

**YORK UNIVERSITY**  
**FINANCIAL STATEMENTS**  
**APRIL 30, 1998**

**INDEX**

---

	Page
Statement of Administrative Responsibility .....	1
Introduction to York University's Financial Statements - 1997-1998.....	2
Summary of Revenue and Expenses.....	4
Auditors' Report on Financial Statements .....	6
Financial Statements	
- Balance Sheet.....	7
- Statement of Operations .....	8
- Statement of Changes in Net Assets .....	9
- Statement of Cash Flows .....	10
- Notes to Financial Statements .....	11
Public Sector Salary Disclosure .....	24

# **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 financial statements were prepared in accordance with accounting principles generally accepted for Canadian universities and in accordance with guidelines developed by the Canadian Association of University Business Officers and The Canadian Institute of Chartered Accountants. The administration believes the financial statements present fairly, in all material respects, the University's financial position as at April 30, 1998 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 judgments were employed. Additionally, management has ensured that all financial information presented in this 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. The University has established a Year 2000 Task Force which has examined all areas of the University for compliance issues. Computerized information and infrastructure systems requiring changes were identified in the 1997-1998 fiscal year and appropriate plans have been established and resources allocated to address the issues.

William M. Mercers Limited has been retained by the University in order to provide an estimate of the University's pension liability for the current year and other post-employment benefits. 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.

The Board of Governors carries out its responsibility for review of the financial statements and this annual report principally through 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, 1998 have been reported on by Ernst & Young, Chartered Accountants, the auditors appointed by the Board of Governors. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

(signed)  
Phyllis Clark  
Vice-President [Administration]

(signed)  
Lorna R. Marsden, PhD  
President

# **INTRODUCTION TO YORK UNIVERSITY'S FINANCIAL STATEMENTS - 1997-1998**

Uncertainty, change and financial constraint continued to characterize York's financial environment in 1997-98. Budget needs exceeded available resources and most new sources of funding made available by Government were tied to specific purposes with accountability requirements. These trends will undoubtedly continue, and careful budget planning in support of the academic plan will remain an essential element of the University's planning processes.

York's Financial Statements for 1997-98 reflect the results of the second year of the three-year budget planning framework first approved by the Board of Governors in 1996. The Budget Plan 1996 to 1999 was developed in response to the massive cut in Provincial operating grants in 1996-97. This plan called for annual 3% base budget reductions over the three years, as well as additional one-time-only (OTO) reductions in each year. The base budget reductions were assigned to budget units across the University, and incorporated into local budget planning. Achieving these base budget reductions presents a significant challenge to all faculties and support units, and progress in meeting the assigned base budget cuts continues to be carefully monitored.

The annual OTO reductions were not imposed on local units, but rather held centrally and achieved by other means. With the approval of the Board, the University continued an employer pension contribution holiday throughout 1997-98. This pension contribution holiday provided the necessary bridging funds needed to meet the OTO budget reduction requirements assumed in the approved budget plan.

To help offset the impact of budget pressures, mitigate the impact of the grant cut imposed in 1996-97 and continue to offer quality programs and student services, York increased domestic tuition rates by 10% in 1997-98. Thirty per cent of the increased tuition revenue was dedicated to student financial assistance.

For the fiscal year 1997-98, financial accounting and reporting for Universities changed significantly. The Canadian Institute of Chartered Accountants (CICA) established new accounting standards for not-for-profit organizations with fiscal year ends occurring after April 30, 1997. York University's 1997-98 Financial Statements are in compliance with these new accounting standards, and are very different from the statements of prior years.

The most significant changes to the statements are outlined below.

- A simpler, single column format replaces the multiple columns by fund used in previous years.
- Revenue is reported using the deferral method. This means that funds received are only recognized as revenue in the Statement of Operations when the related expenses are incurred. Until expenses are incurred, the funds received are reflected as deferred contributions and income or deferred capital contributions. These items appear on the Balance Sheet as liabilities. Previously, revenue was reported in the Statement of Operations when the funds were received regardless of when the accompanying obligation was due.
- Expenses are reported by object (or nature) of expense.

## **INTRODUCTION TO YORK UNIVERSITY'S FINANCIAL STATEMENTS - 1997-1998** (continued)

- Capital assets are recorded on the Balance Sheet at historical cost less accumulated amortization. Previously, assets were recorded and remained on the balance sheet at original cost. Amortization considerably reduces the value of capital assets reported on the Balance Sheet. The impact on the Statement of Operations is the recognition of an annual amortization (or depreciation) expense over the service life of the asset, rather than expensing the entire amount in the year the asset is acquired or paid for.
- The accrued liabilities associated with post-employment benefits are now recognized in the Financial Statements. This means York recognizes the cost of retiree benefits over employees' working lifetimes, and recognizes the liabilities for future retiree benefits for both active employees and current retirees. This is a significant change from the previous practice of accounting for these costs on a cash or "pay-as-you-go" basis.

In order to facilitate comparisons between 1996-97 and 1997-98 financial results, last year's figures have been restated to reflect the accounting changes, and are provided in this year's statements.

The 1997-98 fiscal year was a challenging one, but the University still met the financial targets associated with approved budget plans. For the 1997-98 fiscal year, there was a \$1.8 million excess of expenses over revenue. This deficit result is an improvement relative to last year's deficit result of \$4.1 million (as restated under the new accounting rules). The University remains within the operating deficit limit approved by the Board, and is on track to achieving a cumulative balanced operating budget position by the end of 1998-998.

The Balance Sheet shows a cumulative 1997-98 year end Unrestricted Net Asset deficit balance of \$85.5 million. This amount includes the deficit balance across all funds reported in last year's statements (\$32.3 million), as well as several items previously reported as Appropriated and Restricted Funds (\$10.6 million). The \$85.5 million deficit also reflects the impact of the new accounting changes (\$35.5 million), along with the 1996-97 changes in Unrestricted Net Assets as shown in Statement 3 (\$7.1 million).

An important element of the upcoming budget planning process will be to recast currently approved budget plans in the context of the new accounting framework, and establish a long-term plan to address the \$85.5 million Unrestricted Net Asset deficit.

