YORK UNIVERSITÉ UNIVERSITY

FINANCIAL STATEMENTS

APRIL 30, 2009

INDEX

Page

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

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

The financial statements were prepared in accordance with Canadian generally accepted accounting principles. The administration believes the financial statements present fairly, in all material respects, the University's financial position as at April 30, 2009 and the results of its operations and its cash flows 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 was employed. Additionally, the administration 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 retained Mercer Human Resource Consulting Limited in order to provide an estimate of the University's pension liability and other post-employment benefits for the current year. The administration 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 reported pension liabilities.

The Board of Governors carries out its responsibility for review of the financial statements and this annual report principally through its Finance and Audit Committee ("Committee"). The majority of the members of the Committee are not officers or employees of the University. The 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 Finance and Audit Committee with and without the presence of the administration.

Ernst & Young LLP Chartered Accountants, the auditors appointed by the Board of Governors, have reported on the financial statements for the year ended April 30, 2009. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Gary Brewer
Vice-President, Finance and Administration

Mamdouh Shoukri
President and Vice-Chancellor

INTRODUCTION TO YORK UNIVERSITY FINANCIAL STATEMENTS – 2008-2009

In 2008-2009, the University managed its finances in a very challenging fiscal environment. The current year was characterized by unprecedented turmoil and declines in capital markets and an extended labour dispute resulting in disruption of classes and the requirement to extend the normal academic term into the next fiscal year. Graduate enrolment growth remained a key priority for the University as part of an overall focus on achieving the objectives of the University Academic Plan. Increased tuition fees, additional grants from the Province of Ontario for campus renewal funding, as well as one-time additional quality and sustainability funding, provided additional operating income. However, cost pressures largely associated with salaries and benefits continued to grow.

The Statement of Operations and Changes in Deficit reports total tuition fee revenue increasing from $332 million in 2008 to $339 million in 2009. The majority of this growth is associated with increases in approved tuition fee rates and increasing graduate enrolments offset by the tuition fee deferral program for $10 million that was implemented in 2009 to assist students impacted by the labour disruption.

Grant and contract funding increased from $377 million in 2008 to $386 million in 2009. In the current year, the University received increased grant funding for graduate student enrolments and deferred maintenance projects.

Salaries and benefits increased from $554 million in 2008 to $557 million in 2009. Salary levels were generally 3% higher than in the previous year and reflected the annual increase associated with the three-year collective bargaining agreements that covered the majority of the University's personnel offset by $10 million in salaries related to the labour disruption which will be incurred in the next fiscal year.

Scholarships and bursaries remained constant at $55 million in 2009. As detailed in the Summary of Revenue and Expenses, scholarships and bursaries have increased over the last five years, from $46 million in 2005 to $55 million in 2009, largely as a result of the Ontario Student Opportunity Trust Fund and the growth in endowed scholarships and the University's increased budget allocation to support students.

Interest on long-term debt remains constant at $23 million in 2009. Interest costs represent the full cost of servicing all debt, including the debentures issued in 2002 and 2004. In 2009, $0.8 million of interest qualified to be capitalized for assets under construction.

The University experienced an extended labour disruption during the year which resulted in the normal academic term being extended into the next fiscal year. This resulted in the deferral of $55 million of revenue related to grants, tuition fees and other services that had not been completed by fiscal year end.

As summarized on the Balance Sheet, the University's unrestricted deficit has increased from $35 million in 2008 to $120 million in 2009. The increase in the deficit is the result of a planned operating budget deficit, the deferral of revenue required due to the labour disruption, internally financed capital projects and lower revenue in ancillary operations from parking and the bookstore resulting from the labour disruption.

The University's investment in capital assets decreased from $684 million in 2008 to $651 million in 2009. The change is the result of annual depreciation charges.

The University entered into a direct finance lease with the Ontario Realty Corporation (ORC) to rent a facility that was constructed on York land (Keele campus) for the use of the Archives of Ontario. The University entered into contractual arrangements with a consortium that provided the necessary financing, design and construction of the facility. As payment for the cost of the facility, York assigned the future revenue stream for a period of 35 years. York remains liable for these lease payments to the consortium should the ORC default. The University has reported the carrying value of the lease ($45 million) as an asset and the corresponding liability for the lease payments as a long-term liability.

Investments at April 30, 2009 totalled $449 million, as compared to $432 million at April 30, 2008. Investments consisted of $245 million in endowments ($303 million last year) and $204 million in other investments ($129 million last year). The change in investments over the course of the year is the result of the significant turmoil and decline in capital markets which reduced the value of endowment assets by $56 million offset by growth in the endowments from new donations and the transfer of $80 million from short-term investments to the laddered fixed income investment strategy.

The University has included in liabilities the costs associated with other post-employment benefits. York recognizes the liabilities for future retiree benefits for both active employees and current retirees. The liability at April 30, 2009 was $68 million versus $64 million for the prior year.

Heading into 2009, the University will continue to manage its finances responsibly. The challenges for the next year are as follows:

- the pressures of meeting enrolment targets at both the graduate and undergraduate levels due to the 2009 labour disruption and other factors;
- the variability of investment returns and the potential impact on pension costs and future endowment distributions;
- the increasing pressures on salary and benefit costs;
- the implications of potential changes in government grant funding allocations;
- the uncertainty associated with the tuition fee framework beyond 2010.

These challenges are expected to impact through fiscal year 2009-2010 and beyond.

Gary Brewer
Vice-President, Finance and Administration

SUMMARY OF REVENUE AND EXPENSES

Total Revenue and Expenses
(Millions of dollars)

