

# **UNIVERSITY OF GUELPH**

SUMMARY OF FINANCIAL RESULTS AND AUDITED FINANCIAL STATEMENTS

*FOR FISCAL YEAR ENDED  
April 30, 2001*

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University of Guelph  
**SUMMARY OF FINANCIAL RESULTS**  
 For the fiscal year May 1, 2000 to April 30, 2001

*The following report summarizes University financial results for the year ended April 30, 2001 (referred to as fiscal 2001) as presented in the audited financial statements.*

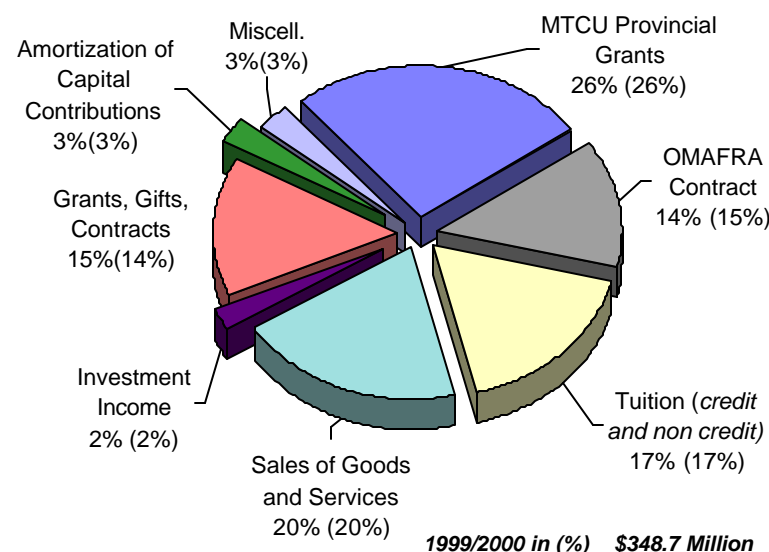
The University of Guelph receives funds from a variety of different sources (see Graph A.) Many of these funds are restricted by the donor, agency or organization as to use, and may not be used for general operating expenses. The University reports its financial activities on a fund accounting basis. This method of accounting segregates financial reporting according to major University activities, external restrictions on funding and the expendability of funds. (A fund is a self-balancing set of financial accounts including both balance sheet and income statement accounts.) The University currently reports on five different funds: Operating, Capital, Ancillary Enterprises, Research and Trust and Endowment. A description of each of these funds can be found on page 15 in the audited financial statements.

**Summary of Significant Changes in Fiscal 2001 - All Funds**

- **REVENUES:** from all sources, were \$390.1 million, an increase of 11.8% or \$41.4 million from fiscal 2000 (\$348.7 million). While significant in total, most of this increase was for targeted or restricted purposes. The breakdown of this increase is;
  - Provincial grants from the Ministry of Training Colleges and Universities (MTCU) (26% of total revenues) increased by \$11.5 million or 12.6%. This increase was due mainly to funds received under four targeted programs:
    - \$1.6 million from the Access to Opportunities Program (ATOP) for increased enrolment in specialized technology based programs,
    - \$3.8 million from a special grant restricted to operating and renovation expenses in the OVC (Ontario Veterinary College)
    - \$4.6 million for increased enrolment under the Accessibility program and
    - \$0.7 million under the capital facilities renewal program.
 The remaining increase consisted of a \$0.8 million in operating grants as a result of small adjustments in performance and general grants.
  - Revenue recognized under the contract with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) (14% of total revenues) increased by \$2.0 million or 4% reflecting cash spent by operating units. (Actual cash advanced from OMAFRA in fiscal 2001 totaled \$50.5 million,

down \$3.5 million or 6.5% from fiscal 2000, however only funds spent in any year are recognized as revenues. The difference between advances and expenditures in the period is recorded as a change in deferred revenue on the University's Balance Sheet. The \$2.0 million spending in excess of the cash advance received in 2000/2001 reflects use of funds advanced by the Ministry in prior years. It should be emphasized that under the terms of the contract with the Ministry, use of OMAFRA funds is restricted for approved contract expenditures and are monitored closely by the Ministry. These funds cannot be used for other expenses or supported by other revenues and the contract must be fiscally balanced.)

**2000/2001 University Revenues  
 By Source -Total \$390.1 million**      **Graph A**



- **Total Tuition/Enrolment** revenue (17% of total revenues), increased by \$6.3 million to \$67.3 million due to increases in both credit and non-credit course revenues. The revenue increase from **MTCU credit enrolment** was \$6.0 million (approximately \$3.8 million or 65% of this increase was due to the increased numbers of students). The increase is the total, before allowances of 30% for MTCU mandated increases in expenditures for student aid (see note on Scholarships and

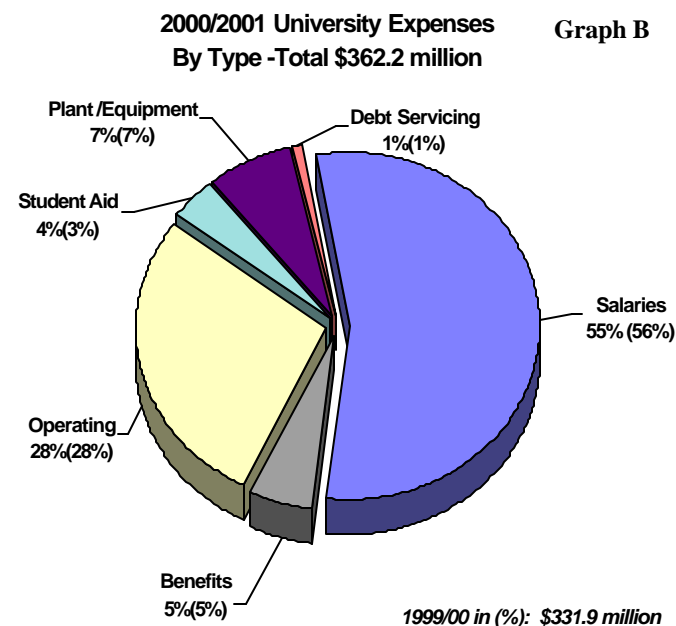
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Bursaries) are removed. The remaining increase in tuition, \$0.3 million, was due to additional revenues from continuing education and training courses offered by the Office of Open Learning and the agricultural colleges under the OMAFRA contract.

- **Sales of Goods and Services** (20% of total revenues) increased by \$9.3 million or 13.5% consisting of:
  - a \$2.0 million increase in the sale of produce/livestock and laboratory services under the OMAFRA contract
  - a \$7.6 million increase in revenues by Ancillary Enterprises (see detail on page 6). The largest single increase (\$5.0 million) was due to the sale of the Cruickston Property recorded under the ancillary Real Estate Division. These proceeds are restricted to the creation of the Keefer Endowment within the Heritage Fund. The balance of \$2.4 million was an increase in revenues by housing and food operations derived mainly from an increase in general activity due to higher enrolments on campus.
  - Offsetting these increases was a small net reduction of revenues of \$0.3 million in the MTCU component of the Operating Fund from of great variety of activities such as laboratory, photocopying and miscellaneous services cost recoveries.
- Other Grants and Contracts (15% of total revenues) increased by \$7.9 million or 16% over fiscal 2000. These funds are restricted primarily by external agencies for grant or contracted research and reflect a general increase in awards received by the University under several major federal and provincial programs (e.g. CFI- Canada Foundation for Innovation and ORDCF – Ontario Research and Development Challenge Fund (refer to Research and Trust Fund notes below).

- **EXPENSES** in all funds totaled \$362.2 million (see Graph B), an increase of 9.1% or \$30.3 million from fiscal 2000 (\$331.9 million)
- Salaries (55% of total expenses) increased by \$13.3 million or 7.2% due to the equal impact of both increased staffing levels (due to increased enrolments and research funding) and negotiated salary agreements.
- Benefits (5% of total expenses) consist of both pension-related and non-pension employer costs. On a cash basis employer non-pension benefits costs increased by 10% to \$24.8 million reflecting both a greater number of staff and inflation on benefits such as health and

dental costs (2000 \$22.6 million). Offsetting this increase was a net non-cash credit of \$6.0 million mainly as a result of the recording of



“employees future benefits” expense. Recognizing the costs of these benefits (both pension and non-pension ) in the financial statements (a non-cash item) is a new requirement of C.I.C.A., Canadian Institute of Chartered Accountants, under section 3461 of their regulations. (Refer to Note 19 in the audited statements for details on the calculation of this credit expense). The new standard requires that all employee post-retirement benefits be accounted for as they are earned (accrued) not as they are actually paid (cash). The credit recorded this year, is the direct result of very high asset values in the pension plans experienced over the past several years. It is estimated that as asset values return to more expected averages the value of the annual expense will reverse and create significant charges. In order to smooth the impact on the statements of these anticipated future charges, the University follows the practice of appropriating the credits each year (refer to Statement 3, page 13 in the audited financial statements.). The appropriation is designated for future expenses calculated under section 3461.

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- Operating Expenses (28% of total expenses) increased by \$8.8 million or 10%. The increase is not attributable to one single event or fund. It reflects a general increase in the purchases of supplies, services and equipment due to a general increase in costs from both increased enrolments and research activity funded mainly by revenues designated from external grants and contracts.
- Scholarships and Bursaries: Total University spending on ‘Scholarships and Bursaries’ increased by \$3.8 million or 38% to \$13.8 million (\$10 million in fiscal 2000). \$2.6 million or 67% of this increase was funded from tuition revenue increases in the Operating Fund. The remaining increase in total student assistance was the result of increased spending from endowments and donations in large part due to implementation of the **Access Fund or Ontario Student Opportunities Trust Fund** program. In 1996 the province announced an incentive program directed at raising external donations to be endowed in support of financial needs-based student aid. Under this program the province agreed to match dollar for dollar external donations pledged by March 31, 1997 and received by March 31, 2000. To the end of fiscal 2000 and the completion of the fund raising portion of the program, total cash contributions received or pledged had reached \$20.4 million made up of equal parts of private donations and ‘matching’ provincial funds. (Endowed contributions are recorded as a direct increase to the **Endowment Fund** and not revenue, for accounting purposes).

This spending reflects a 150% increase in student aid funding since 1997/98 and now equals approximately 22.8% (12.8% in 1998) of total credit tuition revenues (refer to Graph C). Spending on Scholarships and Bursaries does not include employment related payments to students which totaled approximately \$24 million in fiscal 2001.

**ENDOWMENTS:**

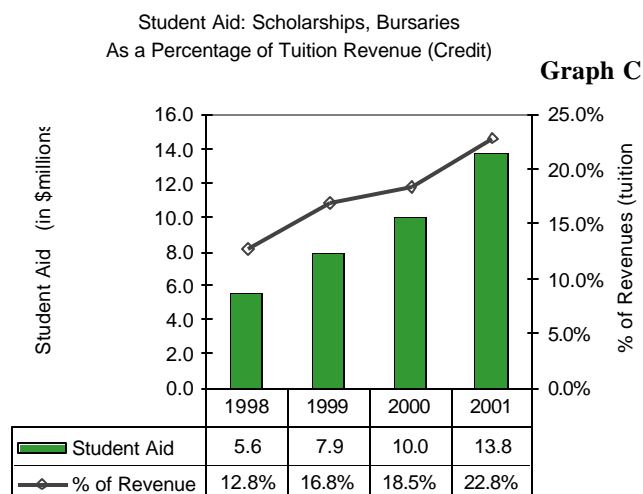
The Endowment Fund (total investments of \$126.4 million, market values) is composed of **restricted** segregated funds provided by external benefactors or established by the Board of Governors. Only investment income earned on these funds, after having provided for inflation protection and in specific cases growth, may be expended for the designated purpose. The Endowment Fund consists of two major groups of investments each with different spending objectives: the Heritage Fund (investments of \$38.5 million) and the General Endowment Fund (investments of \$87.9 million).

