UNIVERSITY OF TORONTO CONDENSED FINANCIAL REPORT

April 30, 2000

Table of Contents

Condensed Financial Report

Other Financial Reports

Last modified on September 6, 2000.

A copy of the University's published Financial Report is available upon request from the
Vice-President, Business Affairs
University of Toronto
27 King's College Circle, Room 112
Toronto, Ontario
M5S 1A1
Telephone: (416) 978-5850

Please send comments and questions to felix.chee@utoronto.ca

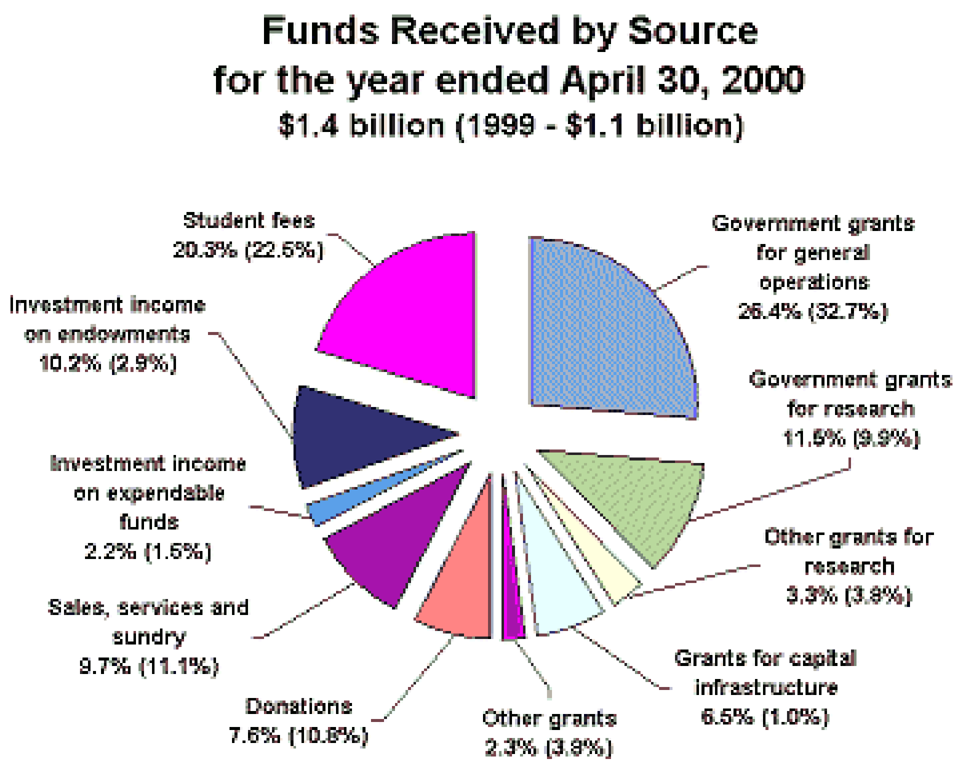
University of Toronto
Condensed Financial Report
April 30, 2000

Table of Contents ~ Next Page

Financial Highlights

Financial Results for the Year

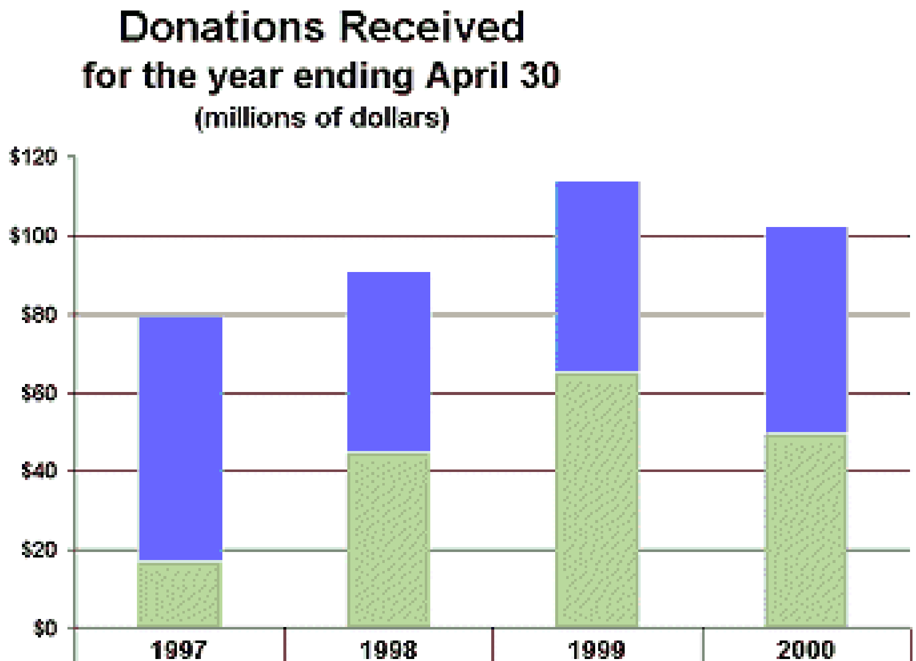
The University received funding of $1.4 billion from a variety of sources, as illustrated in the pie chart.



Endowment fund receipts are added directly to endowment capital and not recorded as revenue. Restricted expendable fund receipts are recorded as revenue as they are spent and any funds unspent at year-end are recorded as deferred contributions or deferred capital contributions on the balance sheet.

Therefore, the $1.4 billion of funds received was recorded as follows: $1.1 billion as revenue, $118.2 million added directly to endowment capital, and $168.5 million deferred for future spending.

