

Financial Statements of

**UNIVERSITY OF ONTARIO
INSTITUTE OF TECHNOLOGY**

March 31, 2006

Auditors' Report

To the Board of Governors
University of Ontario Institute of Technology

We have audited the statement of financial position of University of Ontario Institute of Technology as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. 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 as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
May 16, 2006 (except for Note 12 which is dated June 14, 2006)

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

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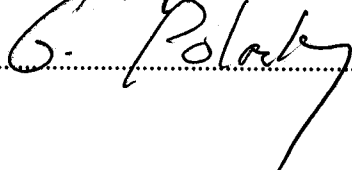
Statement of Financial Position

March 31, 2006

	2006	2005
ASSETS		
CURRENT		
Cash and short term investments	\$ 11,295,158	\$ 43,241,778
Restricted cash and short-term investments (Notes 7 and 13)	9,209,060	9,052,439
Grant receivable	2,782,488	4,745,044
Other accounts receivable (Note 3)	1,842,373	1,386,334
Prepaid expenses and deposits	303,856	26,620
	25,432,935	58,452,215
INVESTMENTS (Note 4)	111,287	-
CAPITAL ASSETS (Note 5)	262,551,577	243,077,177
OTHER ASSETS (Note 6)	6,286,794	4,071,389
	\$ 294,382,593	\$ 305,600,781
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,653,866	\$ 14,963,760
Deferred revenue (Note 8)	2,673,993	2,136,238
Current portion of long term debt (Note 7)	2,734,702	2,568,957
	18,062,561	19,668,955
LONG TERM DEBT (Note 7)	214,696,341	217,431,043
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	60,302,320	63,383,267
	293,061,222	300,483,265
NET ASSETS		
UNRESTRICTED	(7,069,791)	3,287,215
ENDOWMENTS (Note 13)	4,789,933	1,994,247
INTERNALLY RESTRICTED (Note 12)	5,888,161	2,224,582
INVESTED IN CAPITAL ASSETS (Note 10)	(2,286,932)	(2,388,528)
	1,321,371	5,117,516
	\$ 294,382,593	\$ 305,600,781

APPROVED ON BEHALF OF THE BOARD OF GOVERNORS

..... Chair

..... President

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Statement of Operations

Year ended March 31, 2006

	<u>2006</u>	<u>2005</u>
REVENUE		
Grants	\$ 24,502,191	\$ 30,228,778
Donations	4,458,633	185,626
Student tuition fees	12,564,342	7,150,028
Interest revenue	845,283	624,702
Student ancillary fees	7,540,793	4,248,052
Other income	2,116,129	727,713
Amortization of deferred capital contributions	3,214,448	3,026,379
	<u>55,241,819</u>	<u>46,191,278</u>
EXPENSES		
Salaries and benefits	25,182,284	18,960,874
Supplies and expenses	15,936,695	11,581,635
Professional fees	630,329	944,085
Interest expense	11,591,713	8,498,264
Amortization of capital assets	8,430,763	5,414,907
Amortization of financing costs	61,866	61,866
	<u>61,833,650</u>	<u>45,461,631</u>
EXCESS OF (EXPENSES OVER REVENUE)		
REVENUE OVER EXPENSES	\$ (6,591,831)	\$ 729,647

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Statement of Changes in Net Assets

Year ended March 31, 2006

	<u>Unrestricted</u>	<u>Invested in Capital Assets (Note 10)</u>	<u>Internally Restricted (Note 12)</u>	<u>Endowments</u>	<u>Total 2006</u>	<u>Total 2005</u>
BALANCE, BEGINNING OF YEAR	\$ 3,287,215	\$ (2,388,528)	\$ 2,224,582	\$ 1,994,247	\$ 5,117,516	\$ 2,764,534
EXCESS OF (EXPENSE OVER REVENUE) REVENUE OVER EXPENSES	(1,375,516)	(5,216,315)	-	-	(6,591,831)	729,647
INTERFUND TRANSFER	(3,663,579)	-	3,663,579	-	-	-
INVESTMENT IN CAPITAL ASSETS	(5,317,911)	5,317,911	-	-	-	-
ENDOWMENT CONTRIBUTIONS (Note 13)	-	-	-	2,795,686	2,795,686	1,623,335
NET CHANGES DURING THE YEAR	(10,357,006)	101,596	3,663,579	2,795,686	(3,796,145)	2,352,982
BALANCE, END OF YEAR	\$ (7,069,791)	\$ (2,286,932)	\$ 5,888,161	\$ 4,789,933	\$ 1,321,371	\$ 5,117,516