The Heritage Fund was created in 1991 by a declaration of trust of the Board of Governors with the sole intention that the capital of the Fund will be held in perpetuity for University strategic purposes. The main sources of growth for the Fund are proceeds of University real estate sales and leases from designated properties and investment income earned on the capital of the Fund. Distributions from the Fund are made in accordance with a formula based on a five-year average of market returns after having provided for inflation protection and growth. Management of the Fund was delegated by the Board of Governors to the Board of Trustees.

The General Endowment Fund contains all remaining University endowments consisting of external and Board designated donations primarily directed for student aid.

- In total, the **market value** at April 30th of all endowment **investments** had increased by \$7.9 million from \$118.5 million in 2000 to \$126.4 million in 2001 or 6.7% (refer to Graph D).

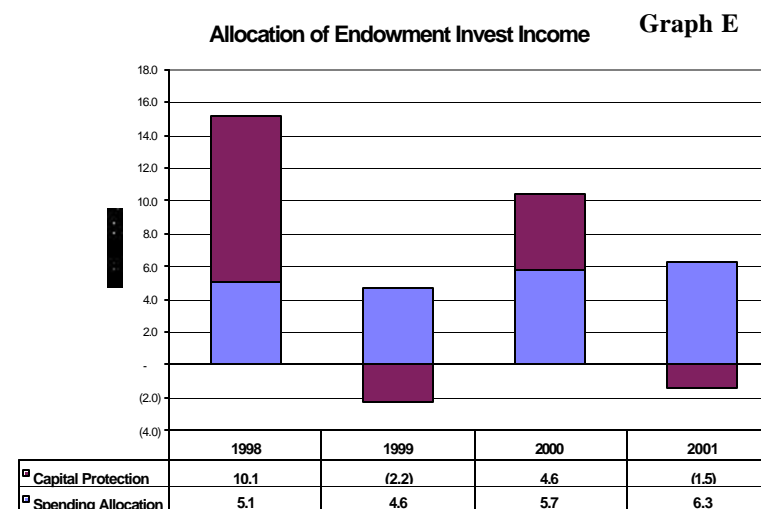
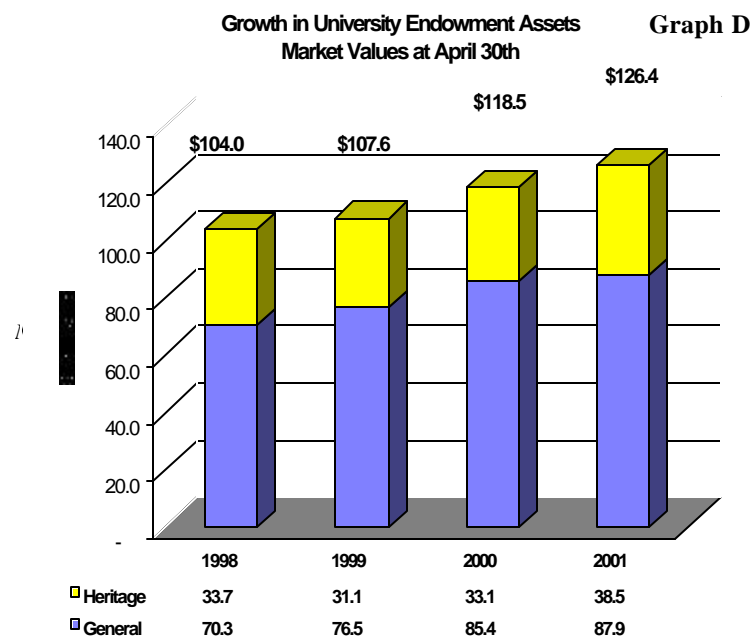
The increase in market value is the result of both investment returns and increased capital additions net of cash required for disbursements (in accordance with restrictions). Market investment returns for both endowments were positive and significantly better than most market indices which saw negative returns as a result of investment market



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conditions. Fiscal year 2001 investment returns were approximately 9.9% (7.5% in 2000) for the Heritage Fund and 1.3% (10.6% in 2000) for the General Endowment Fund.

\$10.3 million in 2000 due to general investment market conditions. Although under accounting rules for financial statement presentation, the Endowment Fund records no direct revenues or expenses, in fiscal 2001 approximately \$6.3 million of the total accumulated investment earnings were made available for disbursement. The \$1.5 million difference between the \$4.8 million earned in fiscal 2001 and the \$6.3 million made available was deducted from the accumulated earning from prior years (see Graph E). This result is consistent with assumptions and there is no expected negative impact on either protection of endowment capital or spending.



- Endowment Investment Income:** The University's endowment management policy uses long-term investment assumptions in which investments are averaged over a moving four-year period in determining both investment performance and disbursement targets. The annual spending rate of the General Endowment Fund is restricted (currently 5%). Each year the difference between actual returns and the disbursement rate is accumulated in the endowment fund to provide for capital protection and growth and if required to supplement annual returns to meet the disbursement targets. Total 2001 investment income from endowments was down significantly to \$4.8 million from

- Endowment Contributions:** Endowment Contributions record the annual impact on the Endowment Fund of capitalized investment income, new donations and any equity accounting adjustments due to the University's ownership interests in GUARD and the Cutten Club.

Total endowment contributions for fiscal 2001 of \$5.5 million were significantly lower when compared to 2000 results of \$12.0 million. Over 95% of the difference of \$6.5 million, is due to lower market

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returns on the General Endowment Fund where in fiscal 2000 returns of over 10% were recorded.

- The increase of \$5.5 million recorded in fiscal 2001 consisted of;
- \$4.3 million transferred to the Heritage Fund from Real Estate net property proceeds including \$1.8 million in cash received from the sale of the Cruickston property .
  - \$2.7 million in additional donations to capital received during the year offset by
  - a use of \$1.5 million allocated from prior years' investment income to provide for spending in 2001.

A significant portion of the all University endowments are allocated to student assistance (59% - refer to Graph F). The percentage reduction from 61% in fiscal 2000 is due to the relative growth in the Heritage Fund and not an absolute reduction in funds allocated to student assistance. In addition it is anticipated that a substantial portion of the newly endowed Keefer Trust, in the Heritage Fund will be allocated for the benefit of students in the future.

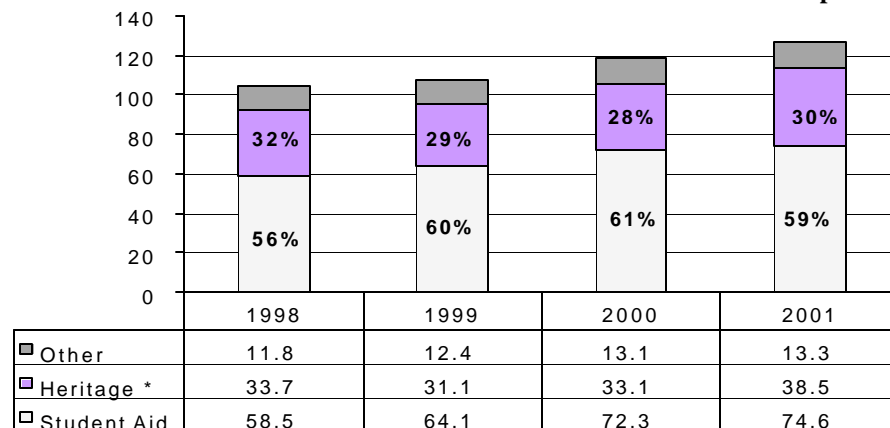
**Capital Fund:**

**Financial Statement Presentation:** In the audited financial statements, the Capital Fund records all of the University's capital building, equipment and library acquisition costs for all funds except for Ancillary Enterprises. For financial statement purposes only, external funding received for capital projects is not recorded as capital fund revenue until the related capital asset is amortized. (Until recognized as revenues, external capital contributions are recorded as deferred contributions in the liability section of the statements.) The major expense of the Capital Fund is the amortization (or depreciation) of capital asset costs. Acquisition costs of capital assets are accumulated in major asset classes ; land, land improvements, buildings, construction in progress, equipment, and library and arts collections. Expenses are charged (amortized) in the Capital Fund over the estimated useful life of each asset class (refer to the Financial Statements, page 16, for the amortization period of each asset class). In the equity section or Fund Balance of the Capital Fund the account 'Investment in Capital Assets' records the net book value less any debt or restricted contributions associated with capital assets. This represents the University's residual equity in its capital assets.

- In the fiscal 2001 **financial statements**, the net book value of Capital Fund assets increased by \$42.2 million to \$239.1 million reflecting a significant increase in capital and work-in-progress in several large building/renovation projects of \$61.6 million (details in following notes) less capital asset amortization of \$19.4 million. This year marks a major increase (refer to Graph G) in capital acquisitions reflecting both external funding and the University's objective to accommodate enrolment growth over the next three years. These acquisitions will be funded through a combination of external funding e.g., the Ontario government's SuperBuild Growth Fund (refer to note under capital contributions), donations, and in the case of student residences, user fees.  
 The following describes the major capital acquisition and funding activity that occurred during the year. Although this activity is not apparent in the audited financial statements, it is reflected in the cash flow, additions and deletions related to capital assets.

**Distribution of Endowed Fund Balances**  
 59% of total University Endowments for Student Aid

**Graph F**

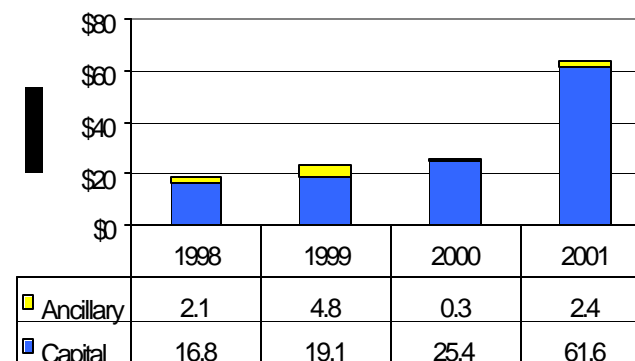


"Other" endowments include those designated for research, buildings and the University's equity in the Cutten Club.  
 \*Heritage includes the Keefer Endowment of which approximately \$2.0 million will be designated to benefit students.

