash position, beginning of year	(2,604)	(18,808)
Cash position, end of year	(6,188)	(2,604)

	2000	1999
Cash position consists of:		
Cash	514	2,599
Due to bankers on current account	(6,702)	(5,203)
	(6,188)	(2,604)

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2000
(thousands of dollars)

1. DESCRIPTION

The University of Western Ontario operates under the authority of The University of Western Ontario Act, 1982. The University is dedicated to the advancement of learning through teaching and research and to the discovery and application of knowledge. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

The combined financial statements of The University of Western Ontario reflect the assets, liabilities, net assets, revenues, expenses and other transactions of all the operations of the University and organizations that the University has primary economic interest in or controls. Accordingly, these financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds; the ancillary operations such as the Bookstore and Parking Services; the support and research units such as the Boundary Layer Wind Tunnel Laboratory and Surface Science Western; related corporations and foundations whose Board of Directors are controlled by the University including The London Museum of Archaeology, Lawson-Jury Heritage Foundation, Ivey Management Services, Richard Ivey School of Business Foundation, Richard Ivey School of Business (Asia), The University of Western Ontario Research & Development Park, and Windermere Manor Ltd.; and related foundations in which the University has an economic interest including Foundation Western, The University of Western Ontario Foundation Inc., and The University of Western Ontario Foundation.

These financial statements do not include the assets, liabilities, and operations of three colleges that are affiliated with, but not controlled by the University (Brescia College, King's College and Huron College), or the net assets of the Pension Funds of the Academic Staff and Administrative Staff of The University of Western Ontario.

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(thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared by management in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates.

A summary of significant accounting policies is as follows:

(a) 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. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Gifts of capital assets are recorded at fair market value at the date of receipt and the related contributions are amortized to operations on the same basis as the related capital asset. Contributions of collection items are recorded at fair market value at the date of the receipt and as a direct increase to net assets. Endowment contributions and related restricted investment income are recognized on the accrual basis as direct increases in net assets. 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

(b) Investments

Investments, other than property held for resale, are recorded in the accounts at market value. Unrealized gains (losses) are included in investment income. Externally restricted investment income is recognized as revenue when the related expenses are incurred. Unrestricted investment income is recognized as revenue in the period it is earned. Investment income on internally restricted endowments is recorded as a transfer from unrestricted to internally restricted in the statement of changes in net assets. Under the investment policy of the University, the majority of funds available for investment from operating funds, capital funds, expendable funds and endowed funds are pooled and the majority of these funds are managed by external fund managers. Property held for resale is accounted for at the lower of cost and net realizable value.

(c) Pledges outstanding

Pledges are recorded as revenue on a cash basis, due to uncertainty of collection, and accordingly are not set up as assets in the combined financial statements. Due to the uncertainty of collection, the actual amounts collected will differ from the amounts pledged, and that amount may be material. The total amount of pledges outstanding are approximately $46,333 at April 30, 2000 (1999 - $33,682) and are expected to be received as follows:

	Pledges
2001 -	$ 18,699
2002 -	9,853
2003 -	5,358
subsequent years -	12,423
	$ 46,333

At the request of the contributor, restrictions may apply to the use of these funds.

(thousands of dollars)

(d) Inventory valuation

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

(e) Capital assets

Purchased capital assets, including works of arts, are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful life for buildings and on a declining balance basis for all other capital assets.

Amortization rates are generally as follows:

Buildings	40 years
Roads, parking lots and infrastructure	10 %
Computer equipment	30 %
Equipment and furnishings	20 %
Library books	100 %

(f) Works of arts

The University of Western Ontario maintains a collection of art that was insured for $8,281 . At April 30, 2000, these assets were included in capital assets and equity in capital assets. During the year ended April 30, 2000, the University acquired 127 paintings. Of these, 123 were donated with a total appraised value of $412 (1999 - $226). Works of art are not amortized.

(g) Foreign exchange

The University accounts for transactions in foreign currency at the exchange rate in effect at the time of the transactions. At year-end, monetary assets and liabilities denominated in foreign currency are translated at year-end exchange rates. Foreign exchange gains and losses on securities have been included in investment income.

