

YORK UNIVERSITY

FINANCIAL STATEMENTS

APRIL 30, 1999

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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 accounting standards developed by 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, 1999 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 established a Year 2000 Task Force in the 1997-1998 fiscal year which has examined all areas of the University for compliance issues. Computerized information and infrastructure systems requiring changes have been identified and appropriate plans have been implemented.

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

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, 1999 have been reported on by Ernst & Young LLP 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.



Phyllis Clark
Vice-President, Finance and Administration



Lorna R. Marsden, PhD
President and Vice-Chancellor

INTRODUCTION TO YORK UNIVERSITY'S FINANCIAL STATEMENTS - 1998-1999

The 1998-99 fiscal year presented York with significant financial challenges. Across the University, the calls for additional funding to meet pressing needs continued to be significantly in excess of the available resources, and this trend shows no signs of abating in the future. Supporting the academic plan continues to be an essential element of the York's planning processes. As the 1998-99 fiscal year drew to a close, the University was also in the midst of or about to commence bargaining with a number of employee groups. The outcome of these bargaining processes will have a significant impact on the University's budgets and plans for 1999-2000 and beyond.

To help offset the impact of budget pressures and continue to offer quality programs and student services, York increased domestic tuition rates by 10% in 1998-99. Thirty five per cent of the increased tuition revenue was dedicated to student financial assistance.

In 1998-99, the Ontario government commenced two key funding grants: the Fair Funding Grant and the Access to Opportunities Program (ATOP). Fair Funding begins to address York's disadvantaged position in comparison to other Ontario universities in terms of grant funding per enrolment. ATOP funds significant expansions to computer science enrolments. These grants provided much needed new sources of income for the University, although the terms of the programs tie spending to specific purposes with stringent accountability requirements.

These Financial Statements reflect the results of the final year of the three-year operating budget planning framework first approved by the Board of Governors in 1996. The Budget Plan 1996 to 1999 was developed in response to the \$28 million cut in Ontario 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. The annual OTO reductions were not imposed on local units, but rather held centrally and achieved by other means. The University continued an employer pension contribution holiday throughout 1998-99. This pension contribution holiday provided the necessary bridging funds needed to meet the OTO budget reduction requirements assumed in the approved budget plan. York achieved the requirements of this three-year plan, which called for balanced operating budget results by the end of 1998-99.

This is the second year of York's incorporation of The Canadian Institute of Chartered Accountants (CICA) accounting standards for not-for-profit organizations. In addition, this is the second year that the University has included accrued liabilities associated with post-employment benefits. 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.

The Statement of Operations shows an overall \$3.9 million excess of revenue over expenses for the year. This result is in keeping with both the three-year operating budget plan, as well as the University's overall plan to manage the \$85.5 million Unrestricted Net Asset deficit reported last year. Spending on scholarships and bursaries was \$14.9 million in 1998-99, which represents a \$4.0 million increase over the previous year. This change largely reflects the impact of the tuition reinvestment funds generated by the 1998-99 fee increase.

The Balance Sheet shows the Unrestricted Net Assets, representing the accumulation of all the surpluses and deficits since the University's inception. York's cumulative deficit was reduced from \$85.5 million in 1997-98 to \$68.0 million in 1998-99. This overall reduction in the cumulative deficit is in line with the first year of the long-term deficit management plan approved by the Board in November of 1998.

The Balance Sheet also shows the book value of York's Endowments at \$90 million by the end of 1998-99, an increase of \$22.4 million over the previous year. This increase reflects the completion of a very successful National Campaign for York University, augmented by the Ontario Student Opportunity Trust Fund program which provided for matching funds from the Province of Ontario. The market value of the University's endowments was just over \$118 million at the end of the year.

Looking ahead, the University will continue to manage its finances responsibly, on the basis of budget plans developed in context of the overall academic plan.

A handwritten signature in black ink that reads "Phyllis Clark". The signature is written in a cursive, flowing style.