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- **Major capital contributions received (total \$16.3 million);**
  - \$7.7 million in Facilities Renewal grants (\$4.4 million of which was received in March 2001 and will be spent in fiscal 2002) were received from MTCU. This reflected a significant one-time increase from the normal annual contribution received from the province (\$2.7 million in 2000) intended to address deferred maintenance repairs and renovations for the campus physical plant infrastructure. Given the age and useage of the University buildings and past deficiencies in funding, at least \$200 million in deferred maintenance costs have been estimated. Facilities renewal funding is normally allocated to deal with the highest priority items such as safety and emergency repairs.
  - \$2.8 million was earned on the SuperBuild Growth Fund investment of \$45 million. (Last year, in fiscal 2000, the University received \$45.0 million under the Super Build Growth Fund. Announced by the province, this program was designated as a major capital contribution related to enrolment growth in Ontario. The University has designated these funds for the construction of a major science and classroom complex. During the time between the receipt of these funds and the actual payment of construction costs, the funds have been invested in low risk fixed income securities. (In accordance with SuperBuild guidelines, investment returns on these funds are restricted for use toward the project construction costs (refer to note 18 on page 16 of the Financial Statements).
  - \$1.0 million transferred from the Heritage fund for major capital purchases was approved and allocated in 2000/01.
  - Remaining capital receipts of \$4.8 million are the result of capital purchases primarily from federal and provincial research grants and contracts such as (CFI Canada Foundation for Innovation) and (ORDCF Ontario Research and Development Challenge Fund).
- **Major acquisitions (\$61.6 million)** recorded in the capital fund during the year included:
  - \$4.7 million to complete the addition to the Thornbrough building which was funded from ATOP (Access to Opportunities Program) grants and enrolments.
  - \$2.8 million in the Athletic Facilities Improvement (sports dome) project funded from future student fees and facilities rentals,
  - \$1.8 million spent to date on the Space Life Science project which was funded by CFI & ORDCF.
  - \$15.1 million for the new East Village Student Townhouse Complex funded from future student housing fees.
  - \$1.3 million for the Centre for Research in Food Safety, which is supported by CFI & ORDCF.
  - \$1.6 million for the Science and Classroom Complex funded from the Superbuild Growth fund.
  - \$6 million for computer equipment and software acquired through a combined donation and lease agreement with Hewlett-Packard.
  - \$24.6 million (2000 \$10.8 million) in major equipment purchases and renovations funded by both departmental transfers from the Operating Fund and external research grant/contract funding transferred from the Research and Trust Fund.
  - The balance of \$3.7 million consisted of a combination of small acquisitions including in-kind donations and Library acquisitions.

**Growth in Capital Acquisitions**  
*(Includes additions to equipment and buildings)* Graph G





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➤ **The Research and Trust Fund:**

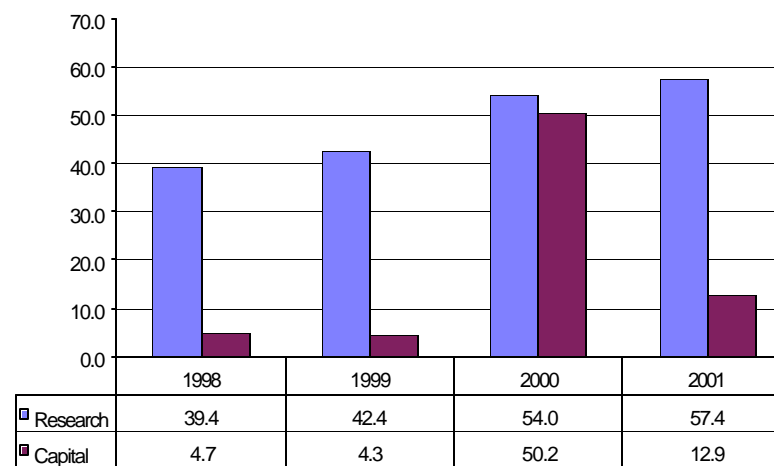
This fund reports contributions made primarily by outside organizations in the form of **restricted** research contracts and grants. Although reported as one fund on the financial statements, the Research and Trust Fund consists of about 5,000 individual accounts that record both revenues and expenses for each grant, contract or special purpose. Major sources of funding include federal research grants such as those from NSERC (Natural Sciences and Engineering Research Council), SSHRC (Social Sciences and Humanities Research Council) and CIHR (Canadian Institute of Health Research) and contracts from industry for sponsored research projects. In fiscal 2001, the University continued to receive significant funding, approximately \$13.4 million (\$10 million in 2000) under the CFI and ORDCF programs. Under these programs alone, the University is expected to receive more than \$100.0 million over the next several years from federal, provincial and private sector contributions. Funds are designated for specific research projects.

Additional major expenditures in this fund included scholarships and bursaries of \$6.7 million funded from both annual donations and endowment investment income transferred to this fund from endowments for disbursement.

*It is important to note that this fund records only a portion of the estimated total University research activity of \$100 million in fiscal 2001. Approximately \$37 million in research and related services are funded as part of the OMAFRA contract.*

- revenues recognized in the financial statements in this fund increased by \$10.2 million or 15% to \$61.3 million (\$53.1 million in 2000). On a purely cash flow basis, research receipts, excluding the OMAFRA contract, totaled \$57.4 million (refer to Graph H). (Note because research receipts are mainly restricted by the contributor, they are not recognized as revenue until spent in accordance with C.I.C.A. rules for financial statement reporting).
- Expenditures in this fund increased in proportion to revenues reflecting the restricted nature of these revenues.

**Contracts and Grants Received \***  
 (excluding the \$37 million from OMAFRA Contract) **Graph H**



\*Notes: refers to contracts and grants restricted to specific purposes.  
 In fiscal 2000, capital receipts include the \$45 million the University received under the SuperBuild Growth Fund program designated for a new science and classroom complex.

➤ **The Ancillary Enterprises Fund:**

**The Ancillary Enterprises Fund** with revenues of \$56.6 million or 14% of total University revenues (2000 revenues of \$49.0 million) reports financial results of the University activities not related to academic and direct support functions reported in the Operating Fund. Ancillary units are responsible for any net operating shortfalls, capital amortization costs, interest costs and all other support costs incurred in their operations. Individual annual budgets are prepared and approved for each of these operations. Results by unit are detailed in Schedule 1 of the annual audited financial statements

In comparison to 2000, **total revenues** in the Ancillary Fund increased by 16.0% (\$7.6 million) to \$56.6 million. This increase is mainly

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attributable to an increase in revenues in the Real Estate Division of \$5.1 million, of which \$5.0 million represented gross proceeds from the sale of the Cruickston property. Hospitality and Student Housing Services revenues increased by a combined \$2.1 million or 6.8% due a general increase in enrolment and a better than average conference season. Other Ancillary Fund operations reported an increase of \$0.6 million. Net Income in all Ancillary Units was positive.

Under Student Housing Services, additional bank debt of \$0.4 million was incurred reflecting the first stage of financing of the new East Village Townhouse residence (opening in September 2001). The total external debt associated with this facility will be \$34 million when completed and will be repaid from student housing rental income.

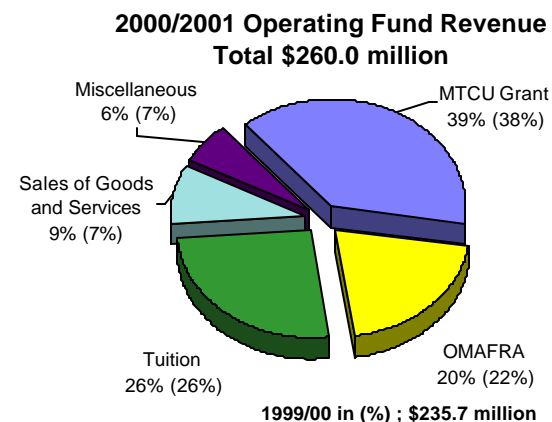
➤ **The Operating Fund:**

**The Operating Fund** records the revenues and expenses for most of the University's day-to-day academic and institutional infrastructure activities. It is the largest fund with approximately 67% of total University revenues.

**Operating Fund Revenues** (total 2001 revenues of \$260.0 million - see Graph I on next page). Operating grants from MTCU, a contract transfer from OMAFRA (the Ontario Ministry of Agriculture, Food and Rural Affairs) and tuition, both credit and non-credit revenues provide the three largest components of revenue in this fund. Together they account for 39%, 20% and 26% respectively, of total Operating Fund revenues. Remaining revenues of 15% are from miscellaneous fees, sales of goods and services raised by a variety of academic and service units, investment income and general external cost-recoveries.

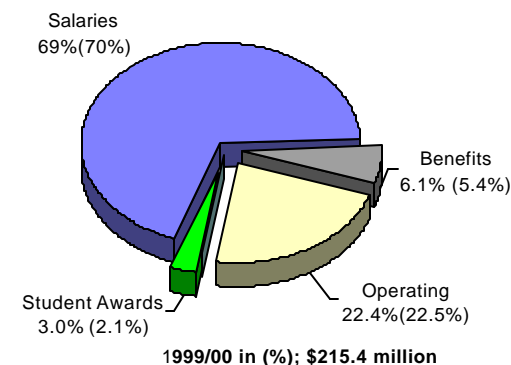
**OMAFRA Contract:** Included in the Operating Fund is OMAFRA contract activity (2001 total expenses of \$70.5 million). These expenses were funded from provincial transfers of \$52.7 million and related miscellaneous revenues from the sale of goods and services and diploma and non-credit enrolments of \$17.8 million. In total the OMAFRA contract activity generates 27% of total Operating Fund revenues. These revenues and expenses are treated as a separate restricted account within the Operating Fund and must be fiscally balanced. It therefore has no impact on the net income of the Operating Fund.

This is a requirement of the unique (in the Ontario university system) research and education contract between the University of Guelph and OMAFRA. On April 1, 1997 the contract was significantly expanded under an "enhanced partnership" agreement whereby the University assumed operational responsibility for six units of the Ministry, including three Colleges of Agricultural Technology (CAT's), two laboratories, and a horticultural research station.



**Graph I**

**2000/2001 Operating Fund Expenses**  
**Total \$237.0 million**



**Graph J**

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**Operating Fund Expenses** (total of \$237.0 million - see Graph J): Salaries and benefits compose 75.1% of total Operating Fund expenses (75.4% in fiscal 2000). Salaries increased by 7.4% due equally to an increase in the number of employees and negotiated settlements with employee groups. Benefits increased by a net 24% or \$2.8 million. A significant portion of this expense increase was due to a decreased credit for future employees' benefits expenses compared to the 2000 accounting credit. The next largest expense increase was for scholarship and bursaries which increased 58% or \$2.6 million to \$7.1 million funded from increased tuition.

In fiscal 2001 the University set three key budgetary objectives for the Operating Fund:

1. Meet the Board approved deficit repayment schedule.
2. Keep all remaining components of the budget in balance and if possible identify funds to guard against unexpected budget adjustments such as the reduction in performance and enrolment based operating grants introduced by the province in fiscal 2001 (i.e., Stabilization Fund first formally identified in the 2000/2001 budget process).
3. Identify \$2.0 million to help achieve the 2001/2002 budget target as approved by the Board in June 2001.

The actual results for fiscal 2001 confirm that the University met each of these targets .

**Meeting Budget Objectives:** Total net income in the Operating Fund was \$22.9 (2000 \$20.3 million.) These funds were applied to:

- Transfers by departments of **\$11.3 million** to mainly the Capital Fund for equipment purchases, renovations and capital projects.
- **\$2.2 million** to reduce the deficit, incurred from prior years restructuring costs, to \$6.1 million (\$8.3 million in 2000) in accordance with the Board-mandated deficit repayment schedule (Budget objective 1).
- Total appropriations in the Operating Fund increased by a net amount of **\$9.4 million** to \$43.3 million. Of the total increase,
  - **\$3.2 million** was committed for **employees future benefits expense**. The appropriation stands at \$30.9

million at the end of fiscal. (Refer to the note on Benefits on page 2 above).