(h) Post Employment Benefits

The University provides a paid-up life insurance policy for its staff and faculty upon retirement. As well, certain coverage for dental and supplementary health care is continued for employees after retirement. These costs are accounted for on a cash basis.

(thousands of dollars)

3. INVESTMENTS

The University's investment portfolio comprises a large number of different securities carrying a variety of terms and conditions. Debt securities pay interest quarterly, semi-annually or annually at a fixed rate. The Endowments' share of the investment portfolio (including endowed funds and capitalized income) amounts to $152,603 [note 12] (1999 - $133,282). This portion of the portfolio is invested in a manner that is consistent with the long-term nature of the endowed funds.

Investments consist of the following:

	2000		1999	
	Market Value	Cost	Market Value	Cost
Short-term Investments	$ 44,876	$ 44,876	$ 3,744	$ 3,725
Government Bonds	95,991	95,931	87,917	85,660
Corporate Bonds	18,911	19,154	12,121	11,809
Canadian Equities	62,921	47,921	65,460	53,129
U.S. Equities	56,041	39,132	42,014	25,299
Non-North American	34,403	25,081	26,058	19,637
Property for Resale	1,580	1,580	2,030	2,030
	$ 314,723	$ 273,675	$ 239,344	$ 201,289

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(thousands of dollars)

4. CAPITAL ASSETS

Capital assets consist of the following:

	2000			1999		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment and furnishings	$ 196,036	$ 139,911	$ 56,125	$ 176,800	$ 133,882	$ 42,918
Buildings and roads	371,034	147,524	223,510	354,305	137,680	216,625
Library books	114,107	114,107	-	107,103	107,103	-
Land	6,535		6,535	6,535		6,535
Works of art	8,370		8,370	6,937		6,937
	$ 696,082	$ 401,542	$ 294,540	$ 651,680	$ 378,665	$ 273,015

(a) The cost and accumulated amortization amounts for the 1999 equipment and furnishings comparative figures have both been reduced by $85,209 to retroactively reflect the University's policy of removing all computer equipment that is more than ten years old and all other equipment that is more than fifteen years old and fully amortized from its capital assets. This change has no impact on the Combined Statement of Financial Position or the Combined Statement of Operations.

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The University of Western Ontario

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Year Ended April 30, 2000
(thousands of dollars)

5. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	2000	1999
Capital assets	$ 294,540	$ 273,015
Less amounts financed by		
Long-term debt	(102,291)	(91,003)
Deferred capital contributions [note 9]	(130,934)	(123,180)
Balance, end of year	$ 61,315	$ 58,832

The change in investment in capital assets is calculated as follows:

	2000	1999
Repayment of long-term debt	$ 2,970	$ 2,268
Purchase of capital assets internally funded	22,157	26,093
Capital assets donated to the University	1,385	365
Increase in investment in capital assets	26,512	28,726
Amortization expense	(34,238)	(30,246)
Less amortization of deferred capital contributions [note 9]	10,503	8,994
Net book value of disposed capital assets	(294)	(134)
Decrease in investment in capital assets	(24,029)	(21,386)
Change in investment in capital assets	$ 2,483	$ 7,340

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6. DUE TO BANKERS ON CURRENT ACCOUNT

Due to bankers on current account includes bank overdrafts for The University of Western Ontario, The University of Western Ontario Research & Development Park and Ivey Management Services. The University of Western Ontario Research & Development Park and Windermere Manor's combined overdraft facility is $281. This unsecured line of credit is due on demand and bears interest at the bank's prime rate which was 7.0% at April 30, 2000 (1999 - 6.5%).

Ivey Management Services overdraft facility is covered by an unsecured line of credit agreement. Ivey Management Services may borrow up to $5,250 (1999 - $4,500) at the bank's prime rate.

The University of Western Ontario's bank overdraft facility is covered by an unsecured line of credit agreement of $30,000. The line of credit is due on demand and bears interest at the bank's prime rate. As at April 30, 2000 the University has drawn against this facility by $1,306 (1999 - $0).