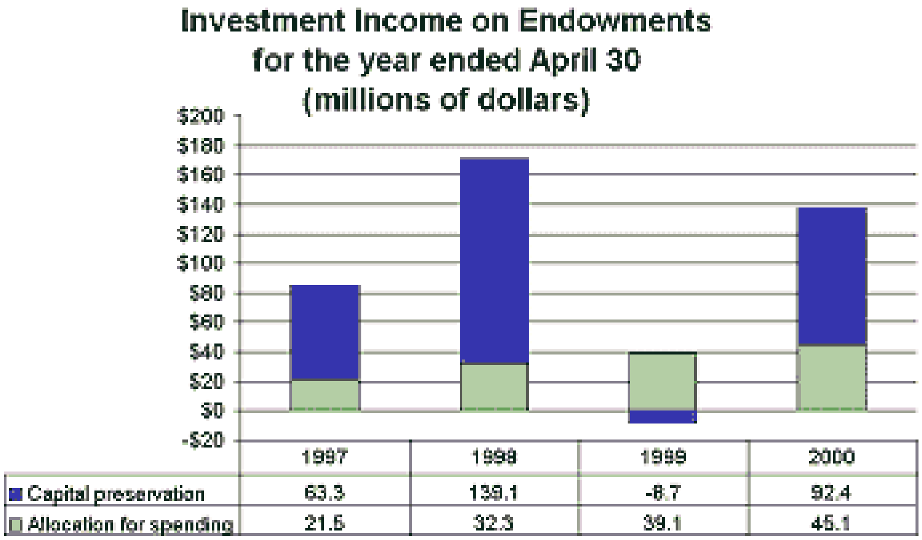
Donation receipts for the year totalled $102.2 million of which $49.5 million was recorded as revenue and $52.7 million was added directly to endowment capital. These amounts do not include donations to the federated universities, Victoria, St. Michael's and Trinity.



	1997	1998	1999	2000
Donated endowments	61.9	45.9	48.5	52.7
Donations revenue	17.5	44.8	65.3	49.5

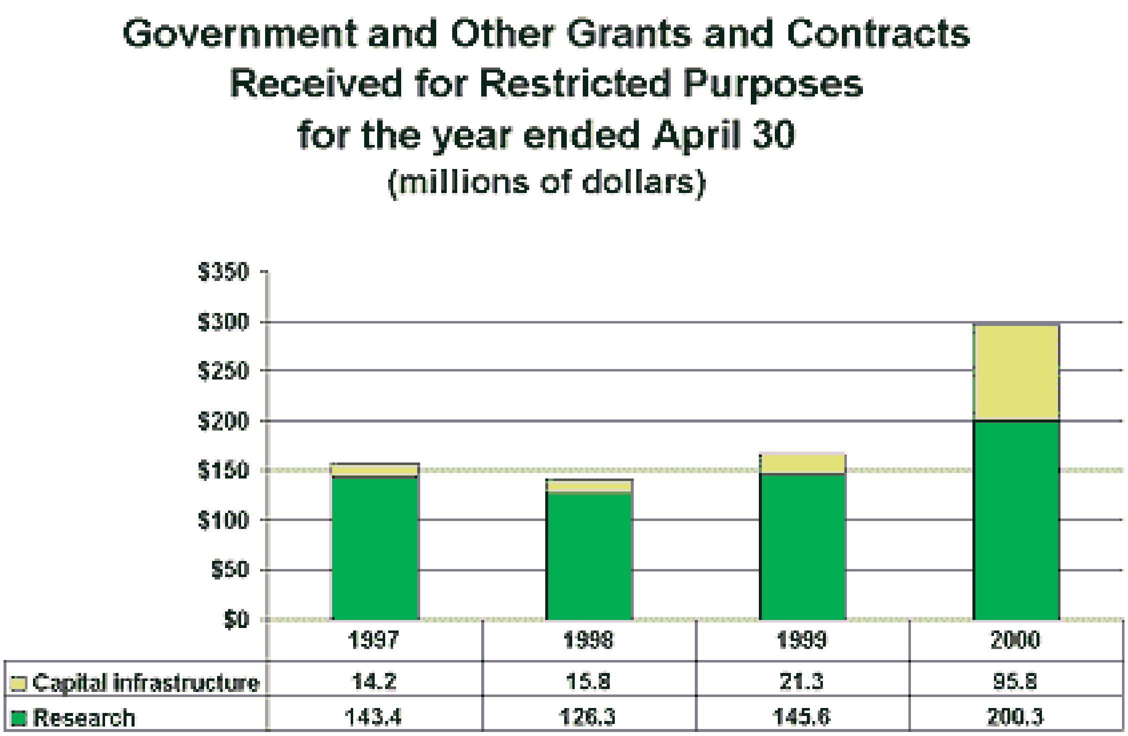
For the four-year period from 1997 to 2000, the University received $386.1 million in donations, of which $177.1 million was reported as revenue and $209.0 million was added to endowment capital. The latter figure included $83.9 million for endowed chairs, the majority of which was matched by the University, $107.9 million for student aid, the majority of which was matched by the Ontario Student Opportunity Trust Fund and by the University and $17.2 million for a variety of other purposes.

Investment income for the year was $167.0 million comprising $29.5 million on expendable funds and $137.5 million on endowment capital. Of the latter amount, $92.4 million was added to the endowment for capital preservation and $45.1 million was allocated for program expenditures.



The University's endowment capital preservation policy provides for program spending allocation of 5% of the market value of endowment assets smoothed over four years. Investment returns greater than 5% are added to endowment capital thus enabling the University to maintain program spending allocations in years where investment returns are less than 5%. The investment return on endowments for the year was 14% (3.4% the previous year). This was a significant improvement over 1999, which had suffered from poor investment markets.

Receipts for government and other grants for restricted purposes of $268.8 million and for contract research of $27.3 million totalled $296.1 million, an increase of 77.4% from 1999 and 87.9% from 1997. Of that amount, $200.3 million was received for research and $95.8 million was received for capital infrastructure.

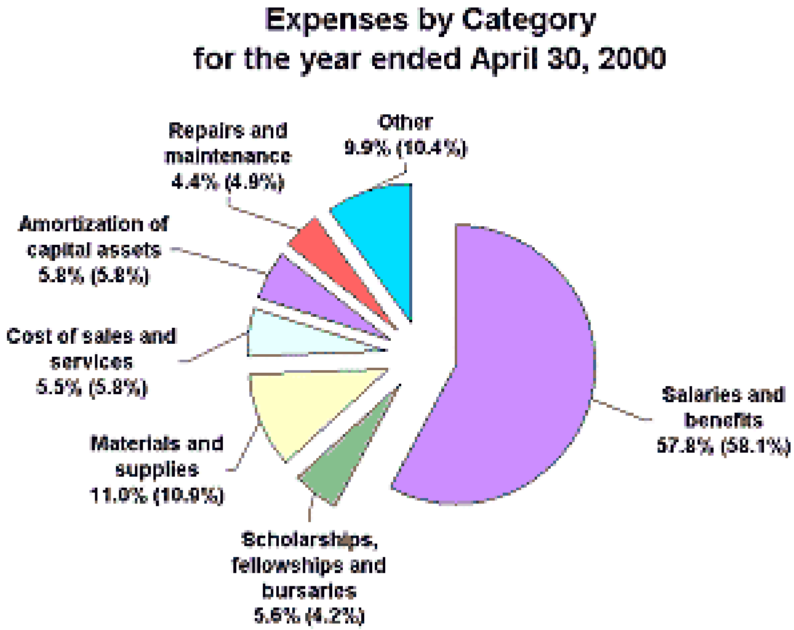


The $296.1 million was recorded as follows: $127.5 million as revenue and $168.6 million deferred for future spending. This significant growth was largely attributable to our success in attracting awards from the