(signed)  
Phyllis Clark  
Vice-President [Administration]

## **SUMMARY OF REVENUE AND EXPENSES** (\$ millions)

**Year ended April 30, 1998**

<b>REVENUE</b>	<b>\$</b>	<b>EXPENSES</b>	<b>\$</b>
Grants and contracts	176.8	Salaries and benefits	260.0
Student fees	137.0	Operating costs	53.2
Sales and services	38.0	Amortization of capital assets	20.5
Recovery of salaries, benefits and other expenses	13.2	Taxes and utilities	17.9
Investment income	6.0	Scholarships and bursaries	10.9
Donations	5.9	Cost of goods sold	10.5
Amortization of deferred capital contributions	3.4	Interest on long-term debt	10.5
Other	1.4		
<b>Total revenue</b>	<b>381.7</b>	<b>Total Expenses</b>	<b>383.5</b>
<b>Expenses over revenue</b>			<b>(1.8)</b>

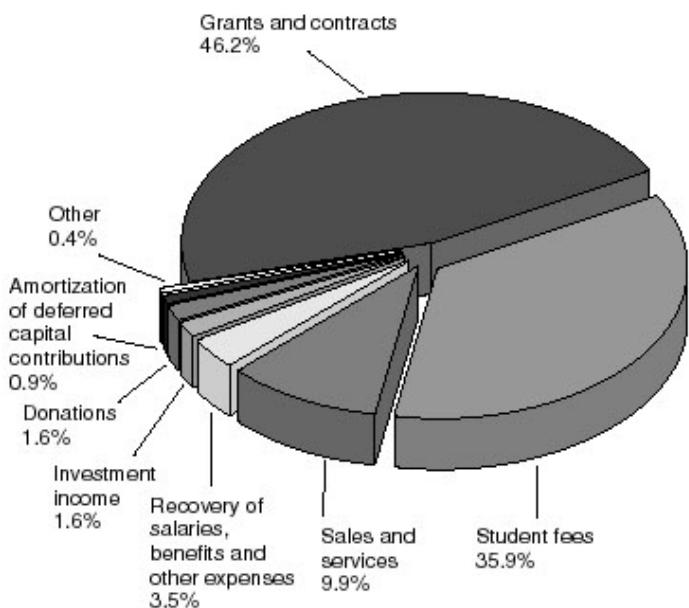
**Year ended April 30, 1997  
(Restated)**

<b>REVENUE</b>	<b>\$</b>	<b>EXPENSES</b>	<b>\$</b>
Grants and contracts	175.4	Salaries and benefits	247.3
Student fees	123.8	Operating costs	53.1
Sales and services	36.7	Amortization of capital assets	19.8
Recovery of salaries, benefits and other expenses	15.7	Taxes and utilities	18.5
Investment income	4.6	Cost of goods sold	10.4
Amortization of deferred capital contributions	3.4	Interest on long-term debt	9.7
Donations	2.9	Scholarships and bursaries	9.0
Other	1.2		
<b>Total revenue</b>	<b>363.7</b>	<b>Total Expenses</b>	<b>367.8</b>
<b>Expenses over revenue</b>			<b>(4.1)</b>