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(thousands of dollars)

7. LONG-TERM DEBT

Long-term debt consists of mortgages, loans payable, demand notes and public sector term loans.

	Maturity	Interest Rate	Annual Payments (Principal & Interest)	2000 Principal Outstanding	1999 Principal Outstanding
(a) The details of the mortgages are as follows:					
Housing					
Canada Mortgage and Housing: Corporation:					
Platt's Lane Estates	August 1, 2028	8.00%	$ 699	$ 8,262	$ 8,310
Glenmore Complex	December 1, 2019	6.25%	500	5,666	5,806
Delaware Hall	September 1, 2011	5.37%	134	1,064	1,137
Ontario Housing Corporation:					
Lambton Hall [note 7 (d)]	April 1, 2010	10.36%	1,114	10,750	10,750
Glenmore Complex	December 1, 2019	6.50%	31	340	349
Total Mortgages			$ 2,478	$ 26,082	$ 26,352

(b) The details of the loans payable, demand notes and public sector term loans are as follows:

	Maturity	Interest Rate	Annual Payments (Principal & Interest)	2000 Principal Outstanding	1999 Principal Outstanding
Housing					
Essex Hall/Elgin Hall [note 7 (e)]	May 30, 2000	5.52%		$ 21,300	$ 21,300
Elgin Hall	May 16, 2000	5.50%		14,000	6,900
Capital					
Telecommunications System	May 16, 2000	5.50%		4,800	
Stadium under construction	May 16, 2000	5.50%		2,000	100
Other Capital Projects	May 16, 2000	5.50%		2,125	4,025
Other					
University Community Centre [note 7 (f)]	June 29, 2000	7.47%		10,000	10,500
Related Corporations					
R. Ivey School of Business Foundation	December 31, 2002	prime -1%		584	126
R. Ivey School of Business Foundation		prime		7,200	7,500
Research Park [note 7 (g)]	May 12, 2000	5.50%		14,200	14,200
Total loans payable				$ 76,209	$ 64,651
Total long-term debt				$ 102,291	$ 91,003

(c) All public sector term loans are for 30 to 90 day terms and subject to refinancing during the coming year. The University does not plan to repay certain of its public sector term loans during the coming year and its bankers have indicated that they will renew the debt.

(thousands of dollars)

(d) The University has provided for the repayment of the principal of the Lambton Hall mortgage by the purchase of strip bonds that will have a maturity value of $10,750 on April 1, 2010. These bonds have an effective yield of 10.98% compounded semi-annually and a book value, as at April 30, 2000, of $3,632 (1999 - $3,264). The market value of these bonds as at April 30, 2000 was $5,354 (1999 - $5,551). These bonds are included with investments at their April 30, 2000 book value.

(e) An interest rate swap agreement has been entered into for the Essex Hall and $5,600 of Elgin Hall's financing which fixes the effective interest rate at 5.52% over the period ending January 2014.

(f) An interest rate swap agreement has been entered into for the University Community Centre Expansion financing which fixes the effective interest rate at 7.47% over the period ending September 2008. An agreement has been entered into whereby the loan will be retired by student contributions.

(g) The University of Western Ontario Research & Development Park debt of $14,200 on the property represents the Research Park's debt and the loans owing by Windermere Manor which is 100% owned by The Research Park.

Windermere Manor's public sector term loans in the amount of $10,700 are collateralized with a mortgage of $8,200 on 238 Windermere Road (property of Windermere Manor Ltd.). The University of Western Ontario has issued comfort letters to the lender for Windermere Manor and the Research Park debt.

Windermere Manor has been developed to complement the operations of the Research Park. Windermere Manor Ltd. is dependent upon the completion of the Research Park development to generate demand for the facilities.

Windermere Manor and the Research Park are currently in the process of restructuring their debt. Any change in the value of the assets related to either entity as a result of this restructuring is not known at this time and therefore, no adjustments have been made in these financial statements.