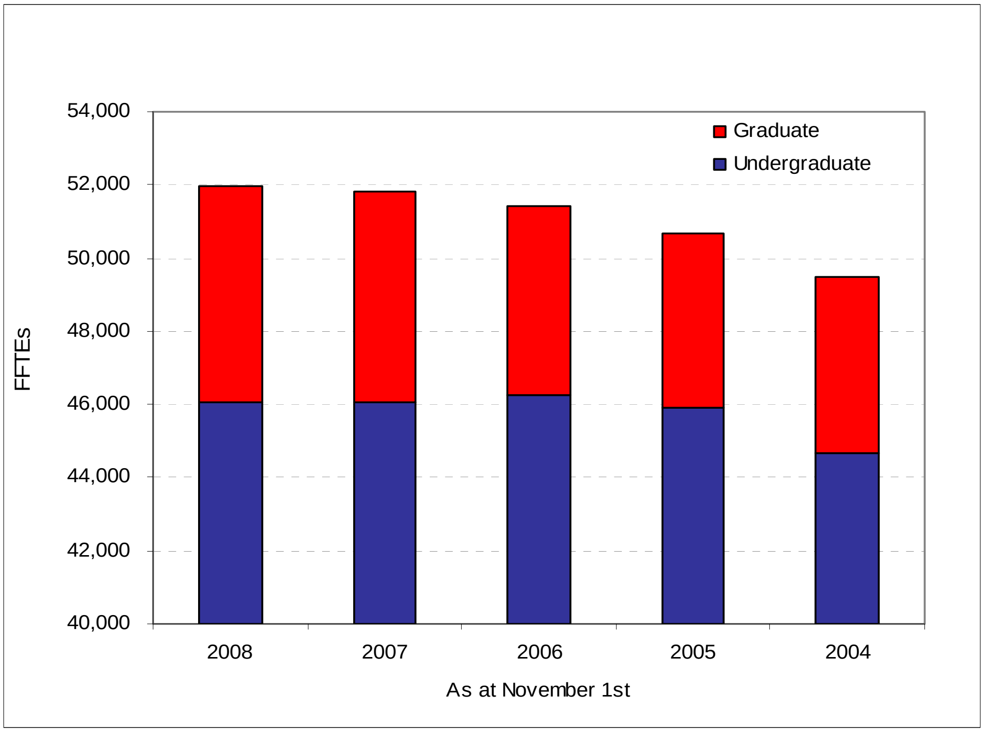
Year Ended April 30

	2009 $	2008 $	2007 $	2006 $	2005 $
		(restated; note 17)			
REVENUE					
Grants and contracts before adjustment *(note 16)*	386.4	376.5	376.6	338.9	315.8
Student fees before adjustment *(note 16)*	339.0	331.7	316.3	301.3	287.6
Donations	5.3	6.5	5.4	5.4	5.4
Investment income	10.5	21.5	22.0	19.1	16.1
Sales and services before adjustment *(note 16)*	64.9	66.8	67.1	67.0	62.9
Amortization of deferred capital contributions	11.7	12.4	10.4	9.7	8.3
Recovery of salaries, benefits and other expenses	25.2	26.6	24.5	24.5	23.5
Other	3.7	4.1	2.2	28.4	11.7
	846.7	**846.1**	**824.5**	**794.3**	**731.3**
EXPENSES					
Salaries and benefits	556.9	554.0	495.3	469.5	428.1
Operating costs	124.7	119.3	119.2	107.8	110.2
Amortization of capital assets	44.7	37.9	38.3	39.2	36.2
Cost of sales and services	21.4	22.3	23.3	22.0	19.7
Taxes and utilities	33.3	35.5	32.0	29.1	28.0
Scholarships and bursaries	54.6	55.1	52.5	49.5	45.5
Interest on long-term debt	22.8	23.0	23.3	21.7	21.5
	858.4	**847.1**	**783.9**	**738.8**	**689.2**

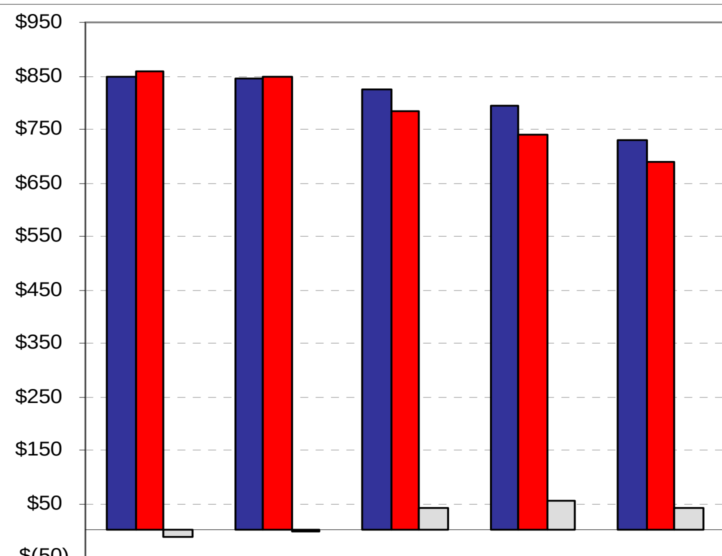
% of Total Revenue and Expenses

	2009 %	2008 %	2007 %	2006 %	2005 %
		(restated; note 17)			
REVENUE					
Grants and contracts before adjustment *(note 16)*	45.6	44.5	45.6	42.7	43.2
Student fees before adjustment *(note 16)*	40.0	39.2	38.4	37.9	39.4
Donations	0.6	0.8	0.6	0.7	0.7
Investment income	1.3	2.5	2.7	2.4	2.2
Sales and services before adjustment *(note 16)*	7.7	7.9	8.1	8.4	8.6
Amortization of deferred capital contributions	1.4	1.5	1.3	1.2	1.1
Recovery of salaries, benefits and other expenses	3.0	3.1	3.0	3.1	3.2
Other	0.4	0.5	0.3	3.6	1.6
	100.0	**100.0**	**100.0**	**100.0**	**100.0**
EXPENSES					
Salaries and benefits	64.9	65.4	63.1	63.5	62.1
Operating costs	14.5	14.1	15.2	14.6	16.0
Amortization of capital assets	5.1	4.5	4.9	5.3	5.2
Cost of sales and services	2.5	2.6	3.0	3.0	2.9
Taxes and utilities	3.9	4.2	4.1	4.0	4.1
Scholarships and bursaries	6.4	6.5	6.7	6.7	6.6
Interest on long-term debt	2.7	2.7	3.0	2.9	3.1
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

ENROLMENT GROWTH
2008 – 2004



REVENUE AND EXPENSES
Year Ended April 30
2009 – 2005
(Millions of dollars)