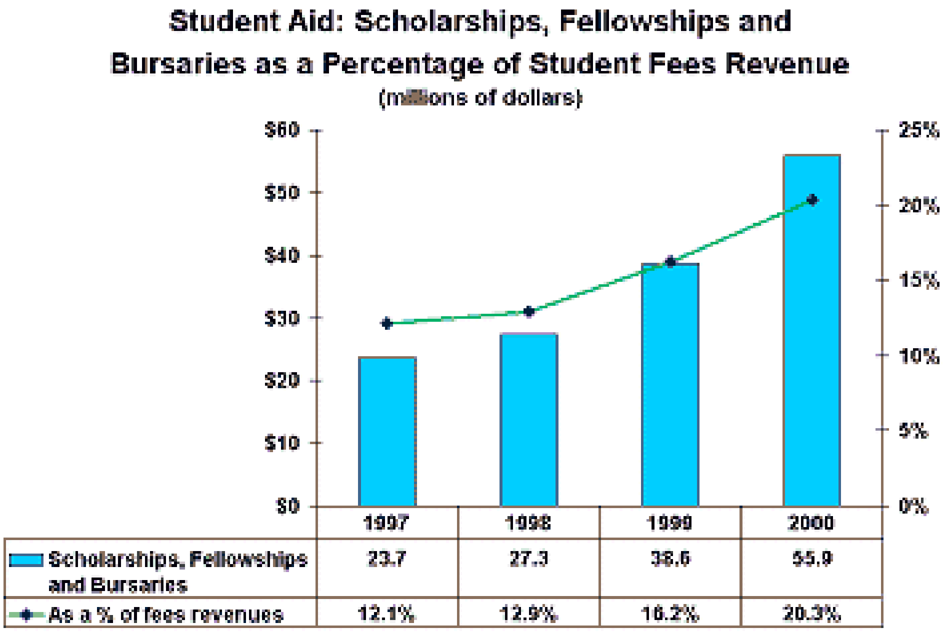
Government of Ontario Superbuild Growth Fund, the Canada Foundation for Innovation, the Ontario Research and Development Challenge Fund and the Premier's Research Excellence Awards.

Government grants for general operations were $357.7 million and represented a 3.4% increase over the previous year.

Expenses were $998.6 million as compared to $923.0 million the previous year. The largest component of expense was salaries and benefits of $577.1 million which increased by 7.7% over the previous year.



Student aid (scholarships, fellowships and bursaries) was $55.9 million, an increase of 44.9% over the previous year, and 135.8 % over the four-year period 1997 - 2000. Student fees were $275.1 million, an increase of 15.5% over the previous year, and an increase of 40.8% over the four-year period 1997 - 2000. Student aid has grown from 12.1% of student fees in 1997 to 20.3% of student fees in 2000. The student aid endowment now stands at $498.0 million which is 42.5% of the University's total endowment and represents an increase of 136.1% over the four-year period 1997 - 2000. This growth illustrates the strong commitment the University of Toronto has made under our policy on student financial aid, which guarantees that no qualified student will be prevented from beginning or completing their education due to financial need.



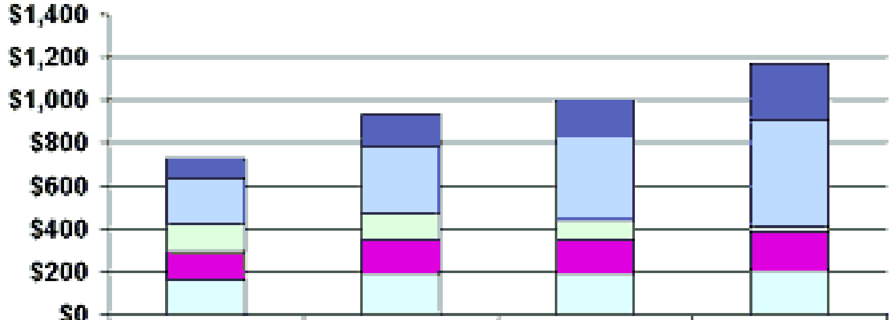
Revenues less expenses were $68 million. After taking account of the decrease in funds committed and the increases in investment in capital assets and endowments, the deficit for the year was $1.5 million and the cumulative deficit was $11.7 million. This deficit was in line with the University's financial plans.

The University's assets were $2.2 billion at year-end as compared to $1.9 billion the previous year. Liabilities were $694.9 million as compared to $492.6 million the previous year. These increases were largely attributable to increased research and capital infrastructure activity. Net assets (equity) were $1.5 billion as compared to $1.4 billion at the end of the previous year. Endowments made up 75.7% of net assets.

Endowments:

The University of Toronto endowment is now $1.2 billion as compared to $1.0 billion for 1999 (not including endowments of the federated universities, Victoria, St. Michael's and Trinity). We are grateful for the generous support of our donors in enabling us to grow our endowment significantly again this year. This endowment represents a strong base of support for student aid and academic programs and we will continue to strive to increase it.

Endowments for the year ended April 30
(millions of dollars)



	1997	1998	1999	2000
Endowed chairs and professorships	93.6	145.8	164.1	260.4
Student aid	210.9	310.0	397.2	498.0
Funds available for matching	135.7	127.9	89.0	27.5
Academic programs	127.4	153.8	156.0	180.1
Research	163.1	193.2	194.9	205.3

The Ontario Student Opportunity Trust Fund (OSOTF) represents $343.1 million of the University's $498.0 million student aid endowment. This was a triple match program from donors, the Government of Ontario and the University which has now ended.