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2006

	2006	2005
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of (expense over revenue) revenue over expenses for the year	\$ (6,591,831)	\$ 729,647
Items not affecting cash:		
Amortization of capital assets	8,430,763	5,414,907
Amortization of deferred financing costs	61,866	61,866
Amortization of deferred contributions	-	(15,917,341)
Amortization of deferred capital contributions	(3,214,448)	(3,026,379)
	(1,313,650)	(12,737,300)
Balances relating to operations		
Grant and other accounts receivable	1,506,517	(3,714,725)
Prepaid expenses and deposits	(277,236)	5,197
Accounts payable and accrued liabilities	(2,309,894)	(10,459,969)
Deferred revenue	537,755	1,663,411
	(1,856,508)	(25,243,386)
INVESTING		
Purchase of capital assets	(27,905,163)	(83,783,302)
Endowment contributions	2,795,686	1,623,335
Restricted cash and short-term investments	(156,621)	(9,052,439)
	(25,266,098)	(91,212,406)
FINANCING		
Investments	(111,287)	-
Other assets	(2,277,271)	(4,133,255)
Debenture proceeds	-	220,000,000
Repayment of demand loan	-	(76,259,980)
Repayment of long term debt	(2,568,957)	-
Deferred contributions	-	9,652,272
Deferred capital contributions	133,501	7,800,000
	(4,824,014)	157,059,037
NET CASH (OUTFLOW) INFLOW	(31,946,620)	40,603,245
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	43,241,778	2,638,533
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 11,295,158	\$ 43,241,778
CASH AND SHORT-INVESTMENTS IS COMPRISED OF:		
Cash	\$ 6,213,761	\$ 35,676,859
Short-term investments	5,081,397	7,564,919
	\$ 11,295,158	\$ 43,241,778
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 13,857,195	\$ 2,007,018

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

1. DESCRIPTION

University of Ontario Institute of Technology (the "University") was incorporated without share capital under the University of Ontario Institute of Technology Act which received Royal assent on June 27, 2002. The objectives of the University, as well as the powers of the Board of Governors and the Academic Council, are defined in the Act.

The University is a market-oriented University integrating inquiry, discovery and application through excellence in teaching, learning and value-added research. The University is a degree granting and research organization offering undergraduate and post graduate education. The University is a registered charity under Section 149 of the Income Tax Act and is, therefore, exempt from income taxes, provided the specified disbursements quota is achieved.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of presentation*

The Financial Statements of the University have been prepared by management in accordance with the accounting standards for not-for-profit organizations, published by the Canadian Institute Chartered Accountants (CICA). These financial statements reflect the assets, liabilities, net assets, revenue and expenses of all the operations controlled by the University.

(b) *Investments*

Investments are reported at cost, except if the market value of the investments becomes lower than cost and this decline is considered to be other than temporary, then investments are written down to their market values.

(c) *Revenue recognition*

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants earned but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Tuition fees are deferred to the extent that related courses extend beyond the fiscal year of the University.

Student incidental fees are recognized as revenue when courses are provided.

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 for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are incurred. Pledged donations are not recorded until received due to the uncertainty involved in their collection.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Revenue recognition (continued)*

Endowment contributions are reported as direct increases in net assets when received.

Other operating revenues are deferred to the extent that related services provided, or goods sold, are rendered/delivered subsequent to the end of the University's fiscal year.