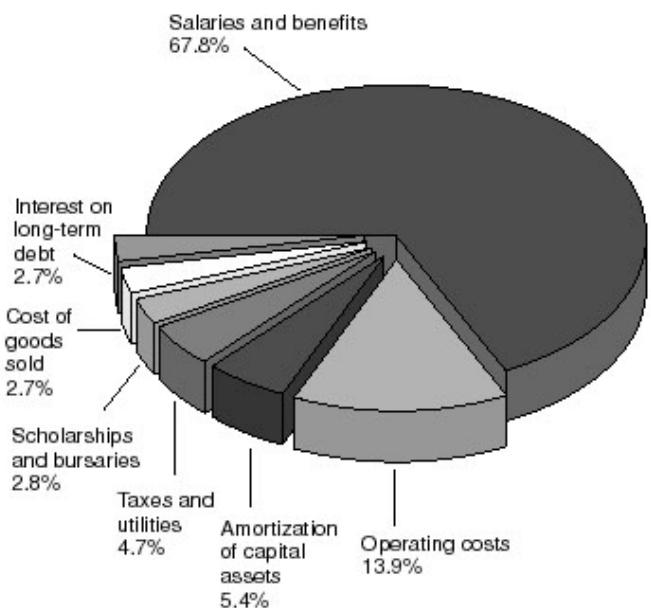
## Summary of Revenue and Expenses

**1997-98**

### Revenue

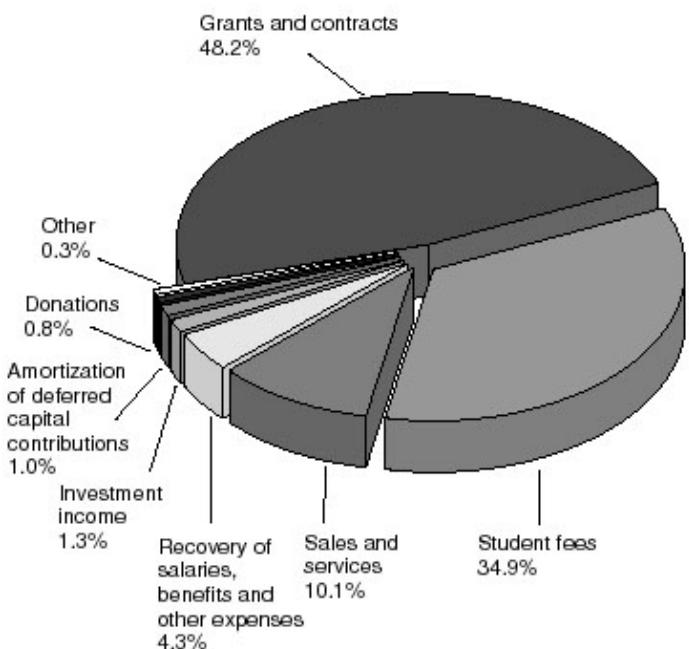


### Expense

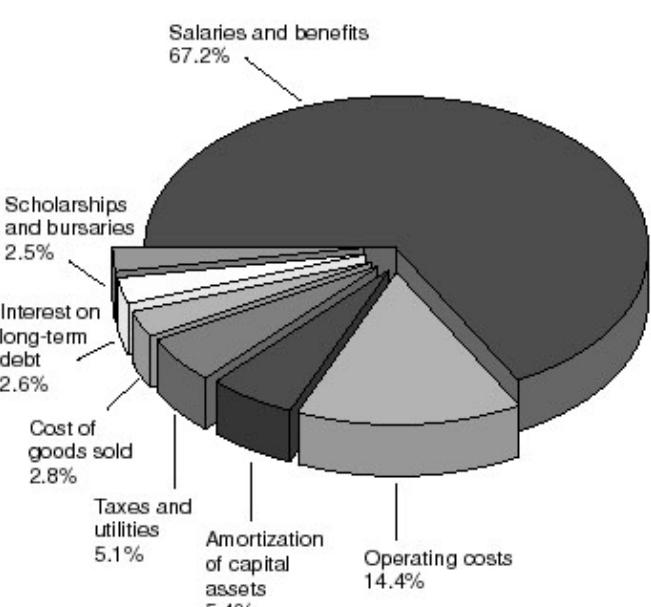


**1996-97**

### Revenue



### Expense



## AUDITORS' REPORT

To the Board of Governors of  
**York University**

We have audited the financial statements of York University as at and for the year ended April 30, 1998 comprising the following:

Balance Sheet  
Statement of Operations  
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 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 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, 1998 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.

Toronto, Canada,  
August 7, 1998.

(signed)  
Chartered Accountants

## BALANCE SHEET

(thousands of dollars)

As at April 30

	1998 \$	1997 \$		
	<i>(Restated - note 3)</i>			
<b>ASSETS</b>				
<b>Current</b>				
Cash and short-term investments	20,228	30,665		
Accounts receivable	32,690	31,478		
Current portion of note receivable (note 7)	928	-		
Prepaid expenses	6,353	9,283		
Inventories	4,420	4,709		
<b>Total current assets</b>	<b>64,619</b>	<b>76,135</b>		
Investments (note 4)	92,789	62,242		
Capital assets, net (note 5)	212,700	210,229		
Note receivable (note 7)	9,409	-		
	<b>379,517</b>	<b>348,606</b>		
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	42,550	46,149		
Current portion of long-term debt (note 11)	3,066	2,360		
Deferred contributions and income (note 9)	52,339	38,952		
<b>Total current liabilities</b>	<b>97,955</b>	<b>87,461</b>		
Long-term liabilities (note 10)	31,400	29,850		
Long-term debt (note 11)	101,391	105,412		
Deferred capital contributions (note 12)	71,087	63,466		
<b>Total liabilities</b>	<b>301,833</b>	<b>286,189</b>		
<b>NET ASSETS</b>				
Unrestricted	(85,491)	(78,429)		
Internally restricted (note 13)	35,295	41,290		
Investment in capital assets (note 6)	60,307	51,868		
Endowments (note 14)	67,573	47,688		
<b>Total net assets</b>	<b>77,684</b>	<b>62,417</b>		
	<b>379,517</b>	<b>348,606</b>		

See accompanying notes

## STATEMENT OF OPERATIONS

(thousands of dollars)

**Year ended April 30**

	1998 \$	1997 \$
<b>REVENUE</b>		<i>(Restated - note 3)</i>
Grants and contracts	176,756	175,405
Student fees	136,991	123,781
Donations	5,946	2,922
Sales and services	38,064	36,725
Investment income ( <i>note 4</i> )	6,013	4,618
Amortization of deferred capital contributions	3,367	3,367
Recovery of salaries, benefits and other expenses	13,189	15,719
Other	1,364	1,142
	<b>381,690</b>	363,679
<b>EXPENSES</b>		
Salaries and benefits	260,010	247,314
Operating costs	53,176	53,110
Amortization of capital assets	20,518	19,792
Cost of goods sold	10,494	10,366
Taxes and utilities	17,934	18,525
Scholarships and bursaries	10,885	9,032
Interest on long-term debt	10,463	9,677
	<b>383,480</b>	367,816
<b>Excess of expenses over revenue for the year</b>	<b>(1,790)</b>	(4,137)

See accompanying notes

## STATEMENT OF CHANGES IN NET ASSETS

(thousands of dollars)

**Year ended April 30**

	1998				1997	
	Unrestricted \$	Internally restricted \$ <i>(note 13)</i>	Investment in capital assets \$ <i>(note 6)</i>	Endowments \$ <i>(note 14)</i>	Total \$	Total \$ <i>(Restated - note 3)</i>
<b>Net assets, beginning of year</b>	<b>(78,429)</b>	41,290	51,868	47,688	62,417	45,096
Excess of expenses over revenue for the year	(1,790)	-	-	-	(1,790)	(4,137)
Change in internally restricted net assets	5,995	(5,995)	-	-	-	-
Change in investment in capital assets ( <i>note 6</i> )	(8,439)	-	8,439	-	-	-
Investment income credited directly to endowment ( <i>note 4</i> )	-	-	-	482	482	669
Internally restricted contributions	(2,828)	-	-	2,828	-	-
Endowment contributions	-	-	-	16,575	16,575	20,789
<b>Net assets, end of year</b>	<b>(85,491)</b>	35,295	60,307	67,573	77,684	62,417

See accompanying notes

## STATEMENT OF CASH FLOWS

(thousands of dollars)

**Year ended April 30**

	1998 \$	1997 \$
<i>(Restated – note 3)</i>		
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenue for the year	(1,790)	(4,137)
Add (deduct) non-cash items:		
Amortization of capital assets	20,518	19,792
Amortization of deferred capital contributions	(3,367)	(3,367)
Net change in non-cash working capital balances (note 15)	11,795	(3,744)
<b>Cash provided by operating activities</b>	<b>27,156</b>	<b>8,544</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments, net	(30,547)	(21,053)
Purchase of capital assets	(22,989)	(17,395)
<b>Cash used in investing activities</b>	<b>(53,536)</b>	<b>(38,448)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in long-term debt	-	7,300
Repayment of long-term debt	(3,315)	(2,199)
Contributions restricted for capital purposes	10,988	11
Investment income credited directly to endowment	482	669
Increase in long-term liabilities	1,550	2,550
Increase in note receivable	(10,337)	-
Endowment contributions	16,575	20,789
<b>Cash provided by financing activities</b>	<b>15,943</b>	<b>29,120</b>
Net decrease in cash and short-term investments during the year	(10,437)	(784)
Cash and short-term investments, beginning of year	30,665	31,449
<b>Cash and short-term investments, end of year</b>	<b>20,228</b>	<b>30,665</b>

See accompanying notes

**NOTES TO FINANCIAL STATEMENTS**

**(all amounts are in thousands of dollars unless otherwise indicated)**

**April 30, 1998**

**1. DESCRIPTION**

York University ("York" or the "University") is incorporated under the York University Act, 1965, a statute of the Legislative Assembly of Ontario. The University is dedicated to providing postsecondary and postgraduate education and to conducting research. The University is a registered charity and, under the provisions of Section 149 of the Income Tax Act (Canada), is exempt from paying income taxes.