Phyllis Clark
Vice-President, Finance and Administration

SUMMARY OF REVENUE AND EXPENSES

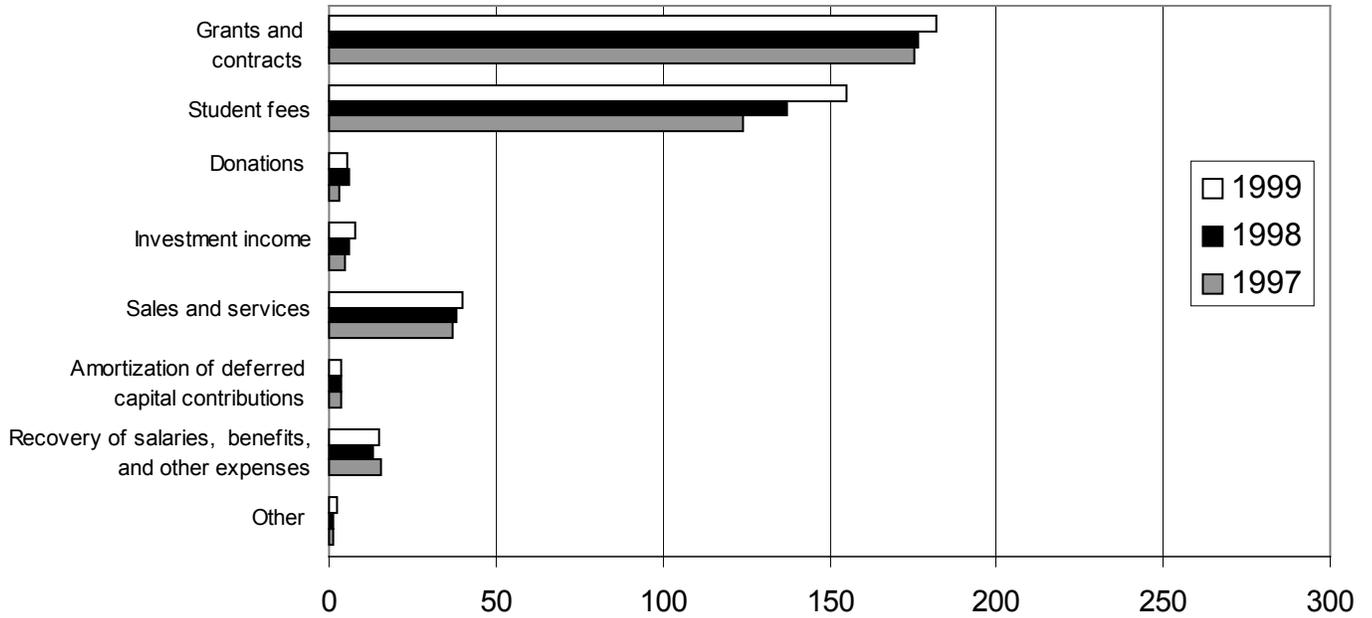
(millions of dollars)