- **\$2.0 million** was allocated for the Stabilization Fund These funds, which were allocated from institutional revenues and expense savings, will be carried into 2001/2002 to provide for unexpected budget shortfalls or opportunities (Budget objective 2).
- **\$4.2 million** was committed for Appropriations for Supplies and Equipment reflecting an increase in funds available for contingencies. Out of total funds accumulated in this category of \$7.9 million, \$2.0 million was allocated from institutional net revenues. These funds will be carried into fiscal 2002 to meet the overall target approved in the University's 2001/2002 Budget. (budget objective 3) All remaining appropriations (\$5.9 million) are designated for future departmental purchases such as outstanding purchase orders, renovations and one-time capital projects. The total appropriation in this category as a percentage of expenses is 3.0%, within normal historical levels of 2.5% to 3.5% and policy limits (maximum of 5%).

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➤ **University Summary – All Funds - Fund Balances:**

Total University income received in fiscal 2001 from all funds was \$390.1 million. Total Expenses were \$362.2 million. Revenues less Expenses was therefore \$27.9 million (\$16.8 million in 2000). In order to complete the total calculation of changes in fund balances, \$1.2 million in contributions to endowments is added to the \$27.8 million generated from operations. The result of \$29.1 million was allocated in accordance with external restrictions, Board policy and future budget and expenditure requirements.

The following notes and table summarize the distribution of changes to fund balances based on fiscal 2001 financial results:

- Invested in Capital Assets - increase of \$4.8 million (2000 - \$3.5 million) records the net change in the University's equity in its capital assets. This account increased as a result of an increase in net book value of capital assets (acquisitions greater than amortization) and the reduction in debt on the University's capital assets (which increases our equity).
- Endowed Funds - increase of \$5.5 million (2000 - \$12.0 million) records the increase in restricted endowments due to \$2.7 million in new donations/contributions and \$3.2 in net proceeds from the Real Estate proceeds transferred to the Heritage Trust less use of a portion of the prior year's investment income. Note: The Endowed Fund Balance of \$109.9 million is that portion of endowed investments (total \$126.4 million) designated for initial donated capital plus accumulated investment earnings allocated for inflation protection and growth. The balance of investments are designated for spending in accordance with Board approved policies (\$14.5 million) or have been advanced to the endowment fund for investment purposes only (\$3.0 million).
- Appropriations increase of \$16.1 million (\$9.4 million in 2000) records funds committed for specific purposes such as outstanding purchase commitments, departmental funds, research, capital replacement, future employee benefit expenses and stabilization funds.
- Unappropriated Funds – reports the accumulated net income of University operations after appropriations and restrictions. In total, the University's unappropriated funds increased by \$2.7 million consisting

of a \$2.2 million reduction in the restructuring deficit in the Operating Fund (reduced to \$6.1 million in accordance with the Board approved repayment plan) plus a net increase in funds of \$0.5 million from combined ancillary unit operations.

The following table summarizes total University financial results for the fiscal year ended April 30, 2001;

**2000/2001 UNIVERSITY RESULTS**  
**Summary of All Funds** (\$millions)

	<b>Opening Fund Balances</b>	<b>2000/ 2001 Results</b>	<b>Closing Fund Balances</b>
Total University Revenues		390.1	
Total University Expenses		362.2	
Revenues Less Expenses		27.9	
Add: Endowment Contributions: <i>recorded as a direct increase in Fund Balance not Revenue.</i>		1.2	
Equals: Increase in Fund Balances		29.1	
 <b>UNIVERSITY FUND BALANCES:</b>			
Invested In Capital Assets	47.4	4.9	52.3
Endowed Funds	104.4	5.5	109.9
Appropriated (all funds)	53.7	16.1	69.8
Unappropriated- Ancillaries	1.8	0.4	2.2
Unappropriated- Operating Fund	(8.3)	2.2	(6.1)
 Total Fund Balances	 199.0	 29.1	 228.1

## Auditors' Report

### To the Governors of the University of Guelph

We have audited the statement of financial position of the **University of Guelph** as at April 30, 2001 and the statements of operations and changes in fund balances (unappropriated and endowed), changes in appropriated expendable fund balances and cash flows for the year then ended. These financial statements are the responsibility of the management of the University of Guelph. 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 management, 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 of Guelph as at April 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants  
July 6, 2001

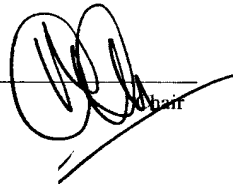
**UNIVERSITY OF GUELPH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT APRIL 30, 2001**

(in thousands of dollars)

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>	<u>ANCILLARY ENTERPRISES</u>	<u>RESEARCH &amp; TRUST FUND</u>	<u>ENDOWMENT FUND</u>	<u>TOTAL 2001</u>	<u>TOTAL 2000</u>
<b>ASSETS</b>							
<b>Current</b>							
Cash and Short Term Investments	(479)			61,361		60,882	61,687
Interfund (Note 4)	26,042	(8,153)	(42)	(810)	(17,037)	-	-
Accounts Receivable	5,811	770	2,576	5,377	562	15,096	16,612
Inventories	1,035		1,768			2,803	2,903
Prepaid Expenses	961					961	467
	<u>33,370</u>	<u>(7,383)</u>	<u>4,302</u>	<u>65,928</u>	<u>(16,475)</u>	<u>79,742</u>	<u>81,669</u>
<b>Long-term</b>							
Accrued Benefit Asset (Note 19)	33,547					33,547	25,948
Real Estate Projects in Progress			3,950			3,950	3,136
Mortgage Receivable			3,000			3,000	-
Investments (Note 5)		43,977	4,040	7,388	126,415	181,820	171,923
	<u>33,547</u>	<u>43,977</u>	<u>10,990</u>	<u>7,388</u>	<u>126,415</u>	<u>222,317</u>	<u>201,007</u>
Capital Assets (Note 8)		239,101	43,111			282,212	240,198
	<u><b>66,917</b></u>	<u><b>275,695</b></u>	<u><b>58,403</b></u>	<u><b>73,316</b></u>	<u><b>109,940</b></u>	<u><b>584,271</b></u>	<u><b>522,874</b></u>
<b>LIABILITIES</b>							
<b>Current</b>							
Accounts Payable and Accrued Charges	16,838	5,834	2,811	1,766		27,249	20,892
Current Portion of Long-term Debt (Note 9)		2,746	1,193			3,939	1,936
Current Portion of Deferred Revenue and Contributions (Note 10)	12,956		1,929			14,885	22,853
	<u>29,794</u>	<u>8,580</u>	<u>5,933</u>	<u>1,766</u>		<u>46,073</u>	<u>45,681</u>
Long-term Debt (Note 9)		11,657	35,952			47,609	43,118
Deferred Revenue and Contributions (Note 10)		202,935	7,042	52,505		262,482	235,056
	<u>29,794</u>	<u>223,172</u>	<u>48,927</u>	<u>54,271</u>		<u>356,164</u>	<u>323,855</u>
<b>FUND BALANCES (Statement 2)</b>							
Invested in Capital Assets		50,974	1,305			52,279	47,464
Endowed (Note 12)					109,940	109,940	104,422
Appropriated (Statement 3)	43,268	1,549	5,925	19,045		69,787	53,723
Unappropriated (Note 11)	(6,145)		2,246			(3,899)	(6,590)
	<u>37,123</u>	<u>52,523</u>	<u>9,476</u>	<u>19,045</u>	<u>109,940</u>	<u>228,107</u>	<u>199,019</u>
	<u><b>66,917</b></u>	<u><b>275,695</b></u>	<u><b>58,403</b></u>	<u><b>73,316</b></u>	<u><b>109,940</b></u>	<u><b>584,271</b></u>	<u><b>522,874</b></u>

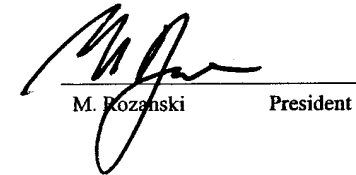
APPROVED BY THE BOARD OF GOVERNORS:

S. Cooper



M. Rozanski

President



**UNIVERSITY OF GUELPH**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**(UNAPPROPRIATED AND ENDOWED)**  
**FOR THE YEAR ENDED APRIL 30, 2001**

(in thousands of dollars)

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>	<u>ANCILLARY ENTERPRISES</u> (Schedule 1)	<u>RESEARCH &amp; TRUST FUND</u>	<u>ENDOWMENT FUND</u>	<u>TOTAL 2001</u>	<u>TOTAL 2000</u>
<b>REVENUE</b>							
Ministry of Training, Colleges and Universities	100,966	1,608	299			102,873	91,400
Ministry of Agriculture, Food and Rural Affairs (Schedule 2)	52,654					52,654	50,691
Tuition (Credit and Non-Credit)	67,318					67,318	60,986
Sales of Goods and Services (Note 15)	23,401		54,950			78,351	69,087
Investment Income (Note 6)	1,943		1	6,458		8,402	6,686
Other Grants, Gifts and Contracts	2,567			54,806		57,373	49,515
Amortization of Deferred Capital Contributions (Note 10)		10,707	229			10,936	9,924
Other	11,017	10	1,136			12,163	10,453
	<u>259,866</u>	<u>12,325</u>	<u>56,615</u>	<u>61,264</u>	<u>-</u>	<u>390,070</u>	<u>348,742</u>
<b>EXPENSES</b>							
Salaries	162,469		10,947	24,573		197,989	184,674
Benefits	14,361		1,918	2,727		19,006	16,239
Travel	4,815		157	4,228		9,200	8,769
Operating	55,225		19,843	17,594		92,662	83,877
Minor Renovations and Repairs		2,870	1,491			4,361	3,900
Interest		134	3,077			3,211	3,457
Scholarships and Bursaries	7,120			6,664		13,784	9,974
Institutional (Recovery) Charges	(6,994)		6,994			-	-
Capital Asset Amortization		19,451	2,574			22,025	21,038
	<u>236,996</u>	<u>22,455</u>	<u>47,001</u>	<u>55,786</u>	<u>-</u>	<u>362,238</u>	<u>331,928</u>
Revenue Less Expenses	22,870	(10,130)	9,614	5,478	-	27,832	16,814
Endowment Contributions (Note 12)					1,256	1,256	11,396
Interfund Transactions (Note 14)	(11,278)	14,738	(4,452)	(3,270)	4,262	-	-
Change in Fund Balance	11,592	4,608	5,162	2,208	5,518	29,088	28,210
Transfer (to) from Appropriations (Statement 3)	(9,392)	(541)	(3,923)	(2,208)		(16,064)	(9,494)
Net Increase in Fund Balances	2,200	4,067	1,239	-	5,518	13,024	18,716
Fund Balances, Beginning of Year Unappropriated and Endowed	(8,345)	46,907	2,312		104,422	145,296	126,580
Fund Balances, End of Year Unappropriated and Endowed	<u>(6,145)</u>	<u>50,974</u>	<u>3,551</u>	<u>-</u>	<u>109,940</u>	<u>158,320</u>	<u>145,296</u>

**UNIVERSITY OF GUELPH**  
**STATEMENT OF CHANGES IN APPROPRIATED**  
**EXPENDABLE FUND BALANCES**  
**FOR THE YEAR ENDED APRIL 30, 2001**  
(in thousands of dollars)