The financial statements of York reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all the operations of the University and organizations that the University controls. Accordingly, these financial statements include the operating and the ancillary operations of the University and the accounts of its wholly-owned subsidiary, York University Development Corporation, which is responsible for the development of undeveloped York lands and management of York Lanes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared by management in accordance with generally accepted accounting principles. 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 reporting period. Actual amounts could differ from those estimates.

A summary of significant accounting policies is as follows:

**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. Externally restricted contributions, other than endowments, are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets.

Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

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.

Pledges are recorded as revenue on a cash basis due to the uncertainty of collection.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Inventories**

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

### **Investments**

Short-term investments are recorded at the lower of cost and market value. Investments in fixed securities which are to be held to maturity are recorded at cost plus accrued interest. Other investments 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, other than that designated for endowments. Externally restricted investment income for endowments is recognized as direct increases in net assets. Internally restricted investment income is recorded as a transfer from unrestricted to internally restricted net assets in the Statement of Changes in Net Assets. Unrestricted investment income is recognized as revenue in the year it is earned.

### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution, except for land received under the terms of grants, which is carried at nominal value. Amortization of capital assets with a limited life is provided on a straight-line basis over their estimated useful lives as follows:

	<b>Annual Rate</b>	<b>Years</b>
Buildings, plant facilities and infrastructure	2.5% to 10%	10 to 40
Equipment and furnishings	10% to 33.3%	3 to 10
Library collection	100%	1

### **Foreign exchange translation**

The University accounts for transactions in a foreign currency at the exchange rate in effect at the date of the transactions. At year end, monetary assets and liabilities denominated in a foreign currency are translated at year end exchange rates and any translation gain or loss is included in operations. Foreign exchange gains and losses on investments have been included in investment income.

### **Post-employment benefits**

The cost of providing benefits through the defined benefit pension plan and post-employment benefits other than pensions is actuarially determined and recognized in operations using the projected benefit method pro rated on service. Differences arising from plan amendments, changes in assumptions and experience gains and losses are recognized in income over the expected average remaining service life of employees. The cost of providing benefits through the defined contribution pension plan is charged to operations in the year in respect of which contributions become payable.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Financial instruments**

The fair value of accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts because of the short-term maturity of these instruments. The fair values of long-term liabilities approximate carrying values as the rates approximate market rates for the associated risk of the underlying instrument. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

## **3. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS**

During the year, the University changed certain of its accounting policies to comply with recommendations of The Canadian Institute of Chartered Accountants for not-for-profit organizations which were effective for fiscal years beginning on or after April 1, 1997. In addition, The Canadian Institute of Chartered Accountants has proposed accounting policies for post-employment benefits. The proposed changes for post-employment benefits, other than pensions, have been reflected in these financial statements. All changes have been applied on a retroactive basis, as follows:

### (a) Financial statement presentation

In prior years, the financial statements were prepared on a fund accounting basis. During the current year, the operations and resources of the University have been combined for reporting purposes.

### (b) Revenue recognition

In prior years, donations and government grants were recognized in income as received or receivable. During the year, the deferral method of accounting for contributions, as described in note 2, was adopted.

### (c) Amortization of capital assets

In prior years, capital assets including major repairs and maintenance were reflected in the balance sheet at cost. No amortization was recorded on capital assets. Capital expenditures funded from current operations were expensed in the related fund and capital expenditures to be funded from identified future operations were amortized on a basis consistent with such future funding. As capital expenditures were expensed or amortized, the University's equity in property, plant and equipment was increased by the same amount. During the year, the University changed its accounting policy whereby major repairs and maintenance are no longer capitalized unless they extend the useful life of the asset. All capital assets are now amortized over their estimated useful lives as described in note 2.

### **3. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS (continued)**

#### **(d) Post-employment benefits**

In prior years, post-employment benefits, other than pensions, were reflected in operations in the year in which they were paid. During the year, the University changed its method of accounting for these costs to the accrual basis. In addition, in prior years, the University appropriated a portion of its operating funds as a future benefits reserve/pension contribution holding account. The balance of this account has been applied to the provision for post-employment benefits.

The table below denotes the effect of the above-noted changes in accounting policies in the accounts for both 1998 and 1997.

	<b>1998</b>	<b>1997</b>
	\$	\$
Excess of expenses over revenue:		
Excess of revenue over expenses on previous basis of accounting	44,787	27,524
Contribution and investment income recorded as a direct increase to endowments	(17,057)	(21,458)
Net change in deferred contributions and income and deferred capital contributions	(23,712)	2,266
Increase in amortization expense	(20,518)	(19,792)
Increase in salaries and benefits	(1,800)	(1,800)
Capital assets previously expensed	12,862	5,252
Decrease in interest on long-term debt	3,648	3,871
<b>Excess of expenses over revenue as restated</b>	<b>(1,790)</b>	<b>(4,137)</b>
Assets:		
Total assets as previously reported	812,346	749,929
Increase in cash and short-term investments	20,228	30,665
Decrease in accounts receivable	(3,887)	(1,784)
Decrease in investments	(26,855)	(30,191)
Decrease in value as a result of recording capital assets net of amortization	(422,315)	(400,013)
<b>Total assets as restated</b>	<b>379,517</b>	<b>348,606</b>
Liabilities:		
Total liabilities as previously reported	188,839	160,559
Increase in deferred contributions and income	13,747	34,746
Increase in deferred capital contributions	71,087	63,466
Decrease in accrued liabilities	(3,240)	(2,432)
Increase in long-term liabilities	31,400	29,850
<b>Total liabilities as restated</b>	<b>301,833</b>	<b>286,189</b>
<b>Net assets as restated</b>	<b>77,684</b>	<b>62,417</b>