(h) Anticipated requirements to meet the principal portion of the debt repayments over the next five years are as follows:

	Principal
2000 - 2001	$ 4,526
2001 - 2002	3,744
2002 - 2003	2,488
2003 - 2004	2,472
2004 - 2005	2,477
subsequent years	86,584
	$ 102,291

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(thousands of dollars)

8. DEFERRED CONTRIBUTIONS AND INCOME

Deferred contributions and income consist of the following:

	2000	1999
Unspent research grants	$ 32,098	$ 23,530
Other unspent restricted funds	36,549	29,996
Ontario SuperBuild Growth Fund	36,836	
Deferred fees and income	16,499	11,999
Balance, end of year	$ 121,982	$ 65,525

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(thousands of dollars)

9. 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. The changes in the deferred contributions balance are as follows:

	2000	1999
Balance, beginning of year	$ 123,180	$ 123,451
Less amortization of deferred capital contributions	(10,503)	(8,994)
Add contributions received for capital purposes	18,257	8,723
Balance, end of year	$ 130,934	$ 123,180

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The University of Western Ontario

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Year Ended April 30, 2000
(thousands of dollars)

10. UNRESTRICTED NET ASSETS

Details of the unrestricted net assets are as follows:

	2000	1999
Operating fund surplus (deficit)	$ (531)	$ 497
Provision for vacation pay	(4,482)	(4,031)
Operating deficit - related corporations	(19,207)	(16,854)
Undistributed investment returns	14,823	17,517
Balance, end of year	$ (9,397)	$ (2,871)

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(thousands of dollars)

11. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	2000	1999
Departmental trust funds	$ 3,373	$ 4,030
CFI and ORDCF	5,000	7,500
Departmental carry forwards and equipment reserves	2,260	4,604
Operating surplus-ancillaries & support units	6,933	6,344
Capital reserve	17,084	12,737
Self insurance funds	918	897
Balance, end of year	$ 35,568	$ 36,112

Internally restricted net assets include funds committed for specific purposes that reflect the application of the Board of Governor's policy as follows:

i) Departmental trust funds include donations and similar income that departments are permitted to carry forward.

ii) Funds restricted for CFI and ORDCF represent the University's commitment to research programs that are being jointly funded with the Canada Foundation for Innovation (CFI) and the Ontario Research and Development Challenge Fund (ORDCF).

iii) Departmental carry forwards represent amounts budgeted for but not expended. The University has in place a flexible budgeting program which allows operating budget units to defer expenditures, and to carry forward this amount to the subsequent year. At April 30, 2000 the University had a negative carry forward of $(1,578) while 1999 carryforward was $982.

The equipment reserves represent funds that departments have allocated for the future replacement of assets. As at April 30, 2000 these reserves were $3,838 (1999 - $3,622).

iv) Ancillary and support unit carry forwards represent income that these units are permitted to carry forward.

v) The capital reserve represents funds restricted for capital purposes.

vi) The reserve for self insurance represents funds set aside to cover both the deductible portion of insured losses and uninsured losses.

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(thousands of dollars)

12. ENDOWMENTS

Endowments include restricted donations received by the University; donations internally designated by the University's Board of Governors; restricted donations received by the Lawson-Jury Heritage Foundation; and all donations held by Foundation Western. Investment returns generated from endowments are used in accordance with the various purposes established by the donors or by the Board of Governors.

University policies have been established with the objective of protecting the real value of the endowments over time by limiting the amount of income available for spending to 5% of the average value of each endowment over the most recent three year period. The investment returns generated by the endowed funds, net of amounts available for spending and net of fees for administration and investment management, are allocated to the endowments and recorded as capitalized income. Investment returns on internal endowments have been recorded in the statement of operations.

Net assets restricted for endowment and capitalized income consists of the following:

	2000	1999
Balance, beginning of year	$ 133,282	$ 120,520
New contributions	10,341	14,275
Net investment returns	17,713	4,981
Allocations for spending	(8,733)	(6,494)
Balance, end of year	$ 152,603	$ 133,282
Balance consists of:		
Endowed funds	$ 110,237	$ 99,896
Capitalized income	42,366	33,386
	$ 152,603	$ 133,282
Endowments consists of:		
External Endowed	$ 137,490	$ 119,016
Internal Endowed	15,113	14,266
	$ 152,603	$ 133,282

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(thousands of dollars)

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. These monies are to award student aid as a result of raising an equal amount of endowed donations.