The endowment for endowed chairs and professorships is $260.4 million. This amount includes the University's contributions under its matching chair program. We have established 134 agreements with donors, of which 117 have been created during the Campaign.

Pension Funds:

The University has two registered pension plans, the University of Toronto Pension Plan and the Employees' Pension Plan of The Ontario Institute for Studies in Education. In addition, the University has a supplementary retirement arrangement which provides payments in excess of the registered plans.

The accounting surplus for the year is $0.5 million with assets of $2.3 billion and liabilities of $1.8 billion.

During the year, the University set aside $9.8 million to meet the obligations of the supplementary retirement arrangement, bringing the balance to $74.2 million.

University of Toronto Asset Management Corporation:

The University established the University of Toronto Asset Management Corporation to manage its investments. The new company began operation May 1, 2000 and appointed its first president and chief executive officer who will also serve as its chief investment officer. We have done this at a time when the appropriate investment asset threshold of $4 billion has been reached to manage investments more closely by a separate corporation. It is anticipated that this initiative will result in improved investment returns.

Deferred Maintenance and Renewal:

The University's deferred maintenance and capital renewal requirements are currently estimated at $210 million. The Vice-President, Administration and Human Resources is refining this amount through participation, with all other Ontario universities, in a study that is analyzing, in some detail and on a uniform basis, the deferred maintenance obligations of every university in the province.

Currently we have a management system to strategically use available funding, by which the needs are assessed and ranked, with special attention given to component failure which would result in an unacceptable disruption of service. In 1999 - 2000 the Government of Ontario facilities renewal fund resulted in an $8.0 million grant to the University, which was augmented internally to provide an investment of $14.5 million. This significantly helped address needs, which are forecasted over the next four years at about $15 million per annum.

R.G. White
Chief Financial Officer

Table of Contents ~ Next Page

University of Toronto
Condensed Financial Report
April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

The administration of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

The administration has prepared the financial statements in accordance with accounting principles generally accepted in Canada developed by the Canadian Institute of Chartered Accountants. The administration believes the financial statements present fairly the University's financial position as at April 30, 2000 and the results of its operations for the year then ended. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgements were employed. Additionally, management has ensured that financial information presented elsewhere in this annual report has been prepared in a manner consistent with that in the financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration 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.

Hewitt Associates LLC has been retained by the University in order to provide an estimate of the University's pension position for the current year. Management has provided the valuation actuary with the information necessary for the completion of the University's report and retains ultimate responsibility for the determination and estimation of the pension liabilities reported.

Governing Council carries out its responsibility for review of the financial statements and this annual report principally through the Business Board and its Audit Committee. The majority of the members of the Audit Committee are not officers or employees of the University. The Audit Committee meets regularly with the administration, as well as the internal auditors and the external auditors, to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Audit Committee with and without the presence of the administration.

The financial statements for the year ended April 30, 2000 have been reported on by Ernst & Young LLP, Chartered Accountants, the auditors appointed by Governing Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

R. G. White	J. Robert S. Prichard
Chief Financial Officer	President

Previous Page ~ Table of Contents ~ Next Page

University of Toronto
Condensed Financial Report
April 30, 2000

Previous Page ~ **Table of Contents** ~ **Next Page**

AUDITORS' REPORT

To the Members of Governing Council of University of Toronto:

We have audited the financial statements of **University of Toronto** as at and for the year ended April 30, 2000 comprising the following:

Balance sheet
Statement of operations and changes in deficit
Statement of changes in net assets
Statement of cash flows

These financial statements are the responsibility of the administration 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 the administration, 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, 2000 and the results of its operations and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Toronto, Canada
May 31, 2000

Ernst & Young LLP
Chartered Accountants

Previous Page ~ **Table of Contents** ~ **Next Page**

Please send comments and questions to felix.chee@utoronto.ca

Last Updated Tuesday September 4, 2000

University of Toronto
Condensed Financial Report
April 30, 2000

Previous Page ~ **Table of Contents** ~ **Next Page**

UNIVERSITY OF TORONTO
BALANCE SHEET
(with comparative figures at April 30, 1999)
(thousands of dollars)

	2000	**1999**
	$	**$**
ASSETS		
Accounts receivable	**58,363**	54,008
Inventories and prepaid expenses	**11,726**	11,147
Deferred pension charge (note 9 and note 15)	**19,462**	7,319
Investments (note 3)	**1,720,858**	1,410,348
Capital assets, net (note 4)	**432,165**	371,228
	2,242,574	1,854,050
LIABILITIES		
Bank overdraft	**18,709**	12,579
Accounts payable and accrued liabilities	**86,746**	81,800
Long-term debt (note 6)	**63,717**	41,024
	169,172	135,403
Deferred contributions (note 7 and note 12)	**207,282**	156,988

Deferred capital contributions (note 8)			**318,439**		200,192
			694,893		492,583
NET ASSETS (statement 3)					
Unexpended assets:					
Deficit			**(11,707)**		(10,166)
Pension charge commitment (note 9 and note 15)			**19,462**		7,319
Funds committed for specific purposes (note 10)			**206,800**		207,495
Investment in capital assets (note 5)			**161,812**		155,693
Endowments (note 11 and note 12)			**1,171,314**		1,001,126
			1,547,681		1,361,467
			2,242,574		1,854,050

On behalf of Governing Council:
Wendy M. Cecil-Cockwell, Chairman

J. Robert S. Prichard
President

(See accompanying notes to financial statements)

Previous Page ~ Table of Contents ~ Next Page

University of Toronto
Condensed Financial Report
April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

UNIVERSITY OF TORONTO
STATEMENT OF OPERATIONS AND CHANGES IN DEFICIT
FOR THE FISCAL YEAR ENDED APRIL 30, 2000
(with comparative figures for the fiscal year ended April 30, 1999)
(thousands of dollars)

	2000		1999	
	$		$	
REVENUES				
Government grants for general operations		**357,686**		346,077
Student fees		**275,127**		238,155
Donations (note 14)				
Received	**102,203**		113,827	
Externally restricted endowments	**(52,661)**	**49,542**	(48,511)	65,316
Government and other grants for restricted purposes				
Received for:				
Research	**172,951**		117,675	
Capital infrastructure and other	**95,808**		21,263	
Deferred for future spending	**(168,541)**	**100,218**	(50,197)	88,741