## 4. INVESTMENTS

(a) Investments consist of the following:

	1998						1997 (Restated – note 3)		
	Maturity More than 10 years						Fair value \$	Total \$	Fair Value \$
	Less than 1 year \$	1 to 5 years \$	5 to 10 years \$	No fixed maturity \$	Total \$				
Short-term investments	2,213	-	-	-	-	2,213	2,213	3,071	3,071
Government bonds	25	14,859	7,445	16,142	-	38,471	44,184	26,475	29,927
Corporate bonds	-	4,382	3,618	2,725	-	10,725	10,725	5,951	5,951
Canadian equities	-	-	-	-	27,149	27,149	27,149	17,417	17,417
International equities	-	-	-	-	13,541	13,541	13,541	8,638	8,638
Other	-	-	-	-	690	690	690	690	690
<b>Total</b>	<b>2,238</b>	<b>19,241</b>	<b>11,063</b>	<b>18,867</b>	<b>41,380</b>	<b>92,789</b>	<b>98,502</b>	<b>62,242</b>	<b>65,694</b>

(b) The weighted average yield on debt instruments based on fair value at year end is as follows:

	1998 Maturity					1997	
	Less than 1 year %	1 to 5 years %	5 to 10 years %	More than 10 years %	Total %	1997	
Short-term investments	4.78	-	-	-	-	4.78	3.40
Government bonds	4.88	5.21	5.41	5.75	5.40		6.24
Corporate bonds	-	5.54	5.68	5.66	5.62		6.70

(c) Investment income is as follows:

	1998 \$	1997 \$
Total investment income earned	6,495	5,287
Less amounts credited directly to endowment	(482)	(669)
<b>Total</b>	<b>6,013</b>	<b>4,618</b>

## 5. CAPITAL ASSETS

Capital assets consist of the following:

	1998			1997		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
<i>(Restated – note 3)</i>						
Land	12,730	-	12,730	6,985	-	6,985
Buildings, plant facilities and infrastructure	324,076	144,066	180,010	316,818	135,282	181,536
Equipment and furnishings	64,826	51,369	13,457	61,020	46,450	14,570
Library collection	49,854	49,854	-	47,017	47,017	-
Construction in progress	6,503	-	6,503	7,138	-	7,138
<b>Total</b>	<b>457,989</b>	<b>245,289</b>	<b>212,700</b>	<b>438,978</b>	<b>228,749</b>	<b>210,229</b>

## 5. CAPITAL ASSETS (continued)

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

	1998 \$	1997 \$
	<i>(Restated – note 3)</i>	
Balance, beginning of year	210,229	212,626
Purchase of capital assets funded by restricted contributions	463	11
Purchase of capital assets internally funded	22,040	10,586
Purchase of capital assets financed by long-term debt	486	6,798
Disposals of capital assets at cost	(3,978)	(3,256)
Accumulated amortization on disposed capital assets	3,978	3,256
Amortization of capital assets	(20,518)	(19,792)
<b>Balance, end of year</b>	<b>212,700</b>	<b>210,229</b>

During the year, the total cost of items added to the library collection was \$6,389 (1997 - \$6,612) and the total cost of items removed was \$3,552 (1997 - \$3,256).

The Glendon campus land and a majority of the Keele Street campus land were acquired by grants. These grants had restrictive covenants which have been registered on the title of the property. Under these covenants properties may only be used for educational or research purposes at the University level. As appraisals are not available at the date of the grants, these assets are recorded in the accounts at actual historic costs.

## 6. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	1998 \$	1997 \$
	<i>(Restated – note 3)</i>	
Capital assets	212,700	210,229
Less amounts financed by:		
Long-term debt	(91,831)	(94,895)
Deferred capital contributions (note 12)	(60,562)	(63,466)
<b>Balance, end of year</b>	<b>60,307</b>	<b>51,868</b>

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

	1998 \$	1997 \$
	<i>(Restated – note 3)</i>	
Repayment of long-term debt	3,550	1,625
Purchase of capital assets internally funded	22,040	10,586
Increase in investment in capital assets	25,590	12,211
Amortization expense	20,518	19,792
Less amortization of deferred capital contributions (note 12)	(3,367)	(3,367)
Decrease in investment in capital assets	17,151	16,425
<b>Change in investment in capital assets</b>	<b>8,439</b>	<b>(4,214)</b>

## **7. NOTE RECEIVABLE**

On May 12, 1997, Seneca College of Applied Arts and Technology ("Seneca") entered into an agreement in which York leases land to Seneca. Seneca will construct, establish and operate the Seneca-at-York campus. The land lease extends for an initial term of 50 years to August 31, 2047 and can be extended for two extensions of 25 and 24 years to 2072 and 2096, respectively. As a result of this agreement, a promissory note for \$10.3 million is due and payable to York from Seneca. These funds will be directed toward construction of a new science building.

## **8. CREDIT FACILITY**

The University has a bank credit facility available in the amount of \$15 million. When drawn upon, interest is charged at the bank's prime rate of interest, which was 6.5% at April 30, 1998. During the year, York did not utilize this credit facility.

## **9. DEFERRED CONTRIBUTIONS AND INCOME**

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

	<b>April 30, 1997 \$</b>	<b>Deferred \$</b>	<b>Transfers to Income      Endowment</b>		<b>April 30 1998 \$</b>
<b>(Restated – note 3)</b>					
Deferred fees and income	4,206	6,004	(4,206)	-	<b>6,004</b>
Research grants	17,175	12,340	(11,108)	-	<b>18,407</b>
Expendable investment and other income from trusts and endowments	14,056	17,059	(3,635)	-	<b>27,480</b>
Donations	3,515	208	(281)	(2,994)	<b>448</b>
<b>Balance, end of year</b>	<b>38,952</b>	<b>35,611</b>	<b>(19,230)</b>	<b>(2,994)</b>	<b>52,339</b>

Investment and other income deferred during the year includes unrealized gains on investments of \$9.4 million.