Details of the Ontario Student Opportunity Trust Fund are as follows:

	2000	1999
Endowment Funds:		
Balance, beginning of year	$ 33,713	$ 23,278
Donations	1,069	5,280
Matching Funds from the Government of Ontario	1,039	5,280
	35,821	33,838
Deferred Investment Income:		
Net Investment Returns	3,874	744
Allocations for Spending	(1,569)	(869)
	2,305	(125)
Balance, end of year	$ 38,126	$ 33,713
Expendable Funds:		
Balance,beginning of year	$ 516	$ 403
Allocations for Spending	1,569	869
Bursaries Awarded	(1,240)	(756)
Balance, end of year	$ 845	$ 516

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(thousands of dollars)

14. STATEMENT OF CASH FLOWS

The net change in non-cash balances related to operations consists of the following:

	2000	1999
Accounts receivable	$ 178	$ (2,679)
Prepaid expenses	148	(1,050)
Inventories	28	(338)
Accounts payable and accrued liabilities	2,733	10,460
Deferred contributions and income	56,457	13,129
Increase (decrease) in non-cash balances related to operations	$ 59,544	$ 19,522

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15. PENSION PLANS

The University maintains defined contribution pension plans for its faculty and staff. There is no past service liability in respect of either of these plans. Contributions are fully vested with the employee. As the plan sponsor, the University is responsible to fund any deficit arising from variances between actuarial funding estimates and actual experience. Faculty members who had attained the age of 45 on July 1, 1970 and staff members who were full-time employees on May 1, 1974 qualify for pensions subject to a minimum formula guarantee. The actuarial valuations which are based on best estimate assumptions at December 31, 1999 indicated an accrued pension obligation for these special members of $13,413 (faculty:$9,652 and staff: $3,761). The market value of the related pension fund assets as of that date amounted to $23,348 (faculty: $17,932 and staff:$5,416). The disposition of this surplus of $9,935 (faculty:$8,280 and staff:$1,655) is subject to the approval of the Board of Governors and the Pension Boards. This surplus is not reflected in the financial statements.

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16. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Guaranteed housing loans

At April 30, 2000, the University was guarantor of 18 housing loans for faculty and staff in the amount of $342 (1999 - $334). Guarantees are subject to off balance sheet credit risk equal to the contractual amounts of the housing loans.

(b) Legal matters

The University is involved from time to time in litigation which arises in the normal course of operations. In respect to these claims the University believes it has valid defences, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require the University to make expenditures in excess of estimated reserves, over an extended period of time and in a range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on any such litigation when the outcome becomes reasonably determinable. In the administration's judgement no material exposure exists on the eventual settlement of such litigation.

(c) Capital and other commitments

The estimated cost to complete capital projects in progress at April 30, 2000 is approximately $21,325 (1999 - $22,300). These costs will be financed by fund raising, government grants and borrowings.

(d) Canadian Universities Reciprocal Insurance Exchange

On January 1, 1998 the University of Western Ontario entered a third, 5-year membership with the Canadian Universities Reciprocal Insurance Exchange (CURIE). All members pay annual deposit premiums which are actuarially determined and may be subject to further assessment in the event members' premiums are insufficient to cover losses and expenses.

For public liability insurance, CURIE continues to pool the risks of its members and to carry $5,000 of liability coverage per occurrence with reinsurance of $15,000. For property insurance, CURIE pools coverage for the first $2,500 per loss exceeding the deductible. For excess coverage policies, members of CURIE are insured directly by various insurance companies to a limit of $647,500. For errors and omissions insurance CURIE pools the risk of its members and carries $3,000 of coverage with reinsurance for an additional $15,000.

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17. FOUNDATION WESTERN

Foundation Western is an independent charitable foundation established to solicit Alumni donations to be held as endowed capital, with the income to be used for the benefit of the University. The University includes Foundation Western in the combined financial statements because of the economic interest the University has in the Foundation.

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19. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been restated to conform to the financial statement presentation adopted in the current year.

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