Contract research		**27,313**			27,987
Investment income (note 11)					
Endowments	**137,529**			30,452	
Expendable	**29,431**			16,267	
Capital preservation of externally restricted endowments	**(41,811)**	**125,149**			46,719
Sales, services and sundry income		**131,543**			117,497
		1,066,578			930,492
EXPENSES					
Salaries and benefits (note 15)		**577,099**			536,081
Materials and supplies		**109,901**			100,243
Cost of sales and services		**54,906**			53,266
Amortization of capital assets		**57,891**			53,550
Repairs and maintenance		**44,026**			44,825
Scholarships, fellowships and bursaries		**55,899**			38,573
Utilities		**26,970**			24,303
Travel and conferences		**21,859**			19,334
Telecommunications		**9,710**			9,680
External contracted services		**11,391**			12,128
Interest		**3,937**			3,322
Other		**25,005**			27,668

		998,594			922,973
Revenues less expenses		**67,984**			7,519
Decrease (increase) in funds committed for specific purposes (note 10)		**695**			(9,005)
(Increase) in investment in capital assets (note 5)		**(6,119)**			(3,767)
(Increase) in pension charge commitment (note 9)		**(12,143)**			(7,319)
Transfer of donations to endowments net of campaign expenses		**(1,378)**			(1,063)
Transfer from internally and externally restricted endowments (note 11)					8,656
Transfer of investment income earned on internally restricted endowments for capital preservation (note 11)		**(50,580)**			
Net change in deficit for the year		**(1,541)**			(4,979)
Deficit, beginning of year		**(10,166)**			(5,187)
Deficit, end of year		**(11,707)**			(10,166)

(See accompanying notes to financial statements)

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ **Table of Contents** ~ **Next Page**

Notes To Financial Statements

9. Pension charge commitment

(thousands of dollars)

These funds are set aside equal to the deferred pension charge of $19,462 (1999 - $7,319) for future years when the University will be required to record pension expense.

Previous Page ~ **Table of Contents** ~ **Next Page**

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

15. Pension plans

As at April 30, 2000, the market value of pension fund assets was $2,297 million (1999 - $2,008 million) and the present value of accrued pension benefits based on an actuarial appraisal was $1,848 million (1999 - $1,641 million). The plan is funded by the University based on the advice of independent actuaries.

The calculation of pension expense in accordance with the accounting policy is based on the current service cost of employee benefits and the amortization of experience gains on assets and liabilities. As a result of the plan's favourable experience, including the return on assets, pension income of $12.8 million (1999 - $19.5 million) has been recorded as a reduction of salaries and benefits expense.

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Tableof Contents ~ Next Page

Notes To Financial Statements

3. Investments

(thousands of dollars)

a) Investments

The market value of investments are as follows:

	2000	1999
Short-term investments	**338,230**	269,362
Government bonds	**169,783**	137,072
Corporate bonds	**67,812**	50,898
Canadian equities	**114,987**	166,086
United States equities		83,312
Other international equities	**59,817**	55,075
Real estate	**39,102**	38,066
Pooled funds:		
Bonds		

- SCM universe bond index	**362,464**	236,233
- SCM long-term bond index		57,449
Canadian equities		
- TSE 300 Index	**251,193**	125,879
- Others	**15,741**	22,044
United States equities		
- S & P 500 Index	**183,269**	46,660
- Others	**12,768**	35,067
Other international equities	**104,335**	85,328
Short-term notes and treasury bills	**1,357**	1,817
	1,720,858	1,410,348

The market value of bonds and the weighted average effective yield is as follows:

	Over 1 to 5 Years	Over 5 to 10 Years	Total
Government bonds:			
- 2000 market value	**$84,437**	**$85,346**	**$169,783**
- 1999 market value	$66,353	$70,719	$137,072
- 2000 effective yield	**6.30%**	**6.32%**	**6.31%**
- 1999 effective yield	4.96%	5.19%	5.08%
Corporate bonds:			

- 2000 market value	**$43,139**	**$24,673**	**$67,812**
- 1999 market value	$31,823	$19,075	$50,898
- 2000 effective yield	**6.70%**	**6.86%**	**6.75%**
- 1999 effective yield	5.41%	5.66%	5.50%

The effective yield is based on market values at fiscal year end.

c) Derivative financial instruments

The University has entered into equity futures contracts which oblige it to pay the difference between a predetermined amount and the market value of certain equities when the market value is less than the predetermined amount, or receive the difference when the market value is more than the predetermined amount. As at April 30, 2000, the notional amount of equity index futures is $77.5 million (1999 - $60.0 million) in global equity futures and $52.3 million (1999 - $42.7 million) in U.S. equity futures.

The University has entered into interest rate swap agreements in order to manage the interest rate exposure associated with certain long-term debt obligations. The contracts have the effect of converting the floating rate of interest on certain debt to a fixed rate. The notional amounts of the swaps do not represent amounts exchanged between parties and are not a measure of the University's exposure resulting from the use of swaps. The amounts exchanged are based on interest rates applied to the notional amounts. As at April 30, 2000, the University's notional amount of interest rate swaps outstanding with the Bank of Montreal and the Toronto Dominion Bank were $32.7 million (1999 - nil). These agreements result in the University paying a fixed interest rate of 6.75% (1999 - nil) on certain debt obligations instead of paying a weighted average floating interest rate of 5.09% (1999 - nil).

The University is exposed to credit-related losses in the event of non-performance by counterparties to these financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The actual counterparties for exchange-traded futures contracts are clearing corporations which are rated AAA.

Previous Page ~ Table of Contents ~ Next Page

Office of the Chief Financial Officer, University of Toronto.