	<b>OPERATING FUND</b>				<b>CAPITAL FUND</b>			<b>ANCILLARY ENTERPRISES</b>				<b>RESEARCH &amp; TRUST FUND</b>	<b>TOTAL</b>		
	Equipment And Supplies	Self-Insured Losses	Pension & Benefits	Stabilization Fund	TOTAL	Capital Projects and Renovations	Minor Renovations	TOTAL	Real Estate Division	Student Housing Services	University Centre	Special Capital Account	TOTAL	TOTAL	
Balance, Beginning of Year	3,814	400	27,662	2,000	33,876	224	784	1,008	1,254	300	251	197	2,002	16,837	53,723
Transfer To (From) Appropriations	4,081	100	3,211	2,000	9,392	862	(321)	541	3,756	150	(11)	28	3,923	2,208	16,064
Balance, End of Year	<u>7,895</u>	<u>500</u>	<u>30,873</u>	<u>4,000</u>	<u>43,268</u>	<u>1,086</u>	<u>463</u>	<u>1,549</u>	<u>5,010</u>	<u>450</u>	<u>240</u>	<u>225</u>	<u>5,925</u>	<u>19,045</u>	<u>69,787</u>



**UNIVERSITY OF GUELPH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2001**

(in thousands of dollars)

	<b>OPERATING FUND</b>	<b>CAPITAL FUND</b>	<b>ANCILLARY ENTERPRISES</b>	<b>RESEARCH &amp; TRUST FUND</b>	<b>ENDOWMENT FUND</b>	<b>TOTAL 2001</b>	<b>TOTAL 2000</b>
<b>OPERATING ACTIVITIES</b>							
Change in Fund Balance ( Statement 2)	11,592	4,608	5,162	2,208	5,518	29,088	28,210
Add (Deduct) Non-Cash Items:							
Capital Asset Amortization (Statement 2)		19,451	2,574			22,025	21,038
Gain on Disposal of Capital Assets						-	(915)
Amortization of Deferred Capital Contributions (Statement 2)		(10,707)	(229)			(10,936)	(9,924)
Change in Unrealized Investment Income (Note 6)			263	(376)	4,167	4,054	5,651
(Increase) Decrease in Mortgage Receivable			(3,000)			(3,000)	-
(Increase) Decrease in Accrued Benefit Asset	(7,599)					(7,599)	(8,205)
(Increase) Decrease in Non-cash Working Capital	2,414	3,937	(553)	596	271	6,665	(4,432)
	<u>6,407</u>	<u>17,289</u>	<u>4,217</u>	<u>2,428</u>	<u>9,956</u>	<u>40,297</u>	<u>31,423</u>
<b>FINANCING ACTIVITIES</b>							
(Decrease) Increase in Long-term Debt		7,662	(1,168)			6,494	(1,876)
Interfund (Increase) Decrease	3,450	1,973	21	(7,610)	2,166	-	-
Increase (Decrease) in Deferred Contributions	(7,955)	36,027	(110)	2,432		30,394	74,408
	<u>(4,505)</u>	<u>45,662</u>	<u>(1,257)</u>	<u>(5,178)</u>	<u>2,166</u>	<u>36,888</u>	<u>72,532</u>
<b>INVESTING ACTIVITIES</b>							
(Acquisition) Disposal of Investments (Note 5)		(1,333)	(539)	43	(12,122)	(13,951)	(59,797)
(Acquisition) Disposal of Capital Assets (Note 8)		(61,618)	(2,421)			(64,039)	(25,111)
	<u>-</u>	<u>(62,951)</u>	<u>(2,960)</u>	<u>43</u>	<u>(12,122)</u>	<u>(77,990)</u>	<u>(84,908)</u>
Change in Cash and Short Term Investments	1,902	-	-	(2,707)	-	(805)	19,047
<b>CASH AND SHORT TERM INVESTMENTS, BEGINNING OF THE YEAR</b>	<u>(2,381)</u>	<u>-</u>	<u>-</u>	<u>64,068</u>	<u>-</u>	<u>61,687</u>	<u>42,640</u>
<b>CASH AND SHORT TERM INVESTMENTS, END OF THE YEAR (Statement 1)</b>	<u>(479)</u>	<u>-</u>	<u>-</u>	<u>61,361</u>	<u>-</u>	<u>60,882</u>	<u>61,687</u>

**UNIVERSITY OF GUELPH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended April 30, 2001**

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**1. AUTHORITY AND PURPOSE**

The University of Guelph operates as a not-for-profit entity under the authority of the University of Guelph Act (1964). The University is a comprehensive, research intensive University offering a range of undergraduate and graduate programs. With the exception of academic governance, which is vested in the University's Senate, the University is governed by the Board of Governors. The University is a registered charity and is therefore exempt from income taxes under section 149 of the Income Tax Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES:**

These financial statements have been prepared by management in accordance with generally accepted accounting principles as considered appropriate for universities, applied consistently within the framework of the accounting policies summarized below:

**(a) Fund Accounting**

The accounts of the University are maintained in accordance with the principles of fund accounting in order to observe the limitations and restrictions placed on the use of available resources. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into separate funds in accordance with specified activities or objectives. For financial reporting purposes, the University has combined funds with similar characteristics into five major fund groups that are categorized as follows:

- i. The Operating Fund presents the academic, administrative and other operating activities of the University.
- ii. The Capital Fund presents the funds received and expended on property, plant and equipment except capital expenditures related to ancillary operations.

- iii. The Ancillary Enterprises Fund presents the operations of services carried on by the University that are supportive of but not directly related to the University's primary functions of teaching and research. Any deficits incurred are recoverable from each ancillary's future operations. The Ancillary Enterprises Fund includes the following:

Hospitality Services  
Real Estate Division  
Student Housing Services  
Parking Administration  
University Centre  
Special Capital Account

- iv. The Research and Trust Fund includes those funds provided by benefactors and external contracts, the expenditure of which is restricted to a specific purpose. Also included are earnings on endowments available for expenditure.
- v. The Endowment Fund records donations provided by benefactors or funds designated by the Board, which are restricted as to purpose and expendability. Only the investment income earned on these funds, after having provided for inflation protection and, in specific cases, growth may be expended for the designated purpose. The endowment capital remains intact. Endowment earnings available for expenditure are recorded in the Research and Trust Fund.

The Endowment Fund consists of two major groups of investments each with different spending objectives: the Heritage Fund and the General Endowment Fund.

The Heritage Fund was created in 1991 by a declaration of trust of the Board of Governors with the sole intention that the capital of the Fund will be held in perpetuity for University strategic purposes. The main sources of growth for the Fund are proceeds of University real estate sales and leases from designated properties and investment income earned on the capital of the Fund. Distributions from the Fund are made in accordance with a formula based on a five-year average of market returns after having provided for inflation protection and

**UNIVERSITY OF GUELPH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended April 30, 2001**

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growth. Management of the Fund is delegated by the Board of Governors to a separate Board of Trustees.

The General Endowment Fund contains all remaining University endowments which consist of private and Board designated donations directed primarily for student aid.

**(b) Investments**

The University reports its investments at market value, with the exception of investments in the Guelph Golf & Recreation Club Limited (Cutten Club) and GUARD Inc., which are recorded on an equity basis and capital fund and ancillary enterprises investments which are recorded at cost.

**(c) Financial Instruments**

Accounts receivable are recorded at estimated net realizable value, which approximates fair value. Accounts payable and long-term debt are recorded at their cost amounts, which approximates fair value.

**(d) Inventory Valuation**

Inventories are recorded at the lower of cost and market.

**(e) Capital Assets**

Capital assets are recorded at cost less accumulated amortization, except for the donated assets which are recorded at appraised values with the exception of art and artifacts. These are recorded at a nominal value of \$1,000 and are not amortized.

The cost of capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	38 to 60 Years
Buildings	40 Years
Furniture and Equipment	10 Years
Library Books	5 Years

**(f) Internal Financing**

The University follows a practice of making temporary advances to operating departments and other funds in order to finance the acquisition of capital assets. Interest charged on internal loans is recorded in the revenues of the lending fund and the expenses of the borrowing fund. The outstanding balance of these loans has been disclosed by fund in note 4.

**(g) Leases Payable**

The University has entered into certain equipment and building leases for which title to the related assets will vest in the University on the termination of the leases. The cost of these assets is reflected in capital assets and the present value of the lease commitments is reflected as a liability.

**(h) Appropriations of Fund Balances**

Appropriations are restrictions of fund balances designated for: future purchase order commitments; capital and renovation projects committed but not completed; unspent organizational unit funds permitted to be carried forward at the end of each year for expenditure in the following year; and contingencies in such amounts as are deemed necessary by the Board.

**UNIVERSITY OF GUELPH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended April 30, 2001**

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**(i) Recognition of Revenue**

The University accounts for restricted contributions in accordance with the deferral method.

Externally restricted contributions received for;

- purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year in which the related expenses are incurred.
- the acquisition of capital assets having limited life are initially recorded as deferred contributions in the period in which they are received. They are recognized as revenue over the useful life of the related assets.
- the acquisition of unlimited life assets such as land and collections are recognized as direct increases in net assets in the period in which they are received .

Endowment contributions and related investment income allocated for endowment capital preservation and growth are recognized as direct increases in net assets in the period in which they are received or earned.

Unrestricted contributions are recognized as revenue when received.

Revenues received for the provision of goods and services are recognized in the period in which the goods or services are provided by the University. Revenues received for a future period are deferred until the goods or services are provided.

**(j) Employee Future Benefits**

The University maintains three defined benefit pension plans for its employees: Professional Plan, Retirement Plan and Non-Professional Plan. Pension plan assets, liabilities and changes in net assets are reported in the respective financial statements of these plans. The

assets of the plans are held by an independent custodian and are not recorded in the accounts of the University.

Additionally, the University provides extended health care and dental plan benefits to retirees and their eligible dependents on a cost sharing basis.

Recorded in the University's statements is the actuarially determined cost of maintaining these plans. The accumulated difference between this cost and the University's funding contribution has been reflected in the University's statement in the accrued benefit asset.

**(k) Real Estate Projects**

The accounts of the real estate division, which has been established to develop certain real estate owned by the University and designated Heritage Trust properties, are included in the ancillary enterprises fund.

Real Estate projects in progress are carried at the lower of total cost and estimated net realizable value.

Costs, including capitalized interest (2001 \$ 217,000 ; 2000 \$ 204,000) of projects not yet completed are deferred and recorded as "Real Estate Projects in Progress" on the statement of financial position. It is anticipated that these project costs will be recovered from future real estate development revenues.

**3. CHANGE IN ACCOUNTING POLICY**

• **Employee future benefits**

Effective May 1, 2000 the University adopted the new method of accounting for employee future benefits required by the Canadian Institute of Chartered Accountants on a prospective basis, whereby a net transition asset of \$100,687,000 at May 1, 2000 will be amortized over the expected average remaining service lifetime of the plans' active membership.

**UNIVERSITY OF GUELPH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended April 30, 2001**

**3. CHANGE IN ACCOUNTING POLICY, Continued**

Under the new method, the cost of pension and other post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimates of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. Future plan obligations are discounted using current market interest rates. Previously, costs for employee future benefits other than pension were mainly expensed as incurred and future plan obligations were discounted using management's best estimate of the long-term rate of return on plan assets.