## **10. LONG-TERM LIABILITIES**

Long-term liabilities consist of the following accruals:

	<b>1998 \$</b>	<b>1997 \$</b>
<b>(Restated – note 3)</b>		
Early retirement benefits	10,400	9,900
Other post-employment benefits, other than pensions	20,500	19,200
Teacher's superannuation settlement	500	750
<b>Balance, end of year</b>	<b>31,400</b>	<b>29,850</b>

Other post-employment benefits include comprehensive medical, supplementary hospital and dental care.

## 11. LONG-TERM DEBT

Long-term debt consists of the following:

	1998	1997		
	Cost \$	Fair Value \$	Cost \$	Fair Value \$
<b>Student residences:</b>				
5 7/8% to 7 5/8% debentures payable to Canada Mortgage and Housing Corporation in quarterly instalments maturing Feb. 1, 2017 to Nov. 1, 2023.	9,125	9,968	9,302	8,783
6 7/8% to 8 1/2% leases payable to Ontario Student Housing Corporation in semi-annual instalments maturing Nov. 30, 2019 to Nov. 30, 2020.	4,706	5,402	4,784	4,786
9% mortgage payable in monthly instalments maturing June 1, 2006.	1,251	1,549	1,351	1,619
5 3/8% mortgage payable in quarterly instalments maturing July 1, 2016.	1,191	1,151	1,229	1,067
10.26% mortgage payable in semi-annual interest only instalments. Principal due in one instalment April 1, 2010, to be satisfied from the proceeds of the sale stripped interest bond maturing Apr. 11, 2010, which is included with investments.	26,412	37,653	26,412	36,052
9.5% term loan payable in semi-annual instalments maturing Feb. 20, 2002.	25,893	30,098	26,197	30,171
<b>Student Centre:</b>				
9.5% term loan payable in semi-annual instalments maturing Feb. 20, 2002.	17,291	20,059	17,760	20,391
<b>Co-Generation Facility:</b>				
6.31% term loan payable in semi-annual instalments maturing October 30, 2001.	5,135	5,402	6,337	6,535
<b>York Lanes Shopping Centre:</b>				
9.5% term loan payable in semi-annual instalments maturing February 20, 2002 collateralized by a mortgage on the land and a general assignment of rents and contracts.	13,453	14,959	14,400	16,182
	<b>104,457</b>	<b>126,241</b>	107,772	125,586
Less current portion		3,066		2,360
<b>Long-term debt</b>	<b>101,391</b>		<b>105,412</b>	

The fair value of long-term debt has been calculated based upon current interest rates at the year end and for comparable debt instruments and maturity dates. The effective rates are as follows: term loans - 5.83% (1997 - 6.53%); mortgages, capital leases and debentures - 6.01% (1997 - 7.46%).

Scheduled future minimum annual repayments of long-term debt are as follows:

	\$
1999	3,066
2000	4,170
2001	5,363
2002	5,082
2003	6,161
Subsequent years	80,615
<b>Total</b>	<b>104,457</b>

## 12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of restricted 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 when the associated capital asset is brought into service. The changes in the deferred capital contributions balance are as follows:

	1998			1997		
	Expended	Unexpended	Total	Expended	Unexpended	Total
	\$	\$	\$	\$	\$	\$
<i>(Restated – note 3)</i>						
Balance, beginning of year	63,466	-	63,466	66,822	-	66,822
Contributions received in the year	463	10,525	10,988	11	-	11
Amortization of deferred capital contributions	(3,367)	-	(3,367)	(3,367)	-	(3,367)
<b>Balance, end of year</b>	<b>60,562</b>	<b>10,525</b>	<b>71,087</b>	<b>63,466</b>	<b>-</b>	<b>63,466</b>

## 13. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	1997 \$	Appropriated \$	Expended \$	1998 \$
	<i>(Restated – note 3)</i>			
Departmental carryforwards	16,615	16,391	16,615	16,391
System enhancements for the year 2000	-	1,000	-	1,000
Computing systems development	1,296	3,905	3,828	1,373
Pay equity	5,207	(3,405)	1,109	693
Transitional assistance funds	65	(65)	-	-
Contractual commitments to employee groups	838	9,657	5,873	4,622
University disruption provision	2,000	(1,209)	791	-
University stabilization funds	3,000	(1,867)	-	1,133
Purchase order commitments	2,414	1,431	2,414	1,431
Pension cost deferral	6,227	-	2,949	3,278
Capital reserve	3,628	3,024	1,278	5,374
<b>Balance, end of year</b>	<b>41,290</b>	<b>28,862</b>	<b>34,857</b>	<b>35,295</b>

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 carryforwards - These represent the cumulative positions of all Faculties and Divisions with net unspent year end balances at the 1998 year end. Under Board policy, which is approved annually, Divisions are entitled to carry forward the net unspent funds from previous years' allocations. These funds provide units with a measure of flexibility established through prudent management over several years to assist with future balancing of their budgets in the face of additional anticipated budget reductions, as well as resources which are to meet commitments made during the year but not reflected at year end in purchase orders.
- ii. System enhancements for the year 2000 - The University has appropriated funds for the potential costs of having to upgrade or replace hardware, software and equipment to avoid adverse impacts which could arise as a result of problems related to the year 2000.

### **13. INTERNALLY RESTRICTED NET ASSETS (continued)**

- iii. Computing systems development - The University has undertaken an initiative to replace major administrative computing and information systems. These appropriated funds support forward commitments for these new systems in process, as well as planned future stages of system implementation not yet contracted for at year end.
- iv. Pay equity - This reserve is to provide for retroactive and ongoing base commitments for pay equity plans already in place but not yet fully implemented, as well as a provision for future pay equity related salary changes.
- v. Transitional assistance funds - Funds have been expended at year end.
- vi. Contractual commitments to employee groups - This is the net carryforward of funds to meet commitments defined under Collective Agreements with various employee groups.
- vii. University disruption provision - This provision to cover lost revenues and additional expenses experienced in the 1997 fiscal year resulting from the disruption to operations during the Spring of 1997 has been fully expended at year end.
- viii. University stabilization funds - A stabilization fund of approximately 1% of the 1994-95 annual budget (rounded to \$3 million) was appropriated to provide transitional assistance for Divisions which will be affected by major cuts to provincial transfer grants.
- ix. Purchase order commitments - This represents the net value across all operating budget units of purchase commitments for goods ordered but not received at year end.
- x. Pension cost deferral - This represents the portion of University-funded contributions paid into the pension plan since 1989, which exceed the accrued value of employee pension benefits earned during this period, as estimated in accordance with generally accepted accounting principles.
- xi. Capital reserve - This represents funds restricted for deferred maintenance, capital emergencies and major capital projects relating to residence structures.