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

4. Capital assets

(thousands of dollars)

	2000		1999	
	Total Cost	Accumulated Amortization	Total Cost	Accumulated Amortization
Land	**30,831**		30,831	
Buildings	**731,366**	**483,722**	678,222	474,968
Equipment and furnishings	**582,556**	**470,025**	536,235	442,782
Library books	**231,946**	**190,787**	212,963	169,273
	1,576,699	**1,144,534**	1,458,251	1,087,023
Less accumulated amortization	**1,144,534**		1,087,023	
Net book value	**432,165**		371,228	

The University's insurer develops replacement values of buildings and contents for insurance purposes using an independent appraisal service. Fine art and rare book collections are valued by the appropriate University officers. The insured replacement value of buildings is $1.9 billion (1999 - $1.9 billion); contents is $2.7 billion (1999 - $2.4 billion), which includes library books of $1.8 billion (1999 - $1.5 billion).

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

		2000		1999
Balance, beginning		**371,228**		372,402
Purchase of capital assets funded by capital contributions	**51,007**		15,532	
Purchase of capital assets internally funded	**67,821**	**118,828**	36,844	52,376
Less: Amortization of capital assets		**(57,891)**		(53,550)
Balance, ending		**432,165**		371,228

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last updated: August 29, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

6. Long-term debt

(thousands of dollars)

Long-term debt consists of mortgages with a weighted average interest rate of 8.22% (1999 - 8.22%) maturing 2004 to 2029 and term loans with a weighted average interest rate of 7.28% (1999 - 7.9%) maturing 2000 to 2003. Anticipated requirements to meet the principal portion of the long-term debt repayments over the next five years are as follows:

2001 - $2,894, **2002** - $2,583, **2003** - $1,824, **2004** - $1,616, **2005** - $1,610

Previous Page ~ Table of Contents ~ Next Page

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ **Table of Contents** ~ **Next Page**

Notes To Financial Statements

7. Deferred contributions

(thousands of dollars)

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balance are as follows:

	2000	1999
Balance, beginning	**156,988**	117,144
Grants, donations and investment income	**237,084**	183,507
Recognized as revenue in the year	**(186,790)**	(143,663)
Balance, ending	**207,282**	156,988

The deferred contributions will be spent as follows:

	2000	1999
Research	**127,314**	89,980
Student aid	**34,674**	25,050
Other restricted purposes	**45,294**	41,958
	207,282	156,988

Previous Page ~ **Table of Contents** ~ **Next Page**

Last Updated September 6, 2000

University of Toronto Condensed Financial Report April 30, 2000

Notes To Financial Statements

12. Ontario Student Opportunity Trust Fund

(thousands of dollars)

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. The University also matched certain of these endowed donations.

	2000	1999
Endowment balance, beginning	**269,116**	188,435
Donations	**16,528**	27,513
Matching grants from the Government of Ontario	**16,528**	27,513
Matching funds from the University	**13,449**	27,513
Transfer to expendable funds		(1,858)
Preservation of capital	**27,484**	
Endowment balance, ending	**343,105**	269,116

Expendable funds available for awards, beginning	**10,297**	5,113
Transfer from endowment balance		1,858
Investment income	**12,201**	6,610
Bursaries awarded	**(6,347)**	(3,284)
Expendable funds available for awards, ending	**16,151**	10,297

The expendable funds available for awards are included in deferred contributions on the balance sheet.

Previous Page ~ Table of Contents ~ Next Page

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

8. Deferred capital contributions

(thousands of dollars)

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

	2000	**1999**
Balance, beginning	**200,192**	189,839
Less amortization of deferred capital contributions	**(18,882)**	(15,973)
Add contributions received for capital asset purchases	**137,129**	26,326
Balance, ending	**318,439**	200,192

This balance represents:

Amount used for the purchase of capital assets	**206,636**	**174,511**

Amount to be spent on capital assets	**111,803**	25,681
	318,439	200,192

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto
Condensed Financial Report
April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

University of Toronto
Statement of Changes in Net Assets
for the Year Ended April 30, 2000
(with comparative figures for the year ended April 30, 1999)
(thousands of dollars)

	Unexpended assets							
	Deficit	Pension charge commitment (note 9)	Funds committed for specific purposes (note 10)	Total	Investment in capital assets (note 5)	Endowments	2000 Total	1999 Total
Net assets, beginning	(10,166)	7,319	207,495	204,648	155,693	1,001,126	1,361,467	1,275,924
Revenues less expenses	67,984			67,984			67,984	7,519
Change in pension charge commitment (note 9)	(12,143)	12,143						
Change in funds committed for specific purposes (note 10)	695		(695)					
Increase in investment in capital assets (note 5)	(6,119)			(6,119)	6,119			

Transfer of investment income earned on internally restricted endowments for capital preservation (note 11)	**(50,580)**			**(50,580)**		**50,580**		
Investment income earned on externally restricted endowments for capital preservation (note 11)						**41,811**	**41,811**	
Transfer of donations to endowments net of campaign expenses	**(1,378)**			**(1,378)**		**1,378**		
Externally endowed contributions								
- donations						**52,661**	**52,661**	48,511
- Ontario grants						**23,758**	**23,758**	29,513
Net assets, ending	**(11,707)**	**19,462**	**206,800**	**214,555**	**161,812**	**1,171,314**	**1,547,681**	1,361,467

(See accompanying notes to financial statements)

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

10. Funds committed for specific purposes

(thousands of dollars)

	2000	1999
Departmental trust funds	**75,857**	81,423
Supplementary retirement arrangement	**74,204**	55,525
Unexpended operating funds	**28,685**	32,303
Alterations and renovations	**14,107**	21,905
Transitional funds	**6,200**	7,333
Research overhead	**5,615**	3,924
Infrastructure investment fund	**1,839**	19
Priorities funds	**293**	5,063
	206,800	207,495

The commitment of funds for specific purposes are internally restricted reflecting the application of Governing Council policy as follows:

a.) Departmental trust funds -

These are departmental trust funds available for spending by divisions with no external restrictions.

b.) Supplementary retirement arrangement -

These funds, which will be accumulating over a number of years, have been set aside to meet future obligations of the supplementary retirement arrangement.

c.) Unexpended operating funds -

Divisions are permitted to carry forward unspent budgets at the end of each year for expenditure in the following year. Funds for unfilled purchase orders have been committed for goods or services to be received in the following year. These amounts have been reduced by (1) the vacation pay accrual representing the unfunded cost of vacation credits earned but not taken by administrative employee groups at year end, (2) the voluntary early retirement liability for faculty and librarians representing the unfunded liability of voluntary early retirement incentive costs paid to or committed to specific faculty members and (3) a portion of investment income earned on the unexpended asset balance.

d.) Alterations and renovations -

These represent unspent funds in respect of approved projects in progress at the end of the fiscal year.

e.) Transitional funds -

These funds are to support the temporary adjustments and restructuring needed to adapt to the long-range budget plan such as retirement and exit packages and reorganization costs.

f.) Research overhead -

Research overhead recoveries from customers in calendar year 1999 are appropriated and available for spending by faculties in the following year.

h.) Infrastructure investment fund -

This fund was established to improve the University's effectiveness, quality and productivity of physical assets, including projects such as administrative systems, computing and communications equipment and building renovations.

i.) Priorities funds -

These funds are to support various initiatives to enhance the quality, structure and organization of programs and activities.