**4. INTERFUND**

Included in the interfund balance is temporary financing advanced from non-endowed trust funds to other funds and departments on campus. Interfund interest is charged on these loans using rates based on long term financing costs reviewed annually. These loans will be repaid from future revenues according to approved repayment schedules.

[in thousands of dollars]	Operating Fund	Capital Fund	Ancillary Enterprises	Research & Trust Fund
Internal Loans				
Beginning Balance		(8,762)	(2,194)	10,956
Advances		(26)	(1,441)	1,467
Repayments		744	492	(1,236)
Ending Balance	-	(8,044)	(3,143)	11,187

The interfund balance recorded in the Endowment fund represents the value of accumulated endowment investment income available for expenditure in accordance with the University's endowment spending policy and real estate lease revenue advanced to the Heritage fund for investment purposes. Funds required to meet endowment expenditures remain invested in endowment assets until required.

**5. INVESTMENTS**

[in thousands of dollars]	Book Value		Market Value	
	2001	2000	2001	2000
Capital Fund				
Bonds (Note 18)	43,977	42,644	44,636	42,418
Ancillary Enterprises				
Bonds	4,040	3,501	4,375	3,764
Research & Trust Fund				
OMAFRA Post Retirement	2,535	2,554	3,368	3,216
OMAFRA Early Retirement	3,017	3,041	4,020	3,839
Total Research & Trust Fund	5,552	5,595	7,388	7,055
Endowment Fund				
General Endowment				
Cash and Short Term Notes	593	647	593	647
Canadian Equities	21,040	20,770	27,171	27,731
Canadian Pooled Equity	2,872	2,654	2,646	2,827
Canadian Fixed Income	20,690	24,330	20,564	24,173
Canadian Pooled Fixed Income	10,965	9,549	10,919	9,243
Foreign Pooled Equity	20,782	10,809	22,700	17,487
Cuttan Club	3,340	3,268	3,340	3,268
	80,282	72,027	87,933	85,376
Heritage Endowment				
Cash and Short Term Notes	2,598	2,401	2,592	2,401
Canadian Equities	5,235	5,519	6,323	6,469
Canadian Pooled Equity	603	269	666	290
Canadian Fixed Income	13,947	12,005	14,028	11,754
Foreign Equities	9,805	8,996	10,368	8,306
Foreign Pooled Equity	4,231	3,362	4,505	3,864
	36,419	32,552	38,482	33,084
Total Endowment Fund	116,701	104,579	126,415	118,460
Total Investments	170,270	156,319	182,814	171,697

**UNIVERSITY OF GUELPH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended April 30, 2001**

**5. INVESTMENTS, continued**

Pooled investments held by the Endowed and Heritage Funds refer to the value of units held in externally managed investment funds specializing in equities, fixed income and international investments.

In April 1997, as part of the enhanced partnership agreement with OMAFRA, the University received funds which may only be used to

cover the post retirement and early retirement benefit costs related to past service for former Ministry employees, now employed by the University. The OMAFRA Post Retirement and the OMAFRA Early Retirement Funds are invested in a diversified pooled fund of Canadian equities, bonds, foreign equities and cash investments.

**6. INVESTMENT INCOME**

Investment income from endowments is recorded in the Research and Trust Fund when income becomes available for expenditure in accordance with the University's endowment spending policy. Each year, the difference between the total endowment investment income and investment income made available for expenditure is endowed to protect the long-term real spending power of the endowed principal.

Investment Income [in thousands of dollars]	Operating	Capital Fund	Ancillary Enterprises	Research & Trust	Endowment (Note 12)	2001	2000
Net Realized Investment Income (Loss)	1,943	2,779	264	1,411	8,969	15,366	19,382
Increase (Decrease) in Unrealized Investment Income			(263)	376	(4,167)	(4,054)	(5,651)
<b>Total Investment Income</b>	<b>1,943</b>	<b>2,779</b>	<b>1</b>	<b>1,787</b>	<b>4,802</b>	<b>11,312</b>	<b>13,731</b>
Investment Income Endowed					1,457	1,457	(4,644)
Investment Income Available for Expenditure				6,259	(6,259)	-	-
Net (Increase) Decrease in Deferred Contributions		(2,779)		(1,588)		(4,367)	(2,401)
<b>Total</b>	<b>1,943</b>	<b>-</b>	<b>1</b>	<b>6,458</b>	<b>-</b>	<b>8,402</b>	<b>6,686</b>

**UNIVERSITY OF GUELPH**  
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**7. RELATED PARTIES**

**a) Guelph Golf & Recreation Club Limited (Cutten Club)**

The Guelph Golf & Recreation Club Limited (Cutten Club) is wholly owned by the University. The Cutten Club has not been consolidated in these financial statements. The market value of the Cutten Club investment is estimated to be equal or greater than its book value, which has been determined on the equity basis.

A financial summary as at March 31, 2001 and 2000 and for the years then ended is as follows:

Guelph Golf & Recreation Club Limited (Cutten Club) [in thousands of dollars]	2001	2000
<b>Financial Position:</b>		
Total Assets	3,149	3,113
Total Liabilities	1,816	1,851
Total Net Assets	<u>1,333</u>	<u>1,262</u>
<b>Results of Operations:</b>		
Total Revenue	3,494	3,469
Total Expenses	3,422	3,312
Excess of Revenue over Expenses	<u>72</u>	<u>157</u>
<b>Cash Flows:</b>		
Cash from Operations	273	352
Cash from Financing Activities	108	15
Cash used in Investing Activities	(187)	(212)
Increase (Decrease) in Cash	194	155

**b) GUARD Inc.**

The University owns 1.4 million shares (2000 1.4 million) or approximately 21% of the outstanding shares of GUARD Inc. GUARD Inc. is a public company traded on the Canadian Venture Exchange whose purpose is to invest in inventions and technologies with high-growth commercial potential

The investment in GUARD Inc. is recorded under the Heritage Fund. The University has recorded the investment at \$nil (2000 \$nil) based on the equity method. As the University has no obligation to fund

GUARD losses, under the equity method the nil value reflects the lowest possible recorded investment value.

The latest bid/ask and trade prices for GUARD shares as at April 30, 2001 would indicate a market value of these shares of \$1.0 million (2000 \$2.0 million), however the stock is traded in very low volumes.

**8. CAPITAL ASSETS**

**a) Details - Capital Fund**

[in thousands of dollars]	Cost	2001 Accumulated Amortization	Net Book Value	2000 Net Book Value
Land	6,473		6,473	6,473
Land improvements	6,904	4,611	2,293	2,375
Buildings	246,950	108,753	138,197	126,979
Furniture and equipment	191,614	127,530	64,084	40,310
Construction in progress	19,604		19,604	10,598
Library and art collection	70,314	61,864	8,450	10,199
	<u>541,859</u>	<u>302,758</u>	<u>239,101</u>	<u>196,934</u>

**b) Capital Fund Change in Net Book Value**

[in thousands of dollars]	2001	2000
Balance, beginning	196,934	189,939
Purchase of capital assets	61,618	25,250
Less: Amortization of capital assets	<u>(19,451)</u>	<u>(18,255)</u>
Balance, ending	<u>239,101</u>	<u>196,934</u>

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**8. CAPITAL ASSETS, continued**

**c) Details - Ancillary Enterprises**

[in thousands of dollars]	2001		2000	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land improvements	6,860	1,390	5,470	5,624
Buildings	69,587	33,819	35,768	35,358
Furniture and equipment	12,662	10,789	1,873	2,282
	<u>89,109</u>	<u>45,998</u>	<u>43,111</u>	<u>43,264</u>

**d) Ancillary Fund Change in Net Book Value**

[in thousands of dollars]	2001	2000
Balance, beginning	43,264	45,271
Purchase of capital assets	2,421	776
Less: Amortization of capital assets	<u>(2,574)</u>	<u>(2,783)</u>
Balance, ending	<u>43,111</u>	<u>43,264</u>

**e) Insured Values**

[in thousands of dollars]	2001	2001
	Net Book Value	Insured Value
Buildings	<u>173,965</u>	<u>772,078</u>
Furniture, equipment and library books	<u>74,406</u>	<u>731,188</u>
Art and artifacts collection	<u>1</u>	<u>7,327</u>

**9. LONG -TERM DEBT**

The repayments required in the next five years for the debt listed on the next page are summarized as follows:

[in thousands of dollars]	Principal	Interest	Total
2002	3,939	4,825	8,764
2003	3,597	5,594	9,191
2004	3,357	5,428	8,785
2005	3,511	5,206	8,717
2006	<u>3,085</u>	<u>4,984</u>	<u>8,069</u>
	17,489	<u>26,037</u>	<u>43,526</u>
Thereafter	<u>34,059</u>		
	<u>51,548</u>		



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**9 LONG-TERM DEBT, continued**

	Interest Rate	Payment Amount	Payment Frequency	Due Date	[in thousands of dollars]	
					2001	2000
					Total \$	Total \$
<b>Banker's Acceptance</b>						
Canadian Imperial Bank of Commerce	7.88	167	quarterly	May 1, 2006	6,870	7,541
		+ interest				
Canadian Imperial Bank of Commerce	5.89	95	monthly	July 6, 2007	5,970	6,741
Bank of Montreal	7.01	variable	quarterly	June 16, 2025	3,500	0
					<u>16,340</u>	<u>14,282</u>
<b>Leases payable</b>						
Ontario Student Housing Corporation	6.13 to 8.50	56	semi-annual	2018 to 2021	1,198	1,230
Canada Mortgage and Housing Corporation	5.88 to 8.25	492	semi-annual	2018 to 2021	10,629	10,920
Bruce Edmeades Sales Ltd.	4.13	7	monthly	December 31, 2002	143	224
Hewlett-Packard	6.3	1,711	annual	August 31, 2004	4,933	0
					<u>16,903</u>	<u>12,374</u>
<b>Mortgages payable</b>						
Canada Mortgage and Housing Corporation	7.25	138	semi-annual	January 1, 2023	3,015	3,070
Canada Mortgage and Housing Corporation	5.38	46	semi-annual	December 1, 2016	985	1,023
Ontario Housing Corporation (interest only)	10.36	63	semi-annual	April 1, 2010	1,225	1,225
Ontario Housing Corporation (interest only)	9.86	645	semi-annual	June 1, 2011	13,080	13,080
					<u>18,305</u>	<u>18,398</u>
					51,548	45,054
Current Portion					<u>(3,939)</u>	<u>(1,936)</u>
					<u>47,609</u>	<u>43,118</u>

Notes: 1. The Payment Amount includes both principal and interest unless otherwise noted.

2. The July 6, 2007 Banker's Acceptance which is recorded in the Capital Fund, financed the costs of construction of specific athletic facilities.

The entire cost of servicing this debt is funded by special student approved fees and athletic facilities rentals.

3. All long-term debt finances capital facilities, primarily student housing, real estate buildings and capital equipment. All debt servicing costs, with the exception of the Hewlett-Packard lease, are funded by the ancillary unit which incurred the debt. The Hewlett-Packard lease is funded from specific provincial grants.

4. The first two payments to Hewlett-Packard are \$1,711,460 and the remaining three are for \$1,069,205.

5. The Bank of Montreal banker's acceptance is being used to finance the new Student Townhouse Complex. The principal payments over the term of the agreement begin at \$100,000 plus interest and increase to \$950,000 over a 25 year term.