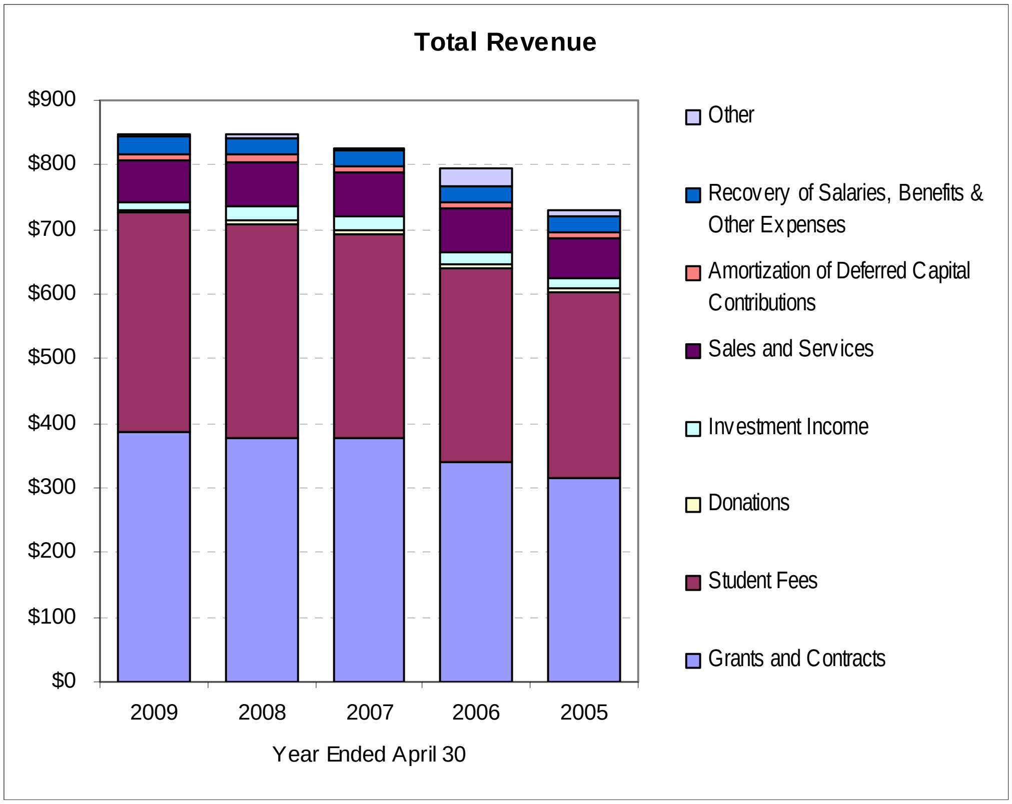


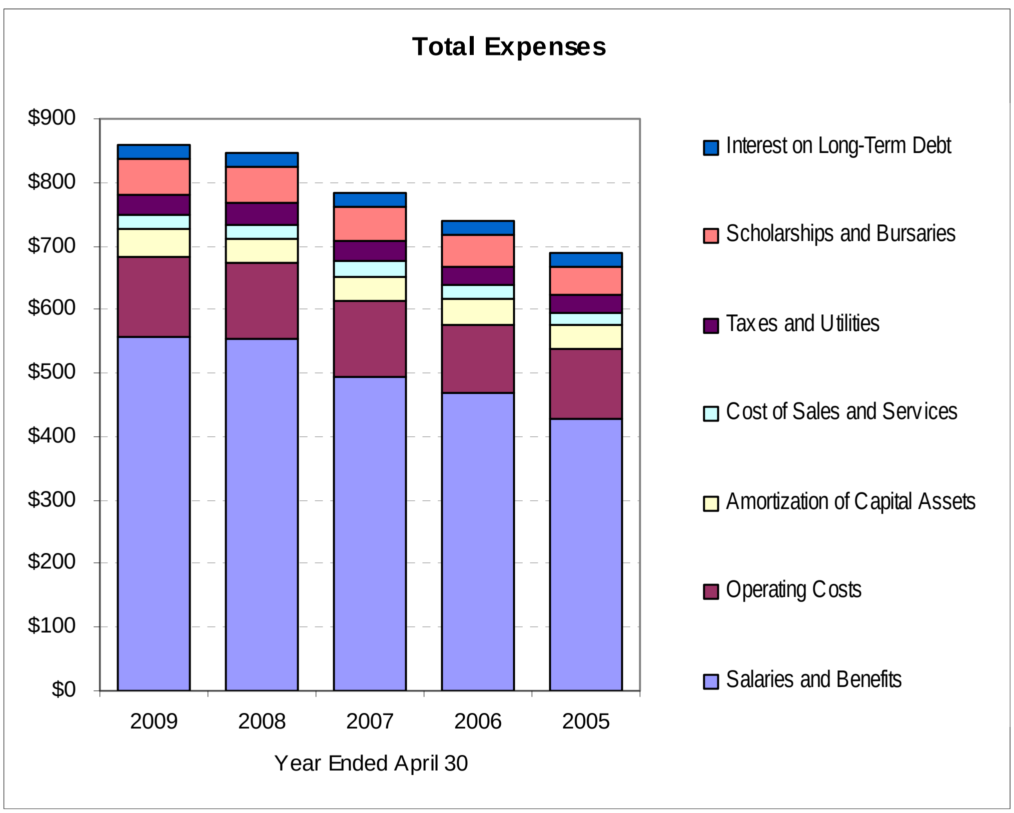
	2009	2008 **	2007	2006	2005
Revenue *	$846.7	$846.1	$824.5	$794.3	$731.3
Expenses	$858.4	$847.1	$783.9	$738.8	$689.2
Revenue over Expenses *	$(11.7)	$(1.0)	$40.6	$55.5	$42.1

***** Before adjustment related to labour disruption *(Notes 6 and 16)* ** Restated *(Note 17)*

SUMMARY OF REVENUE AND EXPENSES

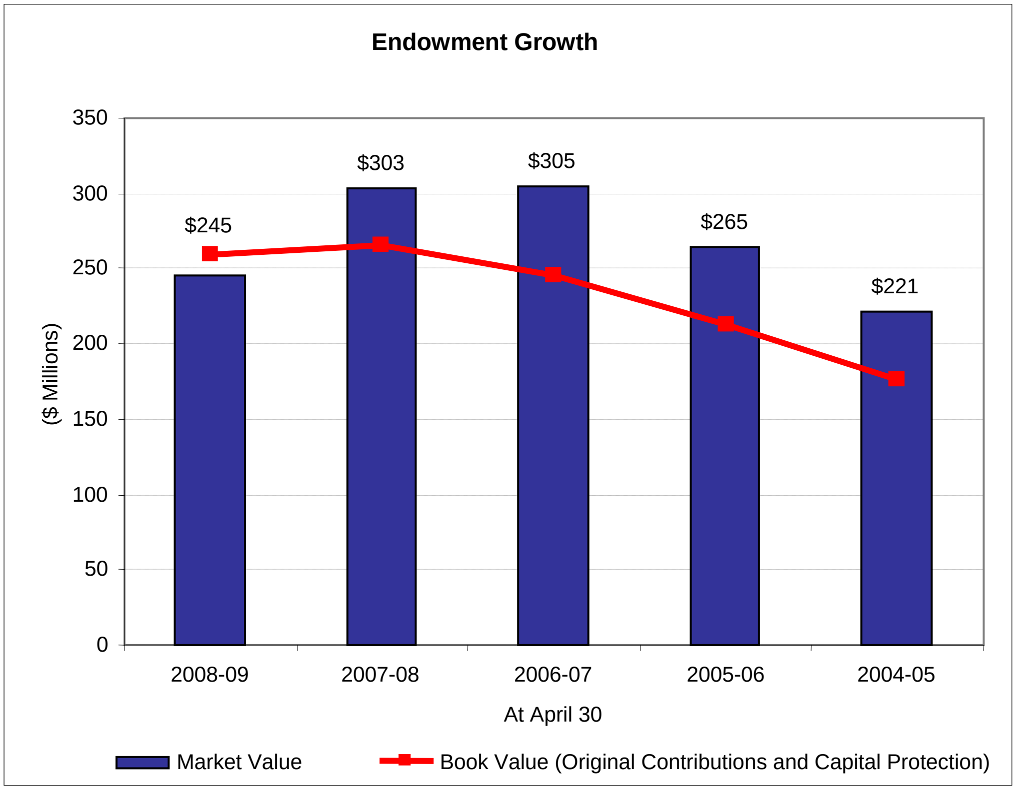
2009 – 2005
(Millions of dollars)

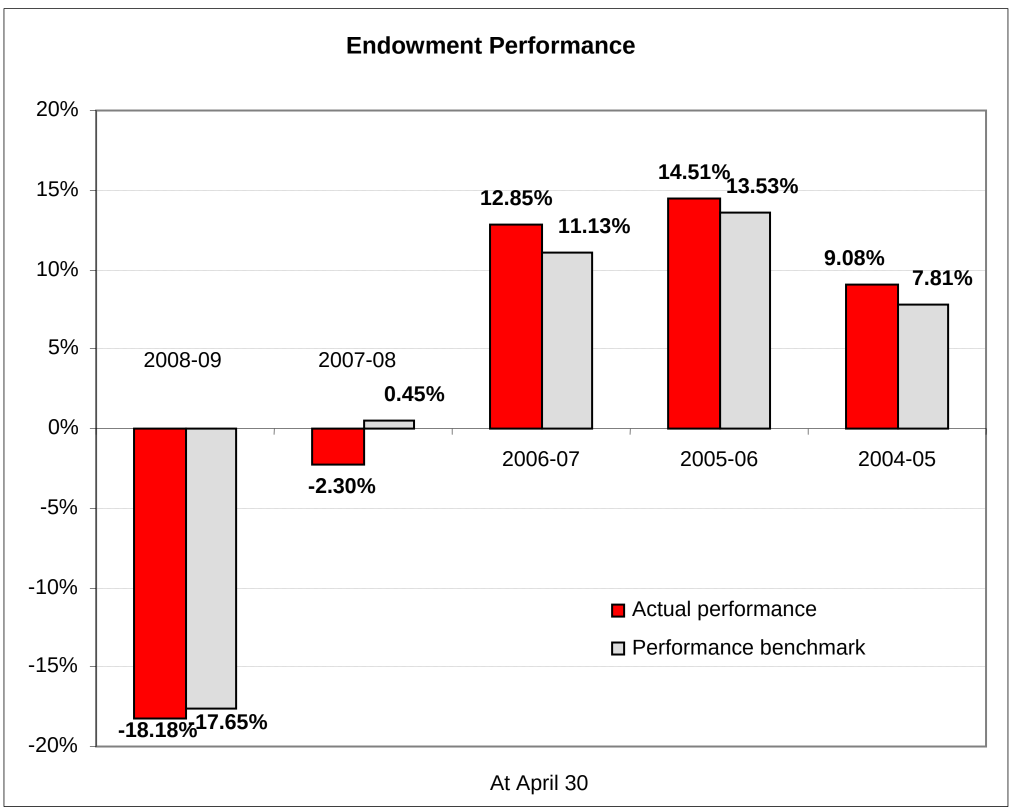




ENDOWMENT GROWTH AND PERFORMANCE

2009 – 2005





ERNST & YOUNG

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, 2009 comprising the following:

Balance Sheet
Statement of Operations and Changes in Deficit
Statement of Changes in Net Assets
Statement of Cash Flows

These financial statements are the responsibility of the administration of the University. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
June 11, 2009

BALANCE SHEET
(Thousands of dollars)

As at April 30

	2009 **$**	**2008** **$**
		(restated; note 17)
ASSETS		
Current		
Cash and cash equivalents	**81,312**	162,042
Accounts receivable	**79,485**	57,679
Inventories	**4,823**	5,971
Prepaid expenses	**10,219**	9,972
Total current assets	**175,839**	235,664
Pension cost deferral *(notes 12 and 14)*	**38,088**	31,645
Investments *(note 3)*	**448,715**	432,141
Investment in lease *(note 4)*	**44,887**	-
Capital assets, net *(note 5)*	**650,931**	683,932
	1,358,460	1,383,382
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities *(note 5)*	**94,226**	122,523
Current portion of long-term debt *(note 10)*	**30,355**	3,724
Deferred income *(note 6)*	**94,946**	29,242
Deferred contributions *(note 7)*	**86,769**	76,622
Total current liabilities	**306,296**	232,111
Long-term liabilities *(notes 9 and 14)*	**113,490**	64,412
Long-term debt *(note 10)*	**313,061**	343,398
Deferred capital contributions *(note 11)*	**220,918**	221,974
Total liabilities	**953,765**	861,895
Commitments and contingent liabilities *(note 19)*		
NET ASSETS		
Unrestricted deficit	**(119,526)**	(34,827)
Internally restricted *(note 12)*	**288,362**	257,705
Endowments *(note 13)*	**235,859**	298,609
Total net assets	**404,695**	521,487
	1,358,460	1,383,382

See accompanying notes

On behalf of the Board of Governors

Marshall A. Cohen
Chair

Mamdouh Shoukri
President and Vice-Chancellor

STATEMENT OF OPERATIONS AND CHANGES IN DEFICIT
(Thousands of dollars)

Year ended April 30

	2009 $	2008 $ *(restated; note 17)*
REVENUE		
Grants and contracts before adjustment *(notes 6 and 16)*	**386,345**	376,525
Student fees before adjustment *(notes 6 and 16)*	**339,017**	331,738
Donations	**5,309**	6,452
Investment income *(note 3)*	**10,505**	21,462
Sales and services before adjustment *(notes 6 and 16)*	**64,912**	66,741
Amortization of deferred capital contributions *(note 11)*	**11,729**	12,410
Recovery of salaries, benefits and other expenses	**25,171**	26,636
Other	**3,721**	4,096
Total revenue before adjustment related to labour disruption *(notes 6 and 16)*	**846,709**	846,060
EXPENSES		
Salaries and benefits *(note 14)*	**556,949**	553,981
Operating costs	**124,662**	119,324
Amortization of capital assets	**44,754**	37,905
Cost of sales and services	**21,417**	22,347
Taxes and utilities	**33,293**	35,483
Scholarships and bursaries	**54,563**	55,062
Interest on long-term debt *(note 10)*	**22,778**	22,997
Total expenses	**858,416**	847,099
Deficiency of revenue over expenses for the year before adjustment related to labour disruption	**(11,707)**	(1,039)
Labour disruption *(notes 6 and 16)*	**(55,360)**	-
Deficiency of revenue over expenses for the year	**(67,067)**	(1,039)
Change in internally restricted net assets	**(30,657)**	3,167
Transfer from internally restricted endowments	**13,025**	1,705
Change in unrestricted deficit in the year	**(84,699)**	3,833
Unrestricted deficit, beginning of year	**(34,827)**	(38,660)
Unrestricted deficit, end of year	**(119,526)**	(34,827)

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS
(Thousands of dollars)

Year ended April 30

	2009				2008
	Unrestricted deficit $	**Internally restricted $**	**Endowments $**	**Total $**	**Total $**
		(note 12)	*(note 13)*		*(restated; note 17)*
Net assets, beginning of year, as restated *(note 17)*	**(34,827)**	**257,705**	**298,609**	**521,487**	523,408
Deficiency of revenue over expenses for the year	**(67,067)**	**-**	**-**	**(67,067)**	(1,039)
Change in internally restricted net assets *(note 12)*	**(30,657)**	**30,657**	**-**	**-**	-
Investment losses on externally restricted endowments and amounts made available for spending *(note 13)*	**-**	**-**	**(56,853)**	**(56,853)**	(15,468)
Contributions to externally restricted endowments *(note 13)*	**-**	**-**	**7,128**	**7,128**	14,586
Transfers from internally restricted endowments	**13,025**	**-**	**(13,025)**	**-**	-
Net assets, end of year	**(119,526)**	**288,362**	**235,859**	**404,695**	**521,487**

See accompanying notes

STATEMENT OF CASH FLOWS
(Thousands of dollars)

Year ended April 30

	2009 $	2008 $ *(restated; note 17)*
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	**(67,067)**	(1,039)
Add (deduct) non-cash items:		
Amortization of capital assets	**44,754**	37,905
Amortization of deferred capital contributions	**(11,729)**	(12,410)
Net change in non-cash working capital balances related to operations *(note 15)*	**61,868**	10,250
Decrease (increase) in pension cost deferral	**(6,443)**	2,894
Net change in long-term liabilities *(note 15)*	**4,191**	7,312
Cash provided by operating activities	**25,574**	**44,912**
INVESTING ACTIVITIES		
Purchase of investments, net *(note 15)*	**(73,427)**	(59,076)
Purchase of capital assets *(note 15)*	**(46,972)**	(57,660)
Cash used in investing activities	**(120,399)**	**(116,736)**
FINANCING ACTIVITIES		
Repayment of long-term debt	**(3,706)**	(3,515)
Contributions restricted for capital purposes	**10,673**	29,900
Contributions to externally restricted endowments *(note 13)*	**7,128**	14,586
Cash provided by financing activities	**14,095**	**40,971**
Net decrease in cash and cash equivalents during the year	**(80,730)**	(30,853)
Cash and cash equivalents, beginning of year	**162,042**	192,895
Cash and cash equivalents, end of year	**81,312**	**162,042**

Cash and cash equivalents are comprised:		
Cash or bank indebtedness	**(3,517)**	2,673
Short-term investments	**84,829**	159,369
Cash and cash equivalents, end of year	**81,312**	**162,042**

See accompanying notes

APRIL 30, 2009

1. DESCRIPTION OF THE ORGANIZATION

York University ("York" or the "University") was incorporated under the York University Act 1959 and continued under the York University Act 1965 by the Legislative Assembly of Ontario. The University is dedicated to academic research and to providing post-secondary and post-graduate education. The University is a registered charity and under the provisions of Section 149 of the Income Tax Act (Canada) is exempt from income taxes.