Year ended April 30,

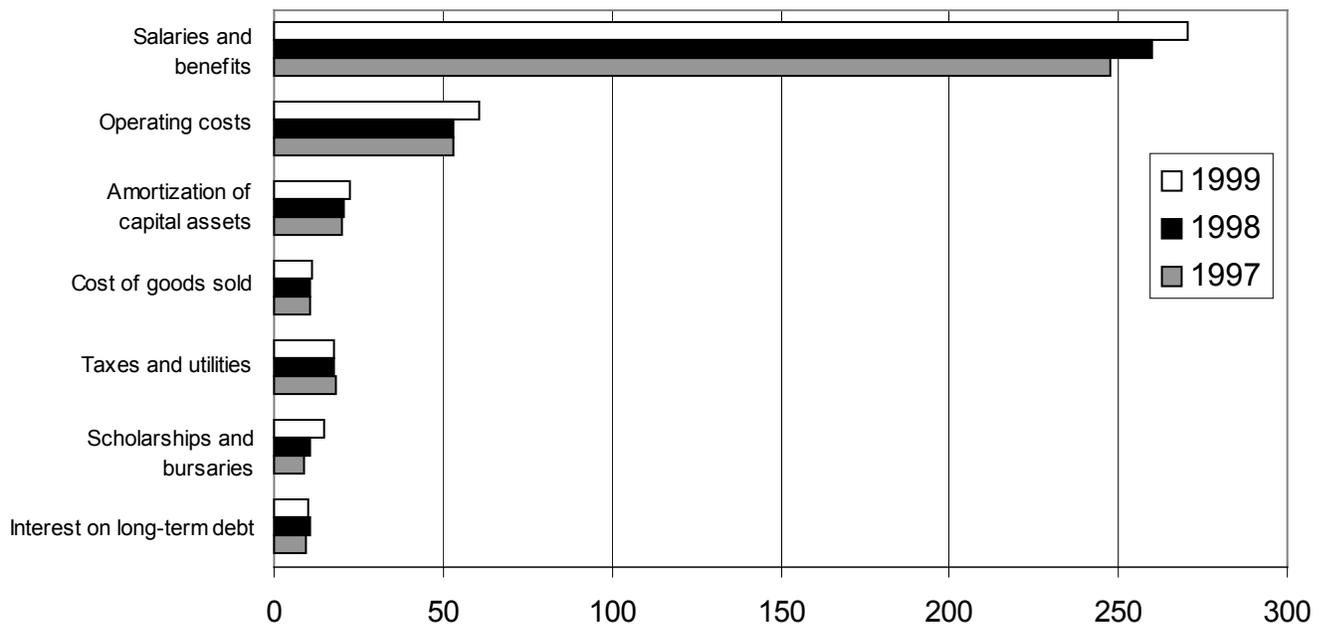
	1999	1998	1997	1999	1998	1997
	\$	\$	\$	%	%	%
REVENUE						
Grants and contracts	182.2	176.8	175.4	44.3	46.2	48.2
Student fees	154.9	137.0	123.8	37.7	35.9	34.0
Donations	5.1	5.9	2.9	1.2	1.6	0.8
Investment income	7.8	6.0	4.6	1.9	1.6	1.3
Sales and services	39.7	38.0	36.7	9.7	9.9	10.1
Amortization of deferred capital contributions	3.4	3.4	3.4	0.8	0.9	1.0
Recovery of salaries, benefits and other expenses	15.0	13.2	15.7	3.7	3.5	4.3
Other	2.5	1.4	1.2	0.7	0.4	0.3
Total revenue	410.6	381.7	363.7	100.0	100.0	100.0
EXPENSES						
Salaries and benefits	270.5	260.0	247.3	66.5	67.8	67.2
Operating costs	60.5	53.2	53.1	14.9	13.9	14.4
Amortization of capital assets	22.4	20.5	19.8	5.5	5.4	5.4
Cost of goods sold	11.0	10.5	10.4	2.7	2.7	2.8
Taxes and utilities	17.6	17.9	18.5	4.3	4.7	5.1
Scholarships and bursaries	14.9	10.9	9.0	3.6	2.8	2.5
Interest on long-term debt	9.8	10.5	9.7	2.5	2.7	2.6
Total expenses	406.7	383.5	367.8	100.0	100.0	100.0
Excess of revenue over expenses (expenses over revenue) for the year	3.9	(1.8)	(4.1)			

SUMMARY OF REVENUE AND EXPENSES
1997 - 1999
(millions of dollars)

Revenue



Expenses



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, 1999 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, 1999 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
July 30, 1999

Ernst & Young LLP

Chartered Accountants

BALANCE SHEET

(thousands of dollars)

As at April 30

	1999 \$	1998 \$
ASSETS		
Current		
Cash and short-term investments	34,682	20,228
Accounts receivable	27,058	32,690
Current portion of note receivable (note 6)	2,000	928
Prepaid expenses	4,087	6,353
Inventories	6,213	4,420
Total current assets	74,040	64,619
Investments (note 3)	127,644	92,789
Capital assets, net (note 4)	210,427	212,700
Note receivable (note 6)	8,030	9,409
	420,141	379,517
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	46,318	42,550
Current portion of long-term debt (note 10)	4,170	3,066
Deferred contributions and income (note 8)	38,015	24,859
Total current liabilities	88,503	70,475
Long-term liabilities (note 9)	32,850	31,400
Long-term debt (note 10)	96,511	101,391
Deferred contributions and income (note 8)	28,708	27,480
Deferred capital contributions (note 11)	70,251	71,087
Total liabilities	316,823	301,833
NET ASSETS		
Unrestricted	(68,033)	(85,491)
Internally restricted (note 12)	19,565	35,295
Investment in capital assets (note 5)	61,818	60,307
Endowments (note 13)	89,968	67,573
Total net assets	103,318	77,684
	420,141	379,517

See accompanying notes

On behalf of the Board of Governors



 Charles Hantho
 Chair



 Lorna R. Marsden, PhD
 President and Vice Chancellor

STATEMENT OF OPERATIONS

(thousands of dollars)