**UNIVERSITY OF GUELPH**  
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**10. DEFERRED REVENUE, CONTRIBUTIONS AND CAPITAL CONTRIBUTIONS**

[in thousands of dollars]	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Ancillary Enterprises</b>	<b>Research &amp; Trust Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
<b>a) Deferred Revenue</b>						
Prepaid Leases	1,500		7,275		8,775	14,810
OMAFRA Advance	10,478				10,478	12,633
Other	978				978	853
	<u>12,956</u>		<u>7,275</u>		<u>20,231</u>	<u>28,296</u>
Less: Current Deferred Revenue	(12,956)	-	(1,929)		(14,885)	(22,853)
	<u>-</u>	<u>-</u>	<u>5,346</u>	<u>-</u>	<u>5,346</u>	<u>5,443</u>
<b>b) Deferred Contributions</b>						
Changes in Deferred Contributions are as follows:						
Balance, beginning of year		1,087		50,073	51,160	38,857
Contributions received during the year		6,510		79,469	85,979	69,641
Recognized as revenue in the year		(1,616)		(77,037)	(78,653)	(57,338)
Balance, end of year	-	5,981	-	52,505	58,486	51,160
<b>c) Deferred Capital Contributions</b>						
Changes in Deferred Capital Contributions as follows:						
Balance, beginning of year		176,528	1,925		178,453	133,918
Contributions received during the year		31,133			31,133	54,459
Amortization of deferred capital contributions		(10,707)	(229)		(10,936)	(9,924)
Balance, end of year	-	196,954	1,696	-	198,650	178,453
<b>Total Deferred Revenue, Contributions And Capital Contributions</b>	<u>-</u>	<u>202,935</u>	<u>7,042</u>	<u>52,505</u>	<u>262,482</u>	<u>235,056</u>

**11. OPERATING DEFICIT**

The Deficit related to Special Early Retirement Program is \$6,145,000 (2000 \$8,345,000). On March 23, 1994, the Board of Governors approved a voluntary special early retirement program that was offered to qualifying employees on April 1, 1994. The deficit related to the Special Early Retirement Program will be recovered by April 2004.

**UNIVERSITY OF GUELPH**  
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**12. CHANGES IN FUND BALANCE – ENDOWMENTS**

Endowment Fund Balances include externally restricted donations received by the University and donations designated by the Board to be endowed for specific purposes. The University endowment policy has the objective of protecting the real spending value of the endowed principal by limiting spending of investment income earned on endowments. The balance of annual investment income is recorded as a direct charge to the endowed fund balance.

<u>[in thousands of dollars]</u>	Externally Restricted	Board Restricted	Total
Investment income on endowments	4,328	475	4,803
Less: available for expenditure	<u>(5,105)</u>	<u>(1,154)</u>	<u>(6,259)</u>
Investment income endowed	(777)	(679)	(1,456)
Contributions received during year	2,209	431	2,640
Equity adjustment - Cutten Club		<u>72</u>	<u>72</u>
Endowment Contributions	<u>1,432</u>	<u>(176)</u>	<u>1,256</u>
Transfers to Heritage Fund	<u>5,573</u>	<u>(1,311)</u>	<u>4,262</u>
Net Increase (decrease) in Fund Balance	<u>7,005</u>	<u>(1,487)</u>	<u>5,518</u>
Balance, beginning of year	<u>82,689</u>	<u>21,733</u>	<u>104,422</u>
Balance, end of year	<u>89,694</u>	<u>20,246</u>	<u>109,940</u>

**13. CANADIAN UNIVERSITY RECIPROCAL INSURANCE EXCHANGE**

As of January 1, 1998, the University renewed its membership in a self-insurance co-operative in association with other Canadian universities to provide property and general liability insurance coverage. Under this arrangement referred to as the Canadian University Reciprocal Insurance Exchange (C.U.R.I.E.), the University is required to share in any net losses experienced by C.U.R.I.E. The commitment was extended five years to January 1, 2003.

**14. INTERFUND TRANSACTIONS**

<u>[in thousands of dollars]</u>	Operating Fund	Capital Fund	Ancillary Enterprises	Research & Trust Fund	Endowment Fund
Special Capital Funding		1,050	450	(1,500)	
Capital Fund project support	(4,380)	11,221	(1,550)	(5,291)	
Equipment purchases	(7,704)	23,836	(13)	(16,119)	
Deferred capital contributions		(21,328)		21,328	
Transfers to Heritage Fund			(3,233)	(1,029)	4,262
Other interfund transactions	<u>806</u>	<u>(41)</u>	<u>(106)</u>	<u>(659)</u>	
	<u>(11,278)</u>	<u>14,738</u>	<u>(4,452)</u>	<u>(3,270)</u>	<u>4,262</u>

**15. SALES OF GOODS AND SERVICES**

Sales of goods and services includes real property, livestock and produce sales, laboratory testing and veterinary clinic revenue.

**16. ACCESS TO OPPORTUNITIES PROGRAM**

The Access to Opportunities Program is a Province of Ontario initiative that is to expand college and university spaces in computer science and high-demand engineering programs. The provincial contributions will assist with the funding of startup costs such as new buildings, renovations and equipment as well as ongoing operating funding in subsequent years.

In the year ended April 30, 2001, the University incurred \$4,663,979 (2000 \$4,095,137) in ATOP startup expenditures related to the expansion of the Thornbrough building.

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**17. ONTARIO STUDENT OPPORTUNITY TRUST FUND**

The Ontario Student Opportunity Trust Fund program was established by the Government of Ontario to encourage companies and individuals to contribute to funds for Ontario's college and university students. Under this program, donations received from companies and individuals were matched by the province on a dollar for dollar basis. In response to this provincial initiative, the University established the ACCESS Fund within the endowed portfolio. Investment income from the funds will be used to assist academically qualified individuals who for financial reasons would not otherwise be able to attend college or university.

The following are the transactions related to the Ontario Student Opportunity Trust Fund for the year ended April 30, 2001:

[in thousands of dollars]

<b>Access Endowment Fund</b>	<u>2001</u>	<u>2000</u>
Opening balance – May 1	22,923	17,747
Gifts received		2,240
Provincial matching funds received		1,885
Investment income endowed	<u>(878)</u>	<u>1,051</u>
Closing balance – April 30	<u><u>22,045</u></u>	<u><u>22,923</u></u>

<b>Access Expendable Fund</b>	<u>2001</u>	<u>2000</u>
Opening balance – May 1	1,275	738
Investment income	1,201	969
Bursaries and scholarships awarded	<u>(789)</u>	<u>(432)</u>
Closing balance – April 30	<u><u>1,687</u></u>	<u><u>1,275</u></u>

**18. SUPERBUILD GROWTH FUND**

Included within the capital fund, the SuperBuild Growth Fund for Postsecondary Education is a Province of Ontario initiative designed to address enrollment growth and improve the condition and efficiency of existing academic teaching and research facilities.

A financial summary as at April 30, 2001 of the SuperBuild Growth Fund is as follows:

SuperBuild Growth Fund	<u>Book Value</u>	
[in thousands of dollars]	<u>2001</u>	<u>2000</u>
Financial Position:		
Cash and Short Term Investments	3,464	2,051
Accounts Receivable	545	512
Investments - Bonds	<u>43,977</u>	<u>42,644</u>
Total Assets	<u><u>47,986</u></u>	<u><u>45,207</u></u>
Deferred Capital Contributions	<u>47,986</u>	<u>45,207</u>
Total Liabilities and Fund Balance	<u><u>47,986</u></u>	<u><u>45,207</u></u>

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**19. EMPLOYEE FUTURE BENEFITS**

The University has a number of defined benefit programs that provide pension and other post-employment benefits to its employees, including three separate pension plans and a group insurance benefits program that provides health and dental benefits. Effective May 1, 2000, the University adopted the new accounting standards, Section 3461, of the Canadian Institute of Chartered Accountants concerning employee future benefits which includes pension, other retirement, and post-employment benefits other than pensions. Comparative numbers for fiscal 2000 were prepared in accordance with Section 3460. The new standard moves the accounting for non-pension post-employment benefits to an accrual basis from the cash accounting basis previously used, and with respect to pensions, requires the use of a prescribed market rate to measure the accrued pension benefit obligation. Consistent with Section 3461, the University has exercised a three-month accelerated measurement date for financial reporting purposes. Information about the University's defined benefit plans, in aggregate, is as follows:

[ in thousands of dollars]	Pension Benefit *Plans	Other Benefit Plans
<b>Change in Benefit Obligation</b>		
Benefit obligation - beginning of measurement period	481,217	64,578
Current service cost (employer)	12,104	1,907
Interest cost	35,144	4,783
Estimated employee contributions (reflects 4 month waiver)	4,882	0
Plan amendments	5,739	0
Actuarial loss (gain)	13,705	2,218
Benefits paid	(29,806)	(1,800)
Benefit obligation - end of measurement period	<u>522,985</u>	<u>71,686</u>
<b>Change in Plan Assets</b>		
Market value of plan assets - beginning of measurement period	671,907	-
Actual return on plan assets, net of expenses	65,887	-
Employer contribution	959	1,800
Estimated employee contributions (reflects 4 month waiver)	4,882	-
Benefits paid	(29,806)	(1,800)
Market value of plan assets - end of measurement period	<u>713,829</u>	<u>-</u>
<b>Reconciliation of funded status</b>		
Funded status - surplus (deficit)	190,844	(71,686)
Employer contributions after measurement date	240	450
Unamortized transitional obligation (asset)	(152,288)	59,885
Unamortized past service costs	5,739	-
Unamortized net actuarial loss (gain)	630	2,218
Accrued benefit asset (liability), before valuation allowance	45,165	(9,133)
valuation allowance (VA)	(2,485)	-
Accrued benefit asset (liability), net of valuation allowance	<u>42,680</u>	<u>(9,133)</u>

[ in thousands of dollars]	Pension Benefit *Plans	Other Benefit Plans
<b>Components of expense</b>		
Current service cost (employer)	12,104	1,907
Interest cost	35,144	4,783
Expected return on assets	(52,812)	-
Amortization of transitional obligation (asset)	(12,562)	4,278
Amortization of transitional increase (decrease) in VA	5	-
Increase (decrease) in valuation allowance	1,127	-
Net expense (income)	<u>(16,994)</u>	<u>10,968</u>

The accrued benefit asset (liability) as reflected in the Statement of Financial Position, is the net of the pension benefit plan asset less the other benefit plan liability for a net asset value of \$33,547.

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligations at the end of fiscal 2001, are as follows:

Discount rate	7.20%	7.20%
Expected long-term rate of return on plan assets	8.00%	n/a
Rate of increase in future compensation	4.00%	n/a
Rate of increase in national average wage	4.00%	n/a

The rates used for purposes of adopting the new accounting standard at the beginning of fiscal 2001 were identical to those listed above, with the exception that a discount rate of 7.40% was used for all benefit plans. The health care cost trend rate for medical benefits was 10.5% for 2001 graded down 0.5% per year until 2011 and 5.0% thereafter.

\* Includes accrued benefit obligations and plan assets in respect of plans that are not fully funded (\$2,956 and \$0 respectively for 2001).