(d) *Short-term investments*

Short-term investments consist of highly liquid investments having terms to maturity on acquisition of between three months and one year. Short-term investments are recorded at the lower of cost or market value.

(e) *Deferred financing costs*

Deferred financing costs are amortized on a straight-line basis over the term of the long-term debt.

(f) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution when fair value is reasonably determinable. Otherwise, contributed assets are recorded at a nominal amount. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated useful life of an asset, are capitalized. When a capital asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over their average useful lives, which have been estimated to be as follows:

Buildings	40 years
Furniture and fixtures	5 years
Computer equipment	3 years
Building renovations/upgrades	10 years
Major equipment	10 years

Capital assets acquired during the financial year are amortized at half of the applicable rate.

(g) *Deferred capital contributions*

Contributions received for capital assets are deferred in the accounts and amortized over the same term and on the same basis as the related capital asset.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Student organizations*

These financial statements do not reflect the assets, liabilities, and results of operations of the various student organizations.

(i) *Employee future benefits*

The University recognizes employee future benefits (health, dental, life insurance and other retirement obligations) as they are earned during the employees' tenure of service.

(j) *Sabbaticals and other leaves*

The cost of sabbaticals and leaves are recorded when determinable.

(k) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. OTHER ACCOUNTS RECEIVABLE

Included in other accounts receivable is \$365,747 due from Durham College of Applied Arts and Technology relating to the university portion of the activity in ancillary operations.

4. INVESTMENTS

	2006		2005	
	Cost	Market	Cost	Market
Equities	\$ 87,656	\$ 88,055	\$ -	\$ -
Fixed income	23,631	23,473	-	-
	\$ 111,287	\$ 111,528	\$ -	\$ -

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Notes to the Financial Statements
March 31, 2006

5. CAPITAL ASSETS

Capital assets consist of:

	2006				2005	
	Cost		Balance End of Year	Amortization	Net Book Value	Net Book Value
	Balance Beginning of Year	Additions/ Transfers				
Buildings	\$ 169,889,323	\$ 77,179,763	\$ 247,069,086	\$ 9,028,196	\$ 238,040,890	\$ 166,041,197
Building renovations	2,549,838	479,454	3,029,292	851,440	2,177,852	1,977,355
Furniture, fixture and equipment	4,869,885	1,251,866	6,121,751	2,614,560	3,507,191	3,362,500
Computer equipment	3,281,561	842,775	4,124,336	2,598,560	1,525,776	1,917,317
Major equipment	6,081,224	442,473	6,523,697	1,143,268	5,380,429	5,568,201
Construction-in- progress	64,210,607	(52,291,168)	11,919,439	-	11,919,439	64,210,607
	\$ 250,882,438	\$ 27,905,163	\$ 278,787,601	\$ 16,236,024	\$ 262,551,577	\$ 243,077,177

Interest capitalized for the current year totalled \$2,461,123 (2005 - \$2,946,124).

6. OTHER ASSETS

On September 4, 2003, Durham College of Applied Arts and Technology purchased the Windfields Farms property for \$7,831,815, consisting of \$1,000,000 of cash and \$6,831,815 of debt, for the purposes of expansion including development of the University. The ownership of the land currently resides with Durham College of Applied Arts and Technology.

During the 2006 fiscal year, the University provided \$2,277,272 (2005 - \$2,277,272) from the debenture proceeds to Durham College of Applied Arts and Technology for the 2006 mortgage payment on the Windfields Farms land. Included in other assets is \$4,554,544 (2005 - \$2,277,272) due from Durham College of Applied Arts and Technology relating the 2005 and 2006 payments.

Also included are deferred financing costs of \$1,732,250 (2005 - \$1,794,117), incurred on the issuance of the \$220,000,000 Series A Debentures (Note 7).