### **14. ENDOWMENTS**

Endowments include restricted donations received by the University and donations internally designated by the University's Board of Governors. Investment returns generated from endowments are used in accordance with the various purposes established by the donors or by the Board of Governors. The University protects the future purchasing power of its endowments by capitalizing a portion of the annual investment income earned, known as capital protection. Further, the University has established a policy of setting the amount of income available for spending to 5% of the endowment.

Net assets restricted for endowment consist of the following:

	<b>Endowed funds April 30, 1997</b>	<b>New Contributions</b>	<b>Capital Protection</b>	<b>Endowed funds April 30, 1998</b>
	\$	\$	\$	\$
Externally restricted	47,532	16,575	482	64,589
Internally restricted	156	2,827	1	2,984
<b>Total</b>	<b>47,688</b>	<b>19,402</b>	<b>483</b>	<b>67,573</b>

## **14. ENDOWMENTS (continued)**

### **(a) Ontario Student Opportunity Trust Fund**

During the 1997 fiscal year, the Government of Ontario established the Ontario Student Opportunity Trust Fund (OSOTF) program to encourage companies and individuals to contribute funds to postsecondary students. The University set up a fund and eligible donations made during the year were equally matched by the Province. Investment income earned in this fund will be awarded to qualified students in need of financial aid.

As at April 30, 1998, the market value of the OSOTF Fund was \$33,644 (1997 - \$20,213). Investment income earned during the year was \$3,450 (1997 - \$468). The amount available for awards is \$994 (1997 - \$468) after awards of \$364 (1997 - nil) were distributed during the year.

### **(b) Seymour Schulich Endowment Fund**

In 1996, the University entered into an agreement to establish the Seymour Schulich Endowment Fund. Under the terms of the endowment agreement, the University would receive a gift of \$10 million, over a three-year period, which it will hold in an endowment in perpetuity. The University agreed to match the gift and until such time as it discharges its commitment, it would annually make revenue contributions to the Fund equal to 7% of the unmatched capital contributions. The agreement also provides for a testamentary bequest to the University of a further \$5 million.

In 1996, the University received \$4 million of the endowment and allocated \$1 million as a matching contribution.

In 1997, the University received an additional \$3 million of the endowment, which was matched by the Ontario Provincial Government under OSOTF. Of the Provincial match, \$1 million was designated as a University matching contribution.

In 1998, the University received the remaining \$3 million of the original \$10 million endowment.

The University has agreed to discharge the remainder of its commitment of \$8 million in four instalments over a four-year period commencing not later than the year 2001. It is intended that these amounts will be realized from future fundraising activities.

## **15. STATEMENT OF CASH FLOWS**

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

	<b>1998</b>	<b>1997</b>
	\$	\$
		<i>(Restated – note 3)</i>
Accounts receivable	(1,212)	(6,575)
Prepaid expenses	2,930	2,137
Inventories	289	(627)
Accounts payable and accrued liabilities	(3,599)	1,871
Deferred contributions and income	13,387	(550)
<b>Net change in non-cash working capital balances</b>	<b>11,795</b>	<b>(3,744)</b>

## **16. PENSION PLAN**

The University has a defined contribution pension plan covering substantially all of its employees. It also has a deferred benefit pension plan that provides a minimum level of pension for the employees covered by the deferred contribution plan.

During the fiscal year ended April 30, 1998, the University did not make employer contributions to the University pension plan. This arrangement was reviewed by the Board of Trustees of the Plan, to ensure that the surplus within the plan was adequate to meet the cost of the employer contributions, and subsequently approved by the Board of Governors.

The pension expense, calculated and reported for the year ended April 30, 1998 in accordance with generally accepted accounting principles, was \$2,949 (1997 - \$2,773).

As at December 31, 1997, the date of the most recent actuarial valuation, the assets of the plan had a market related value of \$770,678. The actuarial present value of the accrued pension benefits amounted to \$725,451, resulting in an actuarial surplus of \$45,227. The assets and liabilities of the plan are not included in the financial statements of the University.

## **17. COMMITMENTS AND CONTINGENT LIABILITIES**

### **(a) Guaranteed housing loans**

The University has guaranteed and is contingently liable in the amount of \$6,695 (1997 - \$7,095) for bank loans for faculty and staff. The loans to assist in the purchase of homes are collateralized by home mortgages.

### **(b) Canadian University Reciprocal Insurance Exchange**

The University participates in a reciprocal exchange of insurance risks in association with forty-two other Canadian universities. This self-insurance cooperative, named CURIE, involves a contractual agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums which are actuarially determined and are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at April 30, 1998, CURIE was fully funded.

### **(c) Capital and other commitments**

The estimated cost to complete capital projects in progress at April 30, 1998 is approximately \$2,441 (1997 - \$6,221). These costs will be financed by fundraising, government grants and borrowings.

## **18. PLEDGES AND GRANTS OUTSTANDING**

The total amount of pledges and grants outstanding is \$16,229 as at April 30, 1998. The receipt of funds pledged cannot be assured beyond a reasonable doubt due to their nature and consequently, have not been included in the financial results. Pledges and grants outstanding are as follows:

	\$
1999	10,743
2000	1,559
2001	1,045
2002	1,027
2003	415
Subsequent years	1,440
<b>Total</b>	<b>16,229</b>

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

## **19. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1998 financial statements.

## **PUBLIC SECTOR SALARY DISCLOSURE**

# **YORK UNIVERSITY**

## **PUBLIC SECTOR SALARY DISCLOSURE 1997**

The Public Sector Salary Disclosure Act, 1995 requires the University to publish the salaries of all employees of York University earning \$100,000 or more.