## 20. SALARY DISCLOSURE

In accordance with the Public Sector Salary Disclosure Act, 1995, all salaries and benefits paid in respect of employment to employees who are paid a salary of \$100,000 or more in a calendar year are listed below:

<u>Employee Name</u>	<u>Title</u>	<u>Salary</u>	<u>Taxable Benefits</u>
Armstrong, John	Director, Real Estate	123,641	765
Barclay, Jack**	Professor & Chair	104,435	967
Barham, Richard	Professor	103,149	1,002
Bayley, Henry	Professor	100,232	974
Bewley, J. Derek	Professor	118,626	734
Binnington, Allen***	Associate Professor	115,904	370
Butler, Daniel	Professor	107,317	664
Campbell, John**	Professor; Provost & VP Academic to July 31/00	146,338	1,421
Christofides, Louis**	Professor	100,087	620
Cocivera, Michael	Professor	100,993	625
Collins, Patricia	General Manager, Lab Services	115,671	591
Cote, Nathalie***	Assistant Professor	106,073	434
Douglas, David	Professor	113,569	703
Duncan, Ian**	Professor & Chair	100,118	569
Dwivedi, Onkar	Professor	103,265	984
Elmslie, Ron	Director – Computing & Communication Services	104,972	648
Ferguson, George	Professor	103,944	1,087
Fuller, Anthony	Professor/Program Leader	100,249	595
Gillespie, Terry**	Professor & Chair	100,015	972
Goss, Michael	Professor/Program Leader	101,862	597
Grant, E. Kenneth	Associate Professor/Assistant To President (Planning)	100,621	623
Gyles, Carlton***	Professor	106,627	654
Hacker, Roger	Professor/OMAFRA Program Leader	105,033	1,017
Heathcote, Isobel**	Dean, Grad Studies	103,336	637
Hebert, Paul	Professor	113,313	685
Henry, Brian	Professor	109,401	677
Holmberg, David***	Professor	103,704	378
Holub, Bruce	Professor	107,606	666
Hubert, John	Professor	103,331	600
Hume, David**	Professor & Director, OMAFRA Research Program	113,858	631

<u>Employee Name</u>	<u>Title</u>	<u>Salary</u>	<u>Taxable Benefits</u>
James, William	Professor	107,317	664
Jeffrey, Kenneth**	Professor & Chair	101,047	595
Joseph, Alun**	Dean – CSAHS effective 00/07/01	102,553	1,020
Le Maguer, Marc	Professor – Seconded to Health Canada	131,654	4,915
Liefield, John	Professor	101,682	989
Linders, James	Professor	108,542	651
Loptson, Peter**	Professor & Chair	104,715	393
Mabley, John	VP, Development & Public Affairs; Resigned	109,101	366
Marmurek, Harvey**	Professor & Chair	105,514	383
Martin, Wayne	Professor	107,317	664
Matthews, Michael	Professor	102,393	623
McCrinkle, Robert**	Dean – CPES	106,885	497
McDonell, Wayne**&***	Professor & Assistant Dean Research & Grad Affairs – OVC	112,705	618
McLaughlin, Robert**	Dean – OAC; Acting VP-Alumni Affairs & Development effective 00/08/01	131,113	3,316
Meek, Alan**	Dean - OVC	113,016	700
Miles, John	Assistant VP, Finance	110,064	447
Milligan, Larry**	VP, Research	132,314	819
Mokanski, Joseph**	Professor & Chair	102,814	398
Moss, Michael**	Associate Dean – Faculty of Environmental Science	101,681	593
Murray, David	Professor	105,016	651
Nightingale, Michael**	Dean – CSAHS; Assistant VP Academic effective 00/07/01	116,512	689
Otten, Lambert**	Professor & Director	103,773	601
Parton, Kevin**	Professor & Chair	101,228	378
Putns, Rudy	Executive Director, Campaign Programs	101,400	595
Rapport, David	Professor	101,682	627
Ridley, Michael**	Chief Librarian	100,219	621
Ritter, Leonard**	Professor & Executive Director Canadian Network of Toxicology Centres effective 00/07/01	104,830	610
Round, Garry	Executive Director, Facilities & Hospitality Services	106,943	650
Rozanski, Mordechai*&***	President	222,620	26,831
Sheath, Robert**	Dean – CBS	115,678	716
Shute, James**	Director – CIP	101,464	938
Smith, William	Professor	100,399	621
Stewart, Carole**	Dean – COA	108,861	673

## 20. SALARY DISCLOSURE, continued

<u>Employee Name</u>	<u>Title</u>	<u>Salary</u>	<u>Taxable Benefits</u>
Sullivan, Nancy	VP, Finance & Administration	144,956	877
Summerlee, Alastair**	Associate VP, Academic Provost/VP, Academic Effective 00/07/01	119,881	4,451
Swanton, Clarence**	Professor & Chair	108,118	561
Trout, Donald***	Associate Professor	120,994	543
Waldron, Mark	Professor	107,566	732

\* Benefits include insurance, housing-related costs (e.g. residence in President's House on campus) and employer owned automobile

\*\* Academic administrators who hold tenured faculty status.

\*\*\* Salary includes payments for performing emergency surgical procedures.

## 21. COMMITMENTS

Costs to complete major capital projects in progress as at April 30, 2001 are estimated to be \$44,427,000 (2000 \$9,304,000) and will be funded by government grants, gifts and university resources.

## 22. CONTINGENCY

The University is a defendant in a number of legal proceedings. Claims against the University in these proceedings have not been reflected in these financial statements. It is the opinion of the management and the University's legal counsel that the resolution of these claims will not have a material effect on the financial position of the University.

## 23. COMPARATIVE NUMBERS

Certain comparative numbers have been reclassified to conform with the presentation adopted for the current year.

**UNIVERSITY OF GUELPH**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR ANCILLARY ENTERPRISES**  
**FOR THE YEAR ENDED APRIL 30, 2001**

(in thousands of dollars)

	HOSPITALITY	REAL ESTATE	STUDENT HOUSING	PARKING	UNIVERSITY	SPECIAL CAPITAL	TOTAL	TOTAL
<b>REVENUE</b>								
Sales and Services	26,325	8,519	16,515	1,675	2,233	1,348	56,615	49,033
<b>EXPENSES</b>								
Cost of Materials	11,668				442		12,110	11,481
Salaries	7,028	223	2,748	172	776		10,947	10,645
Benefits	1,219	46	484	38	131		1,918	1,800
Institutional Charges	1,332		5,046	261	355		6,994	6,994
Operating	3,547	581	2,585	335	531	154	7,733	6,707
Travel	47	10	85	3	12		157	184
Minor Renovations and Repairs	77		1,285		51	78	1,491	1,627
Interest	8	251	2,458			360	3,077	3,457
Capital Asset Amortization	628	254	1,544	93	55		2,574	2,783
Total Operating Expenses	25,554	1,365	16,235	902	2,353	592	47,001	45,678
Revenue Less Expenses	771	7,154	280	773	(120)	756	9,614	3,355
Interfund Transactions (Note 14)	(209)	(3,201)	14	(432)	125	(749)	(4,452)	(1,527)
Change in Fund Balance	562	3,953	294	341	5	7	5,162	1,828
Transfers (To) From Appropriations		(3,756)	(150)		11	(28)	(3,923)	(652)
Net Increase (Decrease) in Fund Balances	562	197	144	341	16	(21)	1,239	1,176
Fund Balance, Beginning of Year	3,128	2,013	(5,937)	2,780	305	23	2,312	1,136
Fund Balance, End of Year	3,690	2,210	(5,793)	3,121	321	2	3,551	2,312
Fund Balance Components:								
Invested in Capital Assets *	3,945	1,066	(5,834)	2,044	84	-	1,305	557
Unappropriated **	(255)	1,144	41	1,077	237	2	2,246	1,755
Fund Balance, End of Year	3,690	2,210	(5,793)	3,121	321	2	3,551	2,312

\* Fund Balance "Invested in Capital Assets" presents the funds expended on capital assets less accumulated amortization, related debt and deferred capital contributions.

\*\* Accumulated net results for operations are presented in the Unappropriated Fund Balance.



**UNIVERSITY OF GUELPH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended April 30, 2001**

Schedule 2

**Schedule of OMAFRA Revenues and Expenses by Object**

Effective April 1, 1997, the University's research and education contract with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) was expanded under a new "enhanced partnership" agreement. Under this agreement, six ministry units: 3 colleges of agricultural technology, 2 laboratory services facilities and the Horticultural Research

Institute of Ontario (HRIO) joined the University. The following figures reflect the revenues and expenses of the OMAFRA contract for the 2000/2001 fiscal year, the fourth full year of the expanded agreement. In the following schedule, disbursements for capital equipment purchases are recorded under the "equipment" line.

[in thousands of dollars]	OAC Guelph	OAC Alfred	OAC HRIO	OAC Kemptville	OAC Ridgetown	OVC Guelph	Other Colleges Guelph	Lab Services Division	Stations & Academic Services Guelph	Institutional Revenue & Expenses	Total OMAFRA 2001	Total OMAFRA 2000
<b>Income</b>												
Provincial	11,008	2,017	4,063	3,981	4,022	7,804	1,101	10,077	3,431	5,150	52,654	50,691
Tuition	1,394	245		996	597						3,232	3,061
Sales of Goods and Services	58	569	80	1,953	2,383	4		4,305	2,542		11,894	9,868
Miscellaneous	124	324	55	736	863	12		136	464		2,714	2,716
<b>Total Income</b>	<b>12,584</b>	<b>3,155</b>	<b>4,198</b>	<b>7,666</b>	<b>7,865</b>	<b>7,820</b>	<b>1,101</b>	<b>14,518</b>	<b>6,437</b>	<b>5,150</b>	<b>70,494</b>	<b>66,336</b>
<b>Expenses</b>												
Salaries	9,009	1,658	3,012	4,350	4,703	5,048	758	7,599	3,089		39,226	37,519
Benefits	1,786	313	619	859	917	1,004	131	1,659	624	(1,450)	6,462	5,354
<b>Total Personnel Costs</b>	<b>10,795</b>	<b>1,971</b>	<b>3,631</b>	<b>5,209</b>	<b>5,620</b>	<b>6,052</b>	<b>889</b>	<b>9,258</b>	<b>3,713</b>	<b>(1,450)</b>	<b>45,688</b>	<b>42,873</b>
Travel	197	50	55	124	105	254	32	95	21		933	1,112
Operating	1,502	1,212	493	2,238	2,307	844	167	3,779	3,363		15,905	15,218
Equipment	40	65	48	174	141	17	6	1,378	23		1,892	1,090
Service Costs										6,600	6,600	7,050
<b>Expenses before Transfers</b>	<b>12,534</b>	<b>3,298</b>	<b>4,227</b>	<b>7,745</b>	<b>8,173</b>	<b>7,167</b>	<b>1,094</b>	<b>14,510</b>	<b>7,120</b>	<b>5,150</b>	<b>71,018</b>	<b>67,343</b>
Interfund Transfers	50	(143)	(29)	(79)	(308)	653	7	8	(683)		(524)	(1,007)
<b>Total Contract Expenses</b>	<b>12,584</b>	<b>3,155</b>	<b>4,198</b>	<b>7,666</b>	<b>7,865</b>	<b>7,820</b>	<b>1,101</b>	<b>14,518</b>	<b>6,437</b>	<b>5,150</b>	<b>70,494</b>	<b>66,336</b>
<b>Net Income (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>