Year ended April 30

	1999 \$	1998 \$
REVENUE		
Grants and contracts	182,194	176,756
Student fees	154,889	136,991
Donations	5,076	5,946
Investment income (<i>note 3</i>)	7,760	6,013
Sales and services	39,742	38,064
Amortization of deferred capital contributions	3,406	3,367
Recovery of salaries, benefits and other expenses	14,986	13,189
Other	2,587	1,364
	410,640	381,690
EXPENSES		
Salaries and benefits	270,447	260,010
Operating costs	60,550	53,176
Amortization of capital assets	22,378	20,518
Cost of goods sold	11,021	10,494
Taxes and utilities	17,637	17,934
Scholarships and bursaries	14,873	10,885
Interest on long-term debt	9,839	10,463
	406,745	383,480
Excess of revenue over expenses (expenses over revenue) for the year	3,895	(1,790)

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

(thousands of dollars)

Year ended April 30

	1999				1998	
	Unrestricted \$	Internally restricted \$ <i>(note 12)</i>	Investment in capital assets \$ <i>(note 5)</i>	Endowments \$ <i>(note 13)</i>	Total \$	Total \$
Net assets, beginning of year	(85,491)	35,295	60,307	67,573	77,684	62,417
Excess of revenue over expenses (expenses over revenue) for the year	3,895	-	-	-	3,895	(1,790)
Change in internally restricted net assets	15,730	(15,730)	-	-	-	-
Donated assets added directly to investment in capital assets <i>(note 5)</i>	-	-	102	-	102	-
Change in investment in capital assets before donations <i>(note 5)</i>	(1,409)	-	1,409	-	-	-
Investment income credited directly to endowment <i>(note 13)</i>	-	-	-	815	815	482
Internally restricted contributions	(758)	-	-	758	-	-
Endowment contributions	-	-	-	20,822	20,822	16,575
Net assets, end of year	(68,033)	19,565	61,818	89,968	103,318	77,684

See accompanying notes

STATEMENT OF CASH FLOWS

(thousands of dollars)

Year ended April 30

	1999 \$	1998 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue) for the year	3,895	(1,790)
Add (deduct) non-cash items:		
Amortization of capital assets	22,378	20,518
Amortization of deferred capital contributions	(3,406)	(3,367)
Net change in non-cash working capital balances (<i>note 14</i>)	9,873	(1,592)
Cash provided by operating activities	32,740	13,769
INVESTING ACTIVITIES		
Purchase of investments, net	(34,855)	(30,547)
Purchase of capital assets	(20,105)	(22,989)
Cash used in investing activities	(54,960)	(53,536)
FINANCING ACTIVITIES		
Donation of land	102	-
Decrease (increase) in note receivable	307	(10,337)
Increase in long-term liabilities	1,450	1,550
Repayment of long-term debt	(3,776)	(3,315)
Increase in deferred contributions and income	14,384	13,387
Contributions restricted for capital purposes	2,570	10,988
Investment income credited directly to endowment	815	482
Endowment contributions	20,822	16,575
Cash provided by financing activities	36,674	29,330
Net increase (decrease) in cash and short-term investments during the year	14,454	(10,437)
Cash and short-term investments, beginning of year	20,228	30,665
Cash and short-term investments, end of year	34,682	20,228

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

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

April 30, 1999

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.

Inventories

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, other than that designated for endowments, is recognized as revenue when the related expenses are incurred. Externally restricted investment income designated for endowment 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:

	Annual Rate	Years
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.

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 receivables and 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. INVESTMENTS

(a) Investments consist of the following:

	1999					1998			
	Less than 1 year \$	1 to 5 years \$	5 to 10 years \$	Maturity More than 10 years \$	No fixed maturity \$	Total \$	Fair value \$	Total \$	Fair Value \$
Short-term investments	40,778	-	-	-	-	40,778	40,778	2,213	2,213
Government bonds	-	11,180	12,137	15,705	-	39,022	44,756	38,471	44,184
Corporate bonds	-	6,720	3,296	3,043	-	13,059	13,059	10,725	10,725
Canadian equities	-	-	-	-	34,067	34,067	34,067	27,149	27,149
International equities	-	-	-	-	28	28	28	13,541	13,541
Other	-	-	-	-	690	690	690	690	690
Total	40,778	17,900	15,433	18,748	34,785	127,644	133,378	92,789	98,502