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

7. LONG-TERM DEBT

On October 8, 2004, the University issued Series A Debentures in the aggregate principal amount of \$220,000,000. These debentures bear interest at 6.351%, payable semi-annually on April 15 and October 15, with the remaining principal due in 2034. The proceeds of the issuance are being used to finance capital projects including the construction of three Academic Buildings, a Library and related infrastructure. These debentures are secured by all assets of the University and are guaranteed by Durham College of Applied Arts and Technology.

As at March 31, 2006, \$207,105,146 (2005 - \$182,082,438) had been used to finance capital assets and construction in progress.

In accordance with the Debenture agreement, as at March 31, 2006, \$5,112,778 (2005 - \$7,500,000) of cash had been restricted for principal payments.

Total principal payments in each of the next five years and thereafter for debenture repayment are as follows:

2007	\$ 2,734,702
2008	2,911,140
2009	3,098,963
2010	3,298,903
2011	3,511,742
Thereafter	201,875,593
	<hr/>
	217,431,043
Less current portion	2,734,702
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	\$ 214,696,341
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UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

8. DEFERRED REVENUE

Deferred revenue represents revenues related to expenses of future periods. The balance is comprised of the following:

	<u>2006</u>	<u>2005</u>
Research	\$ 1,513,010	\$ 421,234
Grants	-	235,473
Ancillary fees	57,403	88,027
Donations	274,911	899,096
Bursaries	255,964	90,982
Tuition	437,744	317,072
Other	134,961	84,354
	<u>\$ 2,673,993</u>	<u>\$ 2,136,238</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants and donations for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations at the same rate as amortization is recorded on the related capital assets. The changes in the balance consist of the following:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 63,383,267	\$ 58,609,646
Contributions	133,501	7,800,000
Recognized as revenue during the year	(3,214,448)	(3,026,379)
Balance, end of year	<u>\$ 60,302,320</u>	<u>\$ 63,383,267</u>

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

10. INVESTED IN CAPITAL ASSETS

(a) Investment in capital assets represents the following:

	<u>2006</u>	<u>2005</u>
Capital assets, net book value	\$ 262,551,577	\$ 243,077,177
Less amount financed by deferred capital contributions	(60,302,320)	(63,383,267)
Less amount financed by long term debt (Note 7)	(204,536,189)	(182,082,438)
Investment in capital assets	\$ (2,286,932)	\$ (2,388,528)

(b) Change in investment in capital assets is calculated as follows:

	<u>2006</u>	<u>2005</u>
Amortization of deferred contributions related to capital assets	\$ 3,214,448	\$ 3,026,379
Less amortization of capital assets	(8,430,763)	(5,414,907)
	\$ (5,216,315)	\$ (2,388,528)

Net change in investment in capital asset is as follows:

	<u>2006</u>	<u>2005</u>
Purchases of capital assets	\$ 27,905,163	\$ 83,783,302
Amounts funded by:		
Deferred capital contributions	(133,501)	(7,800,000)
Long-term debt	(25,022,708)	(105,822,458)
Repayment of long-term debt	2,568,957	-
	\$ 5,317,911	\$ (29,839,156)

11. SERVICE COSTS

As required under Bill 109, the University has entered into an agreement with Durham College of Applied Arts and Technology to share in the use of its administrative services. The service costs for salary and benefit expenses recorded in the University financial statements have been allocated using the percentage of time that each administrative function spent on University activities and an allocation for overhead expenses has been recorded based on College facilities used by the University based on square footage utilized.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

12. INTERNALLY RESTRICTED NET ASSETS

On June 14, 2006, the Board of Governors approved the transfer of \$3,663,579 unrestricted funds to internally restricted funds for operating activities during the year ending March 31, 2006. Details of the internally restricted net assets are as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 2,224,582	\$ -
Transfer	3,663,579	2,224,582
Balance, end of year	\$ 5,888,161	\$ 2,224,582
Balance is comprised of:		
Academic and department carry-forwards	\$ 2,362,688	\$ 835,493
Research related activities	3,525,473	1,389,089
Balance, end of year	\$ 5,888,161	\$ 2,224,582

The University's policy permits the carry forward of unspent budget allocations at the end of each year for expenditure in future years.