<b>EMPLOYEE NAME</b>	<b>POSITION</b>	<b>TAXABLE SALARY</b>	<b>BENEFITS</b>
Abramson, Morton	Professor, Mathematics & Statistics	108,021	454
Arthurs, Harry W	Professor and President Emeritus	185,050	993
Bartel, Henry	Chair, Atkinson Administrative Studies	101,966	514
Bell, David V J	Professor, Environmental Studies	130,384	596
Brooks, William Neil	Professor, Osgoode Law School	121,389	587
Burke, Ronald J	Professor, Schulich School of Business	116,473	623
Buzacott, John A	Professor, Schulich School of Business	100,116	595
Carswell, Allan I	Professor, Physics & Astronomy	105,058	563
Castel, Jean G	Professor, Osgoode Law School	141,147	245
Clark, Phyllis M	Vice-President (Administration)	132,048	665
Claydon, John E	Visiting Professor	105,000	563
Cobb, Robert A	Senior Advisor on Tech. to VP(AA)	101,598	515
Cook, Wade	Professor, Schulich School of Business	129,743	636
Davey, Kenneth G	Professor, Biology	129,215	691
Denzel, George E	AVP, Registrar & Tech Services	111,735	586
Dermer, Jerry	Professor, Schulich School of Business	100,467	3,447
Dusk, Cora Marie M	AVP, Campus Relations & Student Affairs	102,139	2,544
Emond, D Paul	Associate Professor, Osgoode Law School	105,616	546
Endler, Norman S	Professor, Psychology	104,955	585
Evans, John M	Professor, Osgoode Law School	121,969	633
Fallis, George B	Dean, Faculty of Arts	126,355	645
Fenton, M. Brock	AVP, Research and Faculties	109,777	561
Fenwick, Ian D	Professor, Schulich School of Business	130,998	537
Fodden, Simon R	Associate Dean, Osgoode Law School	110,026	565
Found, William C	Professor, Environmental Studies	121,064	1,401
Geva, Benjamin	Professor, Osgoode Law School	104,865	562
Giblon, Beverley	Course Director	120,744	-
Grant, Alan	Professor, Osgoode Law School	118,079	635
Gray, Robert J S	Assistant Dean, Osgoode Law School	131,630	233
Halevy, Balfour J	Professor, Law Library	110,801	596
Harris, Geoffrey W	Director, Centre for Atmospheric Chemistry	122,051	624
Hasson, Reuben A	Professor, Osgoode Law School	122,180	656
Hay, Charles Douglas	Associate Professor, Osgoode Law School	106,134	585
Hoffmann, Ellen J	Assoc. VP (Acad. Info Services) & University Librarian	122,510	629
Hogg, Peter W	Professor, Osgoode Law School	117,198	694
Hopkins, Elizabeth D	Associate Professor, English	117,160	599
Horvath, Dezso	Dean, Schulich School of Business	169,149	820
Innanen, Kimmo A	Professor, Physical and Astronomy	111,100	6,955
Irani, Khurshed	Director, Facilities Management	106,737	4,866
Jarvie, Ian C	Professor, Philosophy	107,581	575

# YORK UNIVERSITY

## PUBLIC SECTOR SALARY DISCLOSURE 1997 (continued)

EMPLOYEE NAME	POSITION	SALARY	TAXABLE BENEFITS
Kaplan, Harold	Professor, Political Science	129,673	674
Lang, Reginald S	Associate Dean, Faculty of Environmental Science	116,058	593
Lewis, Harriet	Counsel	125,873	640
Litvak, Isaiah A	Professor, Schulich School of Business	118,411	634
Mandel, Michael G	Professor, Osgoode Law School	108,126	528
Mann, Susan N	Professor and President Emeritus	177,571	15,669
McCamus, John D	Professor, Osgoode Law School	128,127	687
McDougall, Ian A	Associate Professor, Osgoode Law School	102,050	547
McKellar, James	Professor, Schulich School of Business	114,545	613
Meininger, Thomas A	Associate Professor, History	101,965	545
Moens, Peter B	Professor, Biology	108,869	48
Morgan, Gareth H J	Professor, Schulich School of Business	113,810	609
Mossman, Mary Jane	Professor, Osgoode Law School	106,466	562
Peterson, Rein	Executive Director, Schulich Enterprise Exchange	145,638	645
Pilkington, Marilyn	Dean, Osgoode Law School	111,533	597
Prince, Robert H	Dean, Faculty of Pure & Applied Science	104,830	534
Pursell-Annear, Terry	Campaign Director	101,594	-
Pyke, Sandra W	Chair, Psychology	104,917	4,189
Ransom, Malcolm W	Secretary Of University	110,790	512
Regan, David M	Professor, Psychology	139,297	746
Robbins, Stuart G	Director of Athletics	101,832	556
Roberts, Gordon Sam Abram	Professor, Schulich School of Business	126,095	6,113
Rosen, Lawrence S	Professor, Schulich School of Business	120,273	4,253
Roy, S Paul	Associate Professor, Schulich School of Business	102,387	504
Rudolph, Ross A	Associate Professor, Political Science	100,015	548
Saywell, John T	Professor, History	117,932	230
Shapson, Stan	Dean, Faculty of Education	134,753	961
Shepherd, Gordon G	Director, Centre for Research in Earth & Space	111,790	598
Slattery, Brian	Associate Professor, Osgoode Law School	102,367	579
Smith, David M	AVP Management Information	120,590	7,807
Spence, Edward S	Professor, Environmental Studies	128,624	603
Stevenson, Hugh Michael	Vice-President (Academic Affairs)	146,340	686
Struk, Peter	AVP Facilities & Business Operations	114,762	6,310
Thompson, Donald N	Professor, Schulich School of Business	105,268	563
Vaver, David	Professor, Osgoode Law School	106,184	571
Victor, Peter Alan	Dean, Faculty of Environmental Studies	111,671	5,199
Wacyk, Maria	Director, Human Resources	103,715	512
Watson, Garry D	Professor, Osgoode Law School	152,289	651
Weiss, Stephen E	Director, International MBA Program	112,045	548
Zarry, Peter T	Director, Executive Programs	130,860	560
Zemans, Frederick H	Professor, Osgoode Law School	136,539	669

NOTE ON SALARY: These amounts include base salary and, if applicable, additional payments such as administrative stipends, payments for overload teaching, pension contribution holiday, etc..