York's financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all the operations of the University and organizations in which the University has a controlling shareholding or a primary economic interest. Accordingly, these financial statements include the operation, research and ancillary operations of the University, the York University Development Corporation (an Ontario corporation of which the University is the sole shareholder) that oversees the development of designated undeveloped York lands and which owns York Lanes shopping mall; and York University Foundation, a federally incorporated foundation, the objects of which are to raise funds for the University and steward the funds so raised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by the administration in accordance with Canadian generally accepted accounting principles. The preparation of financial statements requires the administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. A summary of significant accounting policies is as follows:

a) Adoption of Canadian Institute of Chartered Accountants ("CICA") Handbook amendments

Effective May 1, 2008, the University adopted the recommendations of CICA 1535: Capital Disclosures, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the University's objectives, policies, and processes for managing capital. The adoption of these recommendations only required additional disclosures, which are provided in note 18.

Effective May 1, 2008, the University adopted retroactively the changes to the recommendations in CICA 4400: Financial Statement Presentation for Not-For-Profit Organizations that eliminate the requirement to disclose the amount of net assets invested in capital assets and suggest that the amount may be included in internally restricted net assets. As a result, the University has reclassified the prior year financial statements to include the amount of net assets invested in capital assets as at April 30, 2007 of $88,173 and as at April 30, 2008 of $105,686 in internally restricted net assets.

b) 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. Restricted endowment contributions are recognized as direct increases in net assets. Pledges are recorded as revenue on a cash basis since pledges are not legally enforceable.

Donations of materials and services that would otherwise have been purchased are recorded at fair value when 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 the point of sale or when the service has been provided.

c) Financial instruments

As permitted under the CICA Handbook, the University has chosen to continue to apply CICA 3861: Financial Instruments - Disclosure and Presentation in place of CICA 3862: Financial Instruments - Disclosures and CICA 3863: Financial Instruments - Presentation.

d) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and investments with original maturities at acquisition of three months or less. Short-term investments used to support capital projects and internally restricted net assets designated as sinking funds are classified as long-term investments.

e) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is assigned by using the first-in, first-out (FIFO) method or weighted average cost method, depending on the nature or use of the inventory items. The same costing method is used for all inventories having a similar nature and use.

f) Investments and Investment Income

Investments are recorded at fair value except for investments in fixed income securities which are to be held to maturity and other loans and receivables, both of which are recorded at cost plus accrued interest, using the effective interest rate method.

The fair value of investments is determined as follows:

Publicly traded bonds and equities are determined based on quoted market values based on the latest bid prices. Investments in pooled funds are valued at their unit values provided by the fund manager and unlisted or infrequently traded securities are based on quoted market yields or comparable security prices as appropriate.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as revenue in the Statement of Operations and Changes in Deficit, except for investment income designated for externally restricted endowments. The amount made available for spending against externally restricted endowments, is recorded as Investment Income and any amount available for spending that remains unspent at year-end is deferred and categorized as Deferred Contributions. Investment income in excess of amounts available for spending on externally restricted endowments and losses on externally restricted endowments are recorded as direct increases (decreases) to endowments.

Income (or loss) designated for internally restricted endowments is recognized in the Statement of Operations. The investment income (or loss) as well as all actual spending against internal endowments are then transferred from the unrestricted deficit to internally restricted endowments through the Statement of Changes in Net Assets.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

g) 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 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

Construction in progress expenditures are capitalized as incurred and are amortized as described above once the asset is placed into service. Capitalized expenditures include interest on related debt funding of such expenditures.

Donations of items included in the art collection are recorded as direct increases in capital assets and net assets at an appraised value established by independent appraisal in the period receipted by the University. The art collection is considered to have a permanent value and is not amortized.

h) Foreign exchange translation

The University accounts for revenue and expense transactions in a foreign currency at the exchange rate in effect at the date of the transactions. 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 the Statement of Operations and Changes in Deficit. Foreign exchange gains and losses on investments have been included in investment income.

i) Interest rate swaps

Derivative financial instruments related to interest rate swaps on certain term loans *(note 10)* are used by the University in the management of its exposure to changes in interest rates. The University does not enter into interest rate swaps for trading or speculative purposes. The University does not apply hedge accounting on these derivative financial instruments. The University records financial instruments related to swaps on the balance sheet at fair value with subsequent changes in fair value recognized in the Statement of Operations and Changes in Deficit.

j) Employee benefits plans

The University has a defined contribution pension plan, which has a defined benefit component that provides a minimum level of pension benefits. The cost of providing pension benefits and post-employment benefits other than pensions is actuarially determined and recognized in the Statement of Operations and Changes in Deficit using the projected benefit method pro-rated on service and management's best estimates regarding assumptions about a number of future conditions, including investment returns, compensation changes, withdrawals, mortality rates and expected health care costs. Past service costs associated with plan amendments are amortized over the average remaining service life of employees who were active at the time of each plan amendment. Cumulative differences arising from actuarial gains and losses including changes in assumptions over 10% of the greater of the fair value of assets and the accrued benefit obligation are amortized over the average remaining service life of employees. Assets of the pension plan are valued using market values at April 30, 2009. Liabilities of the pension plan and post-employment benefits other than pensions are discounted using current interest rates on long-term high-quality Canada corporate bonds.

k) Recent accounting pronouncements

CICA 1000: Financial Statement Concepts ("CICA 1000") was amended in February 2008 to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the Balance Sheet. The amendments are effective for financial statements for fiscal years beginning on or after October 1, 2008. The University will adopt the amendments in CICA 1000 on May 1, 2009 with retroactive application. The University is currently evaluating the effects of adopting these amendments.

3. INVESTMENTS

a) Investments consist of the following:

	Maturity	2009 Weighted average interest rate	2008 Weighted average interest rate	2009 Total $	2008 Total $
Short-term investments	2009 to 2014	3.10%	3.69%	**170,594**	98,292
Deposit notes	2009 to 2023	4.50%	4.69%	**1,392**	1,457
Government bonds	2009 to 2050	5.23%	5.01%	**72,912**	104,763
Corporate bonds	2009 to 2047	9.89%	5.02%	**35,374**	36,502
Mortgages	2009 to 2014	5.58%	5.46%	**12,555**	14,314
Canadian equities				**55,244**	97,847
International equities				**98,681**	78,454
Other	2009 to 2013	3.50%	6.09%	**1,963**	512
Total				**448,715**	**432,141**
Designated as follows:					
Held for trading				**289,666**	344,591
Held to maturity				**156,550**	71,772
Loans and receivables				**2,499**	15,778
Total				**448,715**	**432,141**

All investments are recorded at fair value except certain government bonds that are designated as held to maturity and certain loans and receivables. The total fair value of government bonds is $75,113 (2008 – $107,987). The carrying value of the loans and receivables approximates fair value.

Investments are exposed to foreign currency risk, interest rate risk, and market volatility. The University manages these risks through policies and procedures in place governing asset mix, equity and fixed income allocations, and diversification among and within categories.

b) Investment income consists of the following:

	2009 $	2008 $ *(restated; note 17)*
Investment loss on endowments	**(55,739)**	**(7,650)**
Add back investment loss on external endowments, charged directly to endowments	**45,801**	**6,351**
Add allocations for spending on external endowments, net of deferrals	**8,564**	**6,927**
Other investment income	**11,879**	**15,834**
Total	**10,505**	**21,462**

4. INVESTMENT IN LEASE

The University has entered into a direct finance lease with the Ontario Realty Corporation ("ORC"). The leased facilities are located on the Keele campus and are occupied by the Archives of Ontario. The lease commenced on February 25, 2009 for an initial period of 25 years plus three options to extend the term, each for ten years. Prior to the commencement of the lease, the ORC exercised the first ten-year renewal option.