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

	1999				1998	
	Less than 1 year %	1 to 5 years %	5 to 10 years %	More than 10 years %	Total %	Total %
Short-term investments	4.83	-	-	-	4.83	4.78
Government bonds	-	5.06	5.20	5.65	5.30	5.40
Corporate bonds	-	5.38	5.65	5.32	5.45	5.62

(c) Investment income is as follows:

	1999 \$	1998 \$
Total investment income recognized	8,575	6,495
Less amounts credited directly to endowment	(815)	(482)
Total	7,760	6,013

4. CAPITAL ASSETS

Capital assets consist of the following:

	1999			1998		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
Land	12,832	-	12,832	12,730	-	12,730
Buildings, plant facilities and infrastructure	330,351	154,061	176,290	324,076	144,066	180,010
Equipment and furnishings	69,547	52,503	17,044	64,826	51,369	13,457
Library collection	52,917	52,917	-	49,854	49,854	-
Construction in progress	4,261	-	4,261	6,503	-	6,503
Total	469,908	259,481	210,427	457,989	245,289	212,700

4. CAPITAL ASSETS (continued)

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

	1999	1998
	\$	\$
Balance, beginning of year	212,700	210,229
Purchase of capital assets funded by restricted contributions	3,161	463
Purchase of capital assets internally funded	16,842	22,040
Purchase of capital assets financed by long-term debt	-	486
Donated capital assets	102	-
Fully depreciated capital assets at cost	(8,186)	(3,978)
Accumulated amortization on fully depreciated capital assets	8,186	3,978
Amortization of capital assets	(22,378)	(20,518)
Balance, end of year	210,427	212,700

During the year, the total cost of items added to the library collection was \$6,881 (1998 - \$6,389) and the total cost of items removed was \$3,818 (1998 - \$3,552).

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.

5. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	1999	1998
	\$	\$
Capital assets	210,427	212,700
Less amounts financed by:		
Long-term debt	(88,292)	(91,831)
Deferred capital contributions (note 11)	(60,317)	(60,562)
Balance, end of year	61,818	60,307

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

	1999	1998
	\$	\$
Repayment of long-term debt	3,539	3,550
Purchase of capital assets internally funded	16,842	22,040
Increase in investment in capital assets	20,381	25,590
Amortization expense	22,378	20,518
Less amortization of deferred capital contributions (note 11)	(3,406)	(3,367)
Decrease in investment in capital assets	18,972	17,151
Change in investment in capital assets before donations	1,409	8,439
Donated capital assets	102	-
Change in investment in capital assets	1,511	8,439

6. 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 was issued to York from Seneca. These funds will be directed toward construction of a new science building.

7. 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, 1999.

8. 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:

	April 30 1998 \$	Additions \$	Transfers to Income Endowment		April 30 1999 \$
			\$	\$	
Current					
Research and other grants	18,407	30,386	19,660	-	29,133
Fees and income	6,004	8,382	6,004	-	8,382
Donations	448	500	448	-	500
	24,859	39,268	26,112	-	38,015
Long-term					
Expendable investment and other income from trusts and endowments	27,480	8,037	6,611	198	28,708
Total deferred contributions and income	52,339	47,305	32,723	198	66,723

9. LONG-TERM LIABILITIES

Long-term liabilities consist of the following accruals:

	1999 \$	1998 \$
Early retirement benefits	10,900	10,400
Other post-employment benefits, other than pensions	21,700	20,500
Teacher's superannuation settlement	250	500
Balance, end of year	32,850	31,400

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

10. LONG-TERM DEBT

Long-term debt consists of the following:

Maturity	1999		1998		1999		1998	
	Weighted average interest rate		Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
			\$	\$	\$	\$	\$	\$
Debentures	2017 to 2023	6.75%	6.75%	8,935	9,474	9,125	9,968	
Capital leases	2019 to 2020	7.31%	7.30%	4,623	5,228	4,706	5,402	
Mortgages	2006 to 2016	10.11%	10.10%	28,704	38,984	28,854	40,353	
Term loans	2001 to 2002	9.30	9.24	58,419	64,298	61,772	70,518	
Total				100,681	117,984	104,457	126,241	

The fair value of long-term debt has been calculated based upon current interest rates at the year end for comparable debt instruments and maturity dates. The effective rates are as follows: term loans – 5.83% (1998 - 5.83%); mortgages, capital leases and debentures – 5.56% to 6.0% (1998 – 5.68% to 6.01%).