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

5. Investment in capital assets

(thousands of dollars)
Investment in capital assets represents the following:

	2000	1999
Capital assets	**432,165**	371,228
Less amounts financed by:		
Long-term debt	**(63,717)**	(41,024)
Deferred capital contributions (note 9)	**(206,636)**	(174,511)
Balance, ending	**161,812**	155,693

The increase in investment in capital assets is as follows:

	2000	1999
Repayment of principal	**5,345**	4,500
Purchase of capital assets internally financed	**67,821**	36,844
Increase in investment in capital assets	**73,166**	41,344
Long-term debt obtained during year	**28,038**	
Amortization expense	**57,891**	53,550
Less: Amount of amortization expense related to capital assets purchased with restricted contributions	**(18,882)**	(15,973)

Decrease in investment in capital assets	**67,047**	37,577
Net increase	**6,119**	3,767

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

11. Endowments

(thousands of dollars)

Endowments consist of externally restricted donations received by the University and internal resources transferred by Governing Council, in the exercise of its discretion. With respect to the latter cases, Governing Council has the right to subsequently decide to remove the designation. The endowment principal is required to be maintained intact subject to the University's preservation of capital policy. The investment income generated from endowments must be used in accordance with the various purposes established by donors or Governing Council. 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.

Investment income on endowments, which is comprised of interest, dividend income and realized and unrealized gains and losses, is recorded in the statement of operations and changes in deficit when this income is available for spending, at the discretion of the University or is available for spending as conditions have been met. University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income made available for spending and requiring the reinvestment of income not made available. The policy is based on the anticipated long term real rate of return on investments of 5%. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending or the investment return is negative, the amount that is made available for spending is funded by the accumulated reinvested income. However, for individual endowment funds without sufficient accumulated reinvestment income, endowment capital is used in the current year. This amount is expected to be recovered by future net investment income.

In 2000, $92,391 was allocated for the preservation of capital of which $41,811 related to externally restricted endowments which was recorded as a direct increase to endowments and $50,580 related to internally restricted endowments which was recorded as investment income and then transferred from unexpended assets to endowments. In 1999, net investment income was not sufficient to fund the amount made available for spending. As a result, transfers were recorded of $4,483 from externally restricted endowments and $4,173 from internally restricted endowments to unexpended assets for expenditure in the following year.

Net assets restricted for endowments comprise the following:

	2000	**1999**
Externally restricted endowments	**824,455**	645,941
Internally restricted endowments	**346,859**	355,185
	1,171,314	1,001,126

The University transferred $60,285 (1999 - $44,047) from internally designated to externally designated endowments as a result of being committed under gifting arrangements to match certain donations received during the year for chairs and professorships and for the student aid program.

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ **Table of Contents** ~ **Next Page**

Notes To Financial Statement

Previous Page ~ **Table of Contents** ~ **Next Page**

University of Toronto
Condensed Financial Report
April 30, 2000

Previous Page ~ **Table of Contents** ~ **Next Page**

UNIVERSITY OF TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED April 30, 2000
(with comparative figures for the year ended April 30, 1999)
(thousands of dollars)

			2000	1999
			$	$
OPERATING ACTIVITIES				
Revenues less expenses			**67,984**	7,519
Add (deduct) non-cash items:				
Amortization of capital assets (note 4)			**57,891**	53,550
Amortization of deferred capital contributions (note 8)			**(18,882)**	(15,973)
Deferred pension charge			**(12,143)**	(19,265)
Gain on sale of investments			**(77,615)**	(17,073)
Change in other non-cash items (note 13)			**50,306**	54,317
			67,541	63,075
INVESTING ACTIVITIES AND FINANCING ACTIVITIES				
Purchase of investments, net			**(232,895)**	(115,949)
Purchase of capital assets (note 4)			**(118,828)**	(52,376)
Contributions for capital asset purchases (note 8)			**137,129**	26,326

Long-term debt principal repayments			**(5,345)**	(4,500)
Long-term debt obtained			**28,038**	
Capital preservation of externally restricted endowments			**41,811**	0
Endowment contributions				
- donations			**52,661**	48,511
- Ontario grants			**23,758**	29,513
			(73,671)	(68,475)
Increase (decrease) in bank overdraft* during the year			**6,130**	5,400
Bank overdraft*, beginning of year			**12,579**	7,179
Bank overdraft*, end of year			**18,709**	12,579

* Representing cheques issued but not cashed.

(See accompanying notes to financial statements)

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

14. Donations

(thousands of dollars)

During the year, the University received donations of $102,203 (1999 - $113,827). Of that amount, $52,661 (1999 - $48,511) is recorded as a direct addition to endowments in accordance with the accounting policy and is not recorded as donations revenue.

Previous Page ~ Table of Contents ~ Next Page

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

13. Change in other non-cash items

(thousands of dollars)

The net change in other non-cash items is as follows:

	2000	1999
Accounts receivable	**(4,355)**	5,193
Inventories and prepaid expenses	**(579)**	326
Accounts payable and accrued liabilities	**4,946**	8,954
Deferred contributions	**50,294**	39,844
	50,306	54,317

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

16. University of Toronto Foundation

As at year end, the University of Toronto Foundation, a Crown controlled foundation, had a balance of donations on hand of nil (1999 - $0.1 million).

The University acts as investment manager for the Foundation. At year end, investments include an amount of $0.1 million (1999 - $0.2 million) held for the Foundation offset by an equal amount in accounts payable.