To construct the facilities used by the Archives of Ontario, in May 2007 the University entered into contractual agreements with a consortium that undertook the design, construction and financing of the facility during the construction phase of the project.

As payment for the cost of the facility, York assigned the revenue stream under the ORC lease to the consortium for a period of 35 years. However, York remains liable for the lease payments to the consortium should ORC default.

The present value of the lease payments due from ORC at lease commencement was determined to be $45,067 based on a discount rate of 10.5% and no residual value being assigned to the Archives facility.

The carrying value of the investment in lease is composed of aggregate minimum lease payments due from ORC over 35 years less unearned finance income at a rate of 10.5%. As of April 30, 2009, the balance is as follows:

	2009 **$**
Aggregate future minimum lease payments	**163,418**
Less unearned finance income	**(118,372)**
Investment in lease	**45,046**
Less current portion recorded in accounts receivable	**(159)**
Balance, end of year	**44,887**

Minimum future lease payments are expected to be as follows:

	$
2010	4,818
2011	4,818
2012	4,818
2013	4,818
2014	4,818
Thereafter	139,328
Total	**163,418**

The University has recorded the amounts owed to the consortium under the lease assignment within the liabilities section of the Balance Sheet. The current portion is reported within accounts payable and accrued liabilities as $159 while the long-term portion is reported in long-term liabilities as $44,887 *(note 9)*. This liability has been discounted at a rate of 10.5% and will reduce over the 35 year lease assignment term, concurrent with the reduction to investment in lease.

The finance income on the investment in lease of $834 is equal to the effective interest expense calculated on the liability owing to the consortium.

5. CAPITAL ASSETS

Capital assets consist of the following:

	2009			2008		
	Cost $	Accumulated Amortization $	Net Book Value $	Cost $	Accumulated Amortization $	Net Book Value $
Land	**4,358**	**-**	**4,358**	4,358	-	4,358
Buildings, plant facilities and infrastructure	**845,449**	**306,676**	**538,773**	834,255	282,195	552,060
Equipment and furnishings	**134,461**	**84,203**	**50,258**	131,994	78,960	53,034
Library collection	**67,239**	**67,239**	**-**	65,912	65,912	-
Construction in progress	**52,814**	**-**	**52,814**	69,752	-	69,752
Art collection	**4,728**	**-**	**4,728**	4,728	-	4,728
Total	**1,109,049**	**458,118**	**650,931**	**1,110,999**	**427,067**	**683,932**

a) As described in note 4, a consortium undertook the design, construction and financing of the Archives of Ontario facility during the construction phase of this project. During the prior year, the facility was still under construction. Accordingly, the University recorded $30.8 million related to this project as construction in progress and an equal amount as payable to the consortium, which was included in accounts payable and accrued liabilities.

Construction of the facility was completed in 2009. During the year, an additional $14.3 million was added to the construction in progress balance. Upon commencement of the University's direct finance lease with the ORC in February 2009, the total capitalized value of $45.1 million was deducted from the construction in progress in the capital asset balance and recorded as investment in lease.

b) During the year, the total cost of items added to the library collection was $7,211 (2008 – $5,807) and the total cost of items removed was $5,884 (2008 – $5,773). The University's art collection consists of 112 (2008 – 112) paintings that have an appraised value upon receipt of $4,728.

c) During the year, interest of $777 (2008 – $501) related to construction in progress was capitalized within capital assets.

d) 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, and which purport to limit use of the properties 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 nominal value.

6. DEFERRED INCOME

Deferred income consists of the following:

	2009 $	2008 $
Fees and other income	**39,586**	29,242
Deferrals as a consequence of the labour disruption *(note 16)*		
Grants and contracts	**27,841**	-
Student fees	**26,100**	-
Sales and services	**1,419**	-
Total	**94,946**	**29,242**

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations and unexpended available income on externally restricted endowments. The changes in deferred contributions are as follows:

	2008 $ (restated; note 17)	Additions $	Transfers to income $	2009 $
Research and other grants and contracts	56,840	56,493	(51,748)	**61,585**
Expendable balances from endowments and other income from trusts	19,782	27,261	(21,859)	**25,184**
Total	**76,622**	**83,754**	**(73,607)**	**86,769**

8. CREDIT FACILITY

The University has available facilities as follows:

a) Demand operating facilities in the amount of $20 million (2008 – $30 million). This facility bears interest at a rate that varies with the average cash balances on deposit with the bank, ranging from bank prime rate plus 0.5% to bank prime rate (2008 – prime rate less 1%). Letters of credit in the amount of $7.6 million (2008 – $10.6 million) have been utilized against this facility.

b) Indirect guarantor facilities for housing loans to faculty and staff in the amount of $8.25 million (2008 – $8.25 million). These facilities bear interest at the bank's prime rate. Housing loans to faculty and staff in the amount of $178 (2008 – $220) have been utilized against these facilities.

c) A term loan facility in the amount of $7.1 million (2008 – $9.2 million), which is included in term loans as described in note 10.

9. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2009 $	2008 $
Obligation under lease assignment *(note 4)*	**45,046**	-
Less current portion	**(159)**	-
Long-term portion of obligation under lease assignment	**44,887**	-
Other post-employment benefits *(note 14)*	**67,792**	63,801
Interest rate swaps payable *(note 10)*	**811**	611
Total	**113,490**	**64,412**

10. LONG-TERM DEBT

Long-term debt consists of the following:

	2009 $	2008 $
Debentures		
Senior unsecured debenture bearing interest at 6.48%, maturing on March 7, 2042.	**200,000**	200,000
Senior unsecured debenture bearing interest at 5.84%, maturing on May 4, 2044.	**100,000**	100,000
Other debentures bearing interest at 5.88% to 7.63%, maturing from 2017 to 2023. Weighted average interest rate is 6.84% (2008 – 7.38%).	**6,182**	6,545
Mortgages Mortgages bearing interest at 5.38% to 10.36%, maturing from 2010 to 2016. Weighted average interest rate is 10.25% (2008 – 10.23%).	**27,023**	27,090
Term loans Term loans bearing interest at 4.50% to 5.75%, maturing from 2012 to 2023. Weighted average interest rate is 5.61% (2008 – 5.63%).	**12,272**	15,566
	345,477	349,201
Unamortized transaction costs	**(2,061)**	(2,079)
	343,416	347,122
Less current portion	**(30,355)**	(3,724)
Total	**313,061**	343,398

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

	$
2010	30,355
2011	4,181
2012	4,430
2013	630
2014	670
Thereafter	305,211
Total	**345,477**

Certain assets have been pledged as collateral for certain mortgages and certain term loans. The amount of interest expense during the year on long-term debt was $22,778 (2008 – $22,997). Long-term debt has a fair value of $404,840 (2008 – $433,470).

The University entered into term loans in 2002 bearing interest at the public sector cost of funds rate plus 0.25%, or the prime rate, at the University's option. In order to manage the exposure to changes in interest rates, the University entered into interest rate swap contracts to fix the interest rates. The weighted average rate is 5.75% (2008 – 5.75%). The fair value of the interest rate swaps is $811 (2008 – $611), *note 9*. The reduction in the fair value of the interest rate swap of $200 (2008 – $114) is recorded in the Statement of Operations and Changes in Deficit.