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

	\$
2000	4,170
2001	5,363
2002	50,348
2003	562
2004	602
Subsequent years	39,636
Total	100,681

11. 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 contribution balance are as follows:

	1999			1998		
	Expended	Unexpended	Total	Expended	Unexpended	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	60,562	10,525	71,087	63,466	-	63,466
Contributions received in the year	2,570	-	2,570	463	10,525	10,988
Transfers	591	(591)	-	-	-	-
Amortization of deferred capital contributions	(3,406)	-	(3,406)	(3,367)	-	(3,367)
Balance, end of year	60,317	9,934	70,251	60,562	10,525	71,087

12. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	1998 \$	Appropriated \$	Expended \$	1999 \$
Departmental carryforwards	16,391	18,274	16,391	18,274
Progress through the ranks	-	(8,691)	-	(8,691)
System enhancements for the year 2000	1,000	-	283	717
Computing systems development	1,373	4,180	4,406	1,147
Pay equity	693	(456)	237	-
Contractual commitments to employee groups	4,622	(2,209)	1,727	686
University stabilization funds	1,133	-	1,133	-
Purchase order commitments	1,431	1,694	1,431	1,694
Pension cost deferral	3,278	(977)	2,301	-
Capital reserve	5,374	5,206	4,842	5,738
Balance, end of year	35,295	17,021	32,751	19,565

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 1999 year end. Under Board policy, which is approved annually, Divisions are entitled to carryforward 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. Progress through the ranks - This is the cumulative difference between the amounts paid for progress through the ranks (PTR) salary adjustments and the budget funds provided under York's salary recovery policy. PTR adjustments are planned to be self-funding over time. However, on a year to year basis, the cost of providing PTR adjustments can be more or less than the funds provided depending the number of retirements that occurred during the year.
- iii. 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.
- iv. Computing systems development - The University has implemented several 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.
- v. 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. The balance of the reserve was fully 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 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. All funds have been expended at year end.

12. INTERNALLY RESTRICTED NET ASSETS (continued)

- viii. 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.
- ix. 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. At year end, no excess remains.
- x. Capital reserve - This represents funds restricted for deferred maintenance, capital emergencies and major capital projects.

13. 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 designating a portion of the annual investment income earned to endowments, 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:

	Endowed funds April 30, 1998 \$	New Contributions \$	Capital Protection \$	Endowed funds April 30, 1999 \$
Externally restricted	64,589	20,822	815	86,226
Internally restricted	2,984	683	75	3,742
Total	67,573	21,505	890	89,968

(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 post secondary 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, 1999, the market value of the OSOTF Fund was \$55,770 (1998 - \$33,644). Investment income earned during the year was \$3,094 (1998 - \$3,450). The amount available for awards is \$2,607 (1998 - \$994) after awards of \$614 (1998 - \$364) were distributed during the year.

(b) Seymour Schulich Endowment Fund

The University has received a gift of \$10 million, which it holds as an endowment in perpetuity. The University has agreed to match the gift and until such time as it discharges its commitment, it will make an annual revenue contribution to the Fund equal to 7% of the unmatched capital contribution. The agreement also provides for a testamentary bequest to the University of a further \$5 million.

At April 30, 1999, the unmatched endowment contribution is \$7.8 million which the University has agreed to discharge in four installments 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.

14. STATEMENT OF CASH FLOWS

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

	1999	1998
	\$	\$
Accounts receivable	5,632	(1,212)
Prepaid expenses	2,266	2,930
Inventories	(1,793)	289
Accounts payable and accrued liabilities	3,768	(3,599)
Net change in non-cash working capital balances	9,873	(1,592)

15. PENSION PLAN

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

During the fiscal year ended April 30, 1999, 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, 1999 in accordance with generally accepted accounting principles, was \$2,301 (1998 - \$2,949).

As at April 30, 1999, the date of the most recent actuarial valuation, the assets of the plan had a market related value of \$808,950. The actuarial present value of the accrued pension benefits amounted to \$770,666, resulting in an actuarial surplus of \$38,284. The assets and liabilities of the plan are not included in the financial statements of the University.

16. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Guaranteed housing loans

The University has guaranteed and is contingently liable in the amount of \$4,539 (1998 - \$6,695) 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-nine other Canadian universities. This self-insurance reciprocal, named CURIE, involves a subscriber 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, 1999, CURIE was fully funded.

16. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(c) Capital and other commitments

The estimated cost to complete capital projects in progress at April 30, 1999 is approximately \$1,246 (1998 - \$2,441). These costs will be financed by fundraising, government grants and borrowings.

(d) Uncertainty due to the Year 2000 Issue

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the University's ability to conduct normal business operations. Management has developed and put in place a plan to address the Year 2000 Issue. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the University, including those related to the efforts of funders, suppliers, or other third parties, will be fully resolved.

17. PLEDGES AND GRANTS OUTSTANDING

The total amount of pledges and grants outstanding is \$11,941 as at April 30, 1999. 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:

	\$
2000	6,969
2001	2,507
2002	1,277
2003	559
2004	188
Subsequent years	441
Total	11,941

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

18. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1999 financial statements.

YORK UNIVERSITY
PUBLIC SECTOR SALARY DISCLOSURE
(UNAUDITED)

YORK UNIVERSITY

PUBLIC SECTOR SALARY DISCLOSURE 1998

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.

EMPLOYEE NAME	POSITION	SALARY	TAXABLE BENEFITS
Abramson, Morton	Professor, Mathematics & Statistics	120,717	478
Adam, Dyane M G	Professor & Principal, Glendon College	100,682	553
Arthurs, Harry W	Professor and President Emeritus	187,601	1,014
Auster, Ellen R	Professor, Schulich School Of Business	105,277	553
Bartel, Henry	Professor, Administrative Studies	119,679	543
Bell, David V J	Professor, Environmental Studies	121,718	669
Brewer, Gary H	Assistant Vice-President, Finance	110,264	589
Brooks, William Neil	Professor, Osgoode Law School	127,898	633
Burke, Ronald J	Professor, Schulich School of Business	118,946	652
Buzacott, John A	Professor, Schulich School of Business	113,511	623
Castel, Jean G	Professor, Osgoode Law School	155,614	259
Clark, Phyllis M	Vice-President (Administration)	135,855	717
Claydon, John E	Professor, Osgoode Law School	120,000	658
Cobb, Robert A	Senior Advisor on Technology	103,353	537
Cohnstaedt, Joy H E	Professor, Visual Arts	103,789	524
Cook, Wade	Professor, Schulich School of Business	147,373	598
Cowles, Michael P	Professor, Psychology	106,806	482
Davey, Kenneth G	Professor, Biology	130,418	716
Denzel, George E	Professor, Mathematics & Statistics	111,801	614
Dusk, Cora Marie M	AVP, Campus Relations & Student Affairs	104,235	3,786
Dymond, Patrick	Professor, Computer Science	107,181	5,259
Emond, D Paul	Professor, Osgoode Law School	116,305	591
Endler, Norman S	Professor, Psychology	119,259	654
Fallis, George B	Dean, Faculty of Arts	122,692	673
Fenton, M. Brock	AVP, Research and Faculties	107,206	588
Fodden, Simon R	Professor, Osgoode Law School	119,647	610
Found, William C	Professor, Environmental Studies	123,506	678
Frolic, Bernie M	Professor, Political Science	102,762	3,772
Geva, Benjamin	Professor, Osgoode Law School	105,972	608
Giblon, Beverley	Course Director, Humanities	104,411	-
Gray, Robert J S	Professor, Osgoode Law School	141,754	245
Halevy, Balfour J	Professor, Osgoode Law School	120,011	643
Harris, Geoffrey W	Professor, Chemistry	119,120	648
Hasson, Reuben A	Professor, Osgoode Law School	131,878	707
Hay, Charles Douglas	Professor, Osgoode Law School	118,079	632
Hedde, John A	Professor, Biology	108,343	596
Hobson, Deborah W	VP, Enrolment & Student Services	132,160	717
Hoffmann, Ellen J	Assoc. VP (Acad. Info Services) & University Librarian	120,936	663
Hogg, Peter W	Professor & Dean, Osgoode Law School	140,572	828
Hopkins, Elizabeth D	Professor, English	102,344	566
Horvath, Dezso	Professor & Dean, Schulich School of Business	169,228	833
Hutchinson, Allan C	Professor, Osgoode Hall Law School	105,403	3,211
Innanen, Kimmo A	Professor, Physics and Astronomy	111,642	913
Irani, Khurshed	Director, Facilities Management	103,732	4,473