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

1. Description

The Governing Council of the University of Toronto which operates under the name, University of Toronto (the "University") is a corporation under the University of Toronto Act, a statute of the Legislative Assembly of Ontario. The University is an institution dedicated to providing post-secondary education and to conducting research. The University's mission is to be an internationally significant research university with undergraduate, graduate and professional programs of excellent quality.

These financial statements include the assets, liabilities, net assets, revenues, expenses and other transactions of all of the operations and organizations under the jurisdiction of Governing Council. These financial statements do not include the assets, liabilities and operations of Victoria University, Trinity College, the University of St. Michael's College, Sunnybrook & Women's College Health Sciences Centre and the affiliated colleges under the memorandum of agreement with the Toronto School of Theology, each of which is a separate non-controlled corporate body with separate financial statements.

The University has an economic beneficial interest in a Crown-controlled foundation, University of Toronto Foundation, which is not consolidated into these financial statements. The principal objectives of the Foundation are to solicit, receive and distribute money and other property to support education and research at the University and its federated and affiliated organizations.

The University holds title to the Sunnybrook land and buildings. The Sunnybrook land and original buildings were acquired for the sum of one dollar and are used for hospital purposes and for related medical research and teaching purposes. The property is leased to the Board of Trustees of Sunnybrook & Women's College Health Sciences Centre, a separate corporation, under a ground lease, which is perpetually renewable every twenty-one years at the option of the Board of Trustees of Sunnybrook & Women's College Health Sciences Centre.

The University is a registered charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

Previous Page ~ Table of Contents ~ Next Page

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

2. Summary of significant accounting policies and reporting practices

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

a) Investments -

Investments are accounted for at market.

b) Derivative financial instruments -

Derivative financial instruments are used to achieve particular market and currency exposures for hedging and risk management purposes with respect to the University's investments and as a substitute for more traditional investments. Derivative financial instruments and synthetic products that may be employed include debt, equity and currency futures, options, swaps and forward contracts. These contracts are supported by liquid assets with a market value equal to the market value of the instruments underlying the derivative contract.

Derivative financial instruments are recorded at market value. Gains and losses on these instruments are recognized as investment income in the year in which the changes in market value occur.

c) Market value of financial instruments -

The market values of publicly traded bonds and equities are determined based on quoted market values. The market values of unlisted or infrequently traded securities are based on quoted market yields or comparable security prices as appropriate. The real estate market values represent estimated year-end market values based on periodic cyclical appraisals by accredited appraisers.

The market value of derivative financial instruments reflects the daily market amount of that instrument, thereby taking into account the current unrealized gains or losses on open contracts. Investment dealer quotes or quotes from a bank are available for substantially all of the University's derivative financial instruments.

d) Inventory valuation -

Supplies and other inventories are carried at the lower of average cost or net realizable value.

e) Pension expense and obligations -

The University has a defined benefit pension plan for its employees. Pension expense is determined using the projected benefit actuarial method based on services rendered and management's best estimates regarding assumptions about a number of future conditions including investment returns, salary changes, withdrawals and mortality rates. Changes in management's best estimates resulting from changes in future conditions could require a change in the recognized amounts. Adjustments to the pension expense are amortized to income on a straight-line basis over the expected average remaining service life of pension plan members. Pension fund assets are valued using year-end market values.

f) Other post-employment benefit obligations -

Post-employment benefits for extended health and dental care are accounted for on a cash basis.

g) Capital assets -

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at market value at the date of contribution. Amortization is provided on a straight-line basis using the following rates:

Buildings 2.5%
Co-generation facility 5%
Equipment and furnishings 10% - 15%
Library books 20%
Computers 20%

Contributed rare books and other collections are expensed in the year received.

h) Revenue recognition -

The University follows the deferral method of accounting for contributions, which include donations and government grants. Contributions externally restricted for purposes other than endowment are recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Deferred contributions and amortization of capital contributions recognized as revenue in the current year are presented as donations revenue and investment income to the extent that restricted amounts have been received in the current year, with the difference recorded as government and other grants for restricted purposes. Endowment contributions and contributions of non-depreciable assets are recognized as direct increases in net assets in the year in which they are received. The University actively fundraises and unrestricted donations are recorded when received since pledges are not legally enforceable claims. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenues are recognized at point of sale or when the service has been provided.

i) Contributed services and materials -

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their market value, contributed services and materials are not recognized in the financial statements.

Previous Page ~ **Table of Contents** ~ **Next Page**

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

17. Other commitments

a. The estimated cost to complete construction and renovation projects in progress at April 30, 2000, which will be funded by government grants, donations and operations, is approximately $137.8 million (1999 - $52.1 million).

b. The annual payments under various operating leases are approximately $4.6 million (1999 - $4.0 million).

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents ~ Next Page

Notes To Financial Statements

18. Contingencies

a. The University has a program under which it guarantees bank loans to faculty and staff members to assist in the purchase or refinancing of their homes. The University holds mortgages as collateral security against such guarantees. At April 30, 2000, the amount of loans guaranteed was $3.6 million (1999 - $3.3 million). The University's estimated obligation under these guarantees is not material.

b. The nature of the University's activities is such that there is usually litigation pending or in prospect at any one time. With respect to claims at April 30, 2000, the University believes it has valid defenses and appropriate insurance coverage in place. In the unlikely event any claims are successful, such claims are not expected to have a material effect on the University's financial position.

c. The University is a member of a reciprocal exchange of insurance risks in association with fifty other Canadian universities. This self-insurance co-operative is named CURIE and involves a contractual agreement to share the insurable property and liability risks of member universities.

The projected cost of claims is funded through members' premiums based on actuarial projections. As of December 31, 1999, CURIE had a surplus of

$10.6 million (1998 - $10.9 million), of which the University's pro rata share is approximately 9.4% (1998 - 9.6%) on an ongoing basis.

Previous Page ~ Table of Contents ~ Next Page

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.

University of Toronto Condensed Financial Report April 30, 2000

Previous Page ~ Table of Contents

Notes To Financial Statements

19. Public Sector salaries

The list of employees whose 1999 income, as reported on an income tax T4 slip, exceeds $100,000 is not provided in this condensed financial report but is available in the University's published Financial Report which is available on request.

Previous Page ~ Table of Contents

Please send comments and questions to felix.chee@utoronto.ca

Last Updated September 6, 2000.