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 and Changes in Deficit when the associated capital asset is brought into service. The changes in the deferred capital contributions balance are as follows:

	2009 $	2008 $
Balance, beginning of year	**221,974**	204,484
Contributions received in the year	**10,673**	29,900
Amortization of deferred capital contributions	**(11,729)**	(12,410)
Balance, end of year	**220,918**	**221,974**
Comprised of:		
Capital contributions-expended	**202,515**	203,206
Capital contributions-unexpended	**18,403**	18,768
Balance, end of year	**220,918**	**221,974**

12. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2009 $	2008 $
Departmental carryforwards	**43,820**	30,416
Progress through the ranks	**(28,412)**	(31,179)
Computing systems development	**2,419**	3,044
Contractual commitments to employee groups	**3,498**	4,383
Pension cost deferral *(note 14)*	**38,088**	31,645
Sinking fund	**49,946**	40,917
Investment in capital assets	**108,936**	105,686
Capital reserve	**70,067**	72,793
Balance, end of year	**288,362**	**257,705**

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

i. Departmental carryforwards – These represent the cumulative positions of all Faculties and Divisions with net unspent year-end balances at the 2009 year-end. Under Board policy, which is approved annually, Faculties and 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 administration 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.

ii. Progress through the ranks (PTR) – This is the cumulative difference between the amounts paid for progress through the ranks 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 on the number of retirements that occurred during the year.

iii. Computing systems development – The University is planning to implement or upgrade several administrative computing and information systems. These appropriated funds support forward commitments for these systems planned or in process, as well as planned future stages of system implementation not yet contracted for at year-end.

iv. Contractual commitments to employee groups – This is the net carryforward of funds to meet future commitments defined under collective agreements with various employee groups.

v. Pension cost deferral – This represents the cumulative portion of University-funded contributions paid into the pension plan which exceeds the accrued value of employee pension benefits earned as at the end of the period, as estimated in accordance with Canadian generally accepted accounting principles.

vi. Sinking fund – This represents funds set aside to retire capital debt.

vii. Investment in capital assets – This represents the net amount of capital assets funded using internal capital.

viii. Capital reserve – This represents funds restricted for deferred maintenance, capital emergencies and capital projects planned or in progress.

13. ENDOWMENTS

Endowments include restricted donations received by the University and funds that have been internally designated. 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. The University generally makes available for spending approximately 5% of book values, defined as accumulated original contributions and capital protection.

Net assets restricted for endowment consist of the following:

	2008 $ (restated; note 17)	Contributions $	Available for Spending (External) / Actual Spending (Internal) $	Transfers/ Reclassification $	Investment Losses $	2009 $
Externally restricted	247,039	7,128	(11,052)	4,798	(45,801)	**202,112**
Internally restricted	51,570	-	(3,087)	(4,798)	(9,938)	**33,747**
Total	**298,609**	**7,128**	**(14,139)**	**-**	**(55,739)**	**235,859**

Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support

The Government of Ontario established the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS) programs to encourage companies and individuals to contribute funds to post-secondary students. The University established three funds – OSOTF – Phase 1 in fiscal 1997; OSOTF – Phase 2 in fiscal 2004; and OTSS in fiscal 2005. Eligible donations are equally matched by the Province. Investment income earned on these funds is used to finance awards to qualified students in need of financial aid. The funds are included in the total of externally restricted endowments.

The position of the fund balances, at book and market value, are calculated as follows:

OSOTF – Phase 1 For the year ended April 30	2009 $	2008 $
Endowment at book value, beginning of year	**70,365**	68,737
Transfer from (to) expendable funds (capital protection)	**(2,865)**	1,628
Endowment at book value, end of year	**67,500**	**70,365**
Endowment at market value, end of year	**65,654**	**83,713**
Expendable funds available for awards, beginning of year	**7,925**	7,965
Realized investment gains (losses), net of capital protection	**(950)**	3,459
Bursaries awarded	**(2,938)**	(3,499)
Expendable funds available for awards, end of year	**4,037**	**7,925**
Number of bursaries awarded	**1,947**	**2,191**

OSOTF – Phase 2 For the year ended April 30	2009	2008 $
Endowment at book value, beginning of year	**11,054**	10,715
Government matching	**-**	(1)
Transfer from (to) expendable funds (capital protection)	**(257)**	340
Endowment at book value, end of year	**10,797**	**11,054**
Endowment at market value, end of year	**9,463**	**12,324**
Expendable funds available for awards, beginning of year	**155**	643
Realized investment gains (losses), net of capital protection	**100**	(37)
Bursaries awarded	**(416)**	(451)
Expendable funds available for awards, end of year	**(161)**	**155**
Number of bursaries awarded	**381**	**328**

OTSS For the year ended March 31	2009 $	2008 $
Endowment at book value, beginning of year	**26,106**	17,709
Donations received	**2,106**	3,564
Government matching	**2,214**	4,649
Transfer from (to) expendable funds (capital protection)	**(34)**	184
Endowment at book value, end of year	**30,392**	**26,106**
Endowment at market value, end of year	**24,600**	**24,692**
Expendable funds available for awards, beginning of year	**893**	739
Realized investment gains (losses), net of capital protection	**(1,079)**	383
Bursaries awarded	**(504)**	(229)
Expendable funds available for awards, end of year	**(690)**	**893**
Number of bursaries awarded	**393**	**104**
Outstanding donations pledged	**1,454**	**1,410**

14. EMPLOYEE SALARIES AND BENEFITS

The University has a defined contribution pension plan, which has a defined benefit component that provides a minimum level of pension benefits. The latest actuarial valuation for the pension plan was performed as of December 31, 2007. The next actuarial valuation is required no later than December 31, 2010. The University measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at April 30 of each year.

The latest actuarial valuations for other non-pension post-retirement and post-employment benefits were performed as of February 1, 2009 and April 1, 2009 respectively and extrapolated to April 30, 2009. The next actuarial valuations will be completed for fiscal 2012. The University measures its accrued benefit obligation for accounting purposes as at April 30 of each year.

The employee salaries and benefits expense for the year includes pension expense of $28,816 (2008 – $31,645) and other retirement benefits expense of $8,303 (2008 – $11,108).

Information about the University's benefit plans as at April 30 is as follows:

	2009		2008	
	Pension Benefit Plans	**Other Benefit Plans**	**Pension Benefit Plans**	**Other Benefit Plans**
	$	**$**	**$**	**$**
Accrued benefit obligation	(1,167,079)	(62,889)	(1,371,860)	(76,253)
Fair value of plan assets	1,072,328	-	1,324,917	-
Plan deficit	**(94,751)**	**(62,889)**	**(46,943)**	**(76,253)**
Unamortized transitional asset	(9,108)	-	(12,144)	-
Unamortized net actuarial loss (gain)	141,947	(12,935)	90,732	6,264
Unamortized past service costs	-	8,032	-	6,188
Pension cost deferral (Long-term liability)	**38,088**	**(67,792)**	**31,645**	**(63,801)**

Plan assets are invested as follows:

	2009	2008
	%	**%**
Equities	54.0	58.0
Fixed income	42.0	39.0
Other	4.0	3.0
	100.0	**100.0**

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

	2009		2008	
	Pension Benefit Plans	**Other Benefit Plans**	**Pension Benefit Plans**	**Other Benefit Plans**
Accrued Benefit Obligation:				
Discount rate	8.50%	8.00%	6.20%	6.10%
Rate of inflation	2.50%		2.50%	
Rate of compensation increase	5.00%	5.00%	5.00%	5.00%
Benefit Cost:				
Discount rate	6.20%	6.10%	5.30%	5.25%
Rate of inflation	2.50%		2.50%	
Expected long-term rate of return on plan assets	7.00%	N/A	6.75%	N/A
Rate of compensation increase	5.00%	5.00%	5.00%	5.00%

For measurement purposes, a 9.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2009. The rate of increase was assumed to decrease gradually to 4.50% in 2030 and to remain at that level thereafter.