YORK UNIVERSITY

PUBLIC SECTOR SALARY DISCLOSURE 1998 (continued)

EMPLOYEE NAME	POSITION	SALARY	TAXABLE BENEFITS
Jarvie, Ian C	Professor, Philosophy	109,933	3,942
Kaplan, Harold	Professor, Political Science	125,224	705
Kohn, Paul M	Professor, Psychology	101,583	535
Lang, Reginald S	Professor, Environmental Studies	108,247	608
Lever, Alfred B P	Professor, Chemistry	100,852	554
Lewis, Harriet	University Counsel and General Secretary	133,270	682
Leyton-Brown, David	Professor & Dean, Graduate Studies	102,885	570
Litvak, Isaiah A	Professor, Schulich School of Business	120,835	663
Mann, Susan N	Professor and President Emeritus	175,000	959
Marsden, Lorna	President & Vice Chancellor	227,104	8,575
Martin, Dianne L	Professor, Osgoode Law School	101,867	491
McCamus, John D	Professor, Osgoode Law School	136,516	739
McDougall, Ian A	Professor, Osgoode Law School	110,813	592
McKechnie, Graeme H	Professor, Economics	107,033	559
Moens, Peter B	Professor, Biology	106,363	195
Morgan, Gareth H J	Professor, Schulich School of Business	116,203	638
Mossman, Mary Jane	Professor, Osgoode Law School	113,698	608
O'Brien, Patricia C	Professor, Schulich School of Business	106,993	587
Pascual-Leone, Juan	Professor, Psychology	100,507	2,221
Peterson, Rein	Professor, Schulich School of Business	129,816	725
Pilkington, Marilyn	Professor, Osgoode Law school	120,878	646
Prince, Robert H	Professor & Dean, Faculty of Pure & Applied Science	110,696	607
Pursell-Annear, Terry	Campaign Director	113,280	-
Pyke, Sandra W	Professor, Psychology	105,462	3,186
Ramsay, Iain Duncan	Professor, Osgoode Law School	108,939	561
Regan, David M	Professor, Psychology	141,860	778
Robbins, Stuart G	Professor, Physical Education	113,439	566
Roberts, Gordon Sam Abram	Professor, Schulich School of Business	109,178	4,306
Rosen, Lawrence S	Professor, Schulich School of Business	132,976	2,482
Roy, S Paul	Professor, Schulich School of Business	100,491	529
Rudolph, Jochen	Professor, Chemistry	110,803	609
Rudolph, Ross A	Professor, Political Science	102,976	565
Shapson, Stan	Professor & AVP, Strategic Initiatives	130,306	663
Shepherd, Gordon G	Professor, Earth & Atmospheric Science	113,340	572
Slattery, Brian	Professor, Osgoode Law School	105,395	626
Smith, David M	AVP Management Information	123,827	8,146
Spence, Edward S	Professor, Environmental Studies	130,626	629
Stevenson, Hugh Michael	Professor & Vice-President, Academic Affairs & Provost	141,806	780
Struk, Peter	AVP Facilities & Business Operations	125,984	6,553
Swarney, Paul R	Professor, Humanities	109,196	486
Thompson, Donald N	Professor, Schulich School of Business	107,604	590
Vanstone, Gail	Course Director, Humanities	100,686	-
Victor, Peter Alan	Professor & Dean, Faculty of Environmental Studies	116,109	5,856
Wacyk, Maria	Executive Director, Human Resources	102,735	534

YORK UNIVERSITY

PUBLIC SECTOR SALARY DISCLOSURE 1998 (continued)

EMPLOYEE NAME	POSITION	SALARY	TAXABLE BENEFITS
Watson, Garry D	Professor, Osgoode Law School	113,957	701
Weiss, Stephen E	Professor, Schulich School of Business	115,375	571
Williams, Sharon A	Professor, Osgoode Law School	106,437	559
Wood, John David	Professor, Geography	108,180	571
Zarry, Peter T	Director, Executive Programs , Schulich School	147,657	583
Zemans, Frederick H	Professor, Osgoode Law School	138,213	720

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..