Other information about the University's benefit plans is as follows:

	2009		2008	
	Pension Benefit Plans $	**Other Benefit Plans** $	**Pension Benefit Plans** $	**Other Benefit Plans** $
Employer's contributions	**35,259**	**4,312**	28,752	3,910
Employees' contributions	**17,071**	-	16,320	-
Benefits paid and administrative expenses	**61,818**	**4,312**	58,096	3,910

15. STATEMENT OF CASH FLOWS

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

	2009 **$**	**2008** **$** (restated; note 17)
Accounts receivable	**(21,806)**	(3,202)
Inventories	**1,148**	783
Prepaid expenses	**(247)**	(1,390)
Accounts payable and accrued liabilities	**6,922**	10,357
Deferred income	**65,704**	1,579
Deferred contributions	**10,147**	2,123
Net change in non-cash working capital balances	**61,868**	**10,250**

The change in long-term liabilities related to non-cash activities and related to operations consists of the following:

	2009 **$**	**2008** **$**
Change in long-term liabilities	**49,078**	7,312
Less net change in obligation under lease assignment *(note 4)*	**(44,887)**	-
Net change in long-term liabilities related to operations	**4,191**	7,312

The purchase of investments related to non-cash activities is calculated as follows:

	2009 **$**	**2008** **$** (restated; note 17)
Change in investments	**(16,574)**	(43,608)
Add investment losses on externally restricted endowments and amounts made available for spending	**(56,853)**	(15,468)
Purchase of investments, net	**(73,427)**	(59,076)

The purchase of capital assets related to non-cash activities is calculated as follows:

	2009 $	2008 $
Purchase of capital assets	**56,820**	95,133
Change in current year, from the previous year in accounts payable and accrued liabilities related to capital asset additions	**35,219**	(37,473)
Assets subject to capital lease during the year	**(45,067)**	-
Purchase of capital assets	**46,972**	**57,660**

16. LABOUR DISRUPTION

The University experienced a labour disruption during the 2008-2009 academic year. As a consequence of this disruption, the University extended its academic terms into May 2009. These terms had previously been scheduled to conclude by April 30, 2009.

The University has therefore deferred to fiscal 2010 a portion of grant, student fees, and sales and services revenue for services not yet performed. The full amount of grants, student fees, and sales and services revenue related to the 2008/09 academic year have been included in revenue in the Statement of Operations and Changes in Deficit with the required deferral presented as a deduction from deficiency of revenue over expenses for the year before adjustment related to labour disruption. The amounts deferred are comprised as follows:

	Amount $
Type of revenue	
Grants and contracts	27,841
Student fees	26,100
Sales and services	1,419
Total	**55,360**

17. CHANGE IN APPROACH TO REPORTING ENDOWMENTS

During the year, the University changed its methodology in reporting endowments which resulted in a change in recognizing investment income attributable to endowments.

Prior to 2009, the University's practice of recognizing investment income was as follows:

External Endowments
Investment income, on externally restricted endowments other than that designated for endowments (referred to as capital protection), was recognized as revenue in the Statement of Operations and Changes in Deficit, when the related expenses were incurred. All externally restricted investment income in excess of investment income required for capital protection and required for related expenses was deferred and categorized as Deferred Contributions.

Internal Endowments
Investment income on internally restricted endowments designated for endowments (referred to as capital protection) was recognized in the Statement of Operations and Changes in Deficit and was recorded as a transfer from unrestricted to internally restricted endowments in the Statement of Changes in Net Assets. Investment income on internally restricted endowments, other than that designated for endowments (referred to as capital protection), was recognized as revenue in the Statement of Operations and Changes in Deficit, when the related expenses were incurred. All investment income on internally restricted endowments in excess of investment income required for capital protection and required for related expenses was deferred and categorized as Deferred Contributions.

Beginning in 2009, the University changed its approach to reporting on endowments which resulted in a change in the reporting of investment income on endowments, as follows:

External Endowments

The amount of investment income made available for spending related to endowments is recognized as investment income in the Statement of Operations and Changes in Deficit. Investment income that remains unspent at year-end is deferred to the Balance Sheet and categorized as Deferred Contributions until such time as the related spending occurs.

All investment income in excess of investment income made available for spending is recorded as a direct increase in endowments. In the event of an investment loss, the amount available for spending and the investment loss are recorded as direct decreases to Endowments.

Internal Endowments

All investment income (or loss) is recognized in the Statement of Operations and Changes in Deficit. At the end of the year, the investment income (or loss) is transferred from the unrestricted deficit to internally restricted endowments through the Statement of Changes in Net Assets.

The financial statements for 2008 have been restated to reflect the change described above. The overall effect on the financial statements for 2008 is as follows:

	2008 As Previously Reported $	2008 Restated $	Increase / (Decrease) $
Balance Sheet			
Deferred contributions	109,452	76,622	(32,830)
Endowments	265,779	298,609	32,830
Statement of Operations and Changes in Deficit			
Excess (deficiency) of revenue over expenses for the year	1,725	(1,039)	(2,764)
Transfer from internally restricted endowments	(1,059)	1,705	2,764

18. CAPITAL MANAGEMENT

In managing capital, the University focuses on liquid resources available for operations. The University's objective is to have sufficient liquid resources to continue operating even if adverse financial events were to occur, and to provide it with the flexibility to take advantage of opportunities that will advance its mission. The need for sufficient liquid resources is considered in the preparation of its annual operating and capital budgets with actual operating results compared to budget on a regular basis and by the monitoring and forecasting of cash flows on a daily basis. The University attempts to minimize the use of its demand operating facilities of $20 million which can be used in the event that sufficient cash flow is not available to cover operating and capital expenditures. In addition, the University can issue unsecured debentures or enter into other long-term debt to assist with the financing of capital assets. As at April 30, 2009, the University has met its objective of having sufficient liquid resources to meet its current obligations.

19. COMMITMENTS AND CONTINGENT LIABILITIES

a) Forward purchases of Natural Gas and Electricity

The University purchases natural gas for future delivery with fixed pricing. As at April 30, 2009, the University has purchased 2.210M GJ (2008 – 1,554M GJ) of natural gas at an average cost of $8.71/GJ (2008 − $9.01/GJ), with delivery at various dates to October 2011 (2008 − October 2009), for a total commitment of $19.3 million (2008 − $14.0 million).

The University purchases electricity for future delivery with fixed pricing. As at April 30, 2009, the University has purchased approximately 9,186 MWh (2008 – 8,820 MWh) of electricity at an average cost of $51.85/MWh (2008 − $61.75/MWh), with delivery at various dates to December 2009 (2008 − December 2008) for a total commitment of $0.48 million (2008 − $0.54 million).

b) Litigation

The nature of the University's activities is such that there is usually litigation pending or in prospect at any one time. With respect to known claims at April 30, 2009, the University believes it has valid defences and appropriate insurance coverage in place. Therefore, such claims are not expected to have a material effect on the University's financial position. Should any additional losses occur, they would be charged to income in the year they become determined.

c) Canadian University Reciprocal Insurance Exchange (CURIE)

The University participates in a reciprocal exchange of insurance risks in association with 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 expensed in the year. Plan members are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at December 31, 2008, CURIE was fully funded.

d) Capital commitments

The estimated cost to complete committed capital projects at April 30, 2009 is approximately $32,292 (2008 – $47,108). These capital projects will be financed by government grants, internal funds, and fundraising.

20. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 financial statements.