13. ENDOWMENTS

Endowment funds are restricted donations received by the University where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments is deferred and recorded in the statement of operations when the donors' conditions have been met and the related expenses are recognized.

Restricted cash and short-term investments related to endowments at March 31, 2006 is \$4,096,282 (2005 - \$1,552,439).

Endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Success ("OTSS"). Under these programs, the government matches funds raised by the University. The purpose of these programs is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend University.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

13. ENDOWMENTS (continued)

The balance of endowments at March 31 consists of the following:

	<u>2006</u>	<u>2005</u>
OSOTF (Note 14)	\$ 1,370,964	\$ 1,957,497
OTSS (Note 15)	3,293,029	-
Other	125,877	36,750
	<u>\$ 4,789,870</u>	<u>\$ 1,994,247</u>

14. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS

The restricted endowment fund includes funds granted by the Government of Ontario for the Ontario Student Opportunity Trust Funds. The investment revenue earned on those funds must be used for financial aid of Ontario students.

The University has recorded the following amounts under the program:

	<u>2006</u>	<u>2005</u>
Endowment balance, beginning of year	\$ 1,957,497	\$ 332,405
Cash donations received	-	1,625,092
Transfer to OTSS (Note 15)	(586,533)	-
	<u>\$ 1,370,964</u>	<u>\$ 1,957,497</u>

Expendable funds available for awards:

	<u>2006</u>	<u>2005</u>
Expendable funds, beginning of year	\$ 26,834	\$ 2,909
Investment income, net of direct investment related expenses	41,927	24,925
Bursaries awarded (total number 24, 2005 - 1)	(43,000)	(1,000)
	<u>\$ 25,761</u>	<u>\$ 26,834</u>

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

15. ONTARIO TRUST FOR STUDENT SUCCESS

The restricted endowment fund includes funds granted by the Government of Ontario for the Ontario Trust for Student Success. The investment revenue earned on those funds must be used for financial aid of Ontario students.

The University has recorded the following amounts under the program:

	<u>2006</u>	<u>2005</u>
Endowment balance, beginning of year	\$ -	\$ -
Cash received	2,706,559	-
Transfer from OSOTF (Note 14)	586,533	-
	<u>\$ 3,293,092</u>	<u>\$ -</u>

Expendable funds available for awards:

	<u>2006</u>	<u>2005</u>
Expendable funds, beginning of year	\$ -	\$ -
Investment income, net of direct investment related expenses	20,057	-
	<u>\$ 20,057</u>	<u>\$ -</u>

16. PENSION PLAN

All employees of the University are members of a defined contribution pension plan. Employees must contribute a minimum of 3% of their earnings to this plan with the option at the employee's discretion, to increase these contributions to a total of 6% of contributory earnings. The University must contribute a minimum of 6% and may contribute a maximum of 8% of contributory earnings to this plan, depending on the employee elections of 2%. Contributions made by the University to the pension plan during the year were \$804,435 (2004 - \$618,610).

17. CONTRACTUAL COMMITMENTS

During the year ended March 31, 2005, the University had signed contracts for the construction of new facilities totaling approximately \$14,591,502. As at March 31, 2006, \$10,056,093 had been incurred with respect to these contracts.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Notes to the Financial Statements

March 31, 2006

18. FINANCIAL INSTRUMENTS

Fair value

The fair value of financial assets and liabilities except for long-term debt approximates their carrying value due to their short-term nature. The estimated fair value of long-term debt is approximately \$267,000,000.

19. GUARANTEES

The University's primary guarantees are as follows:

- a) Indemnity has been provided to all governors and/or officers of the University for various items including, but not limited to, all costs to settle suits or actions due to association with the University, subject to certain restrictions. The University has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the University. The maximum amount of any potential future payment cannot be reasonably estimated.
- b) In the normal course of business, the University has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the University to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the University from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the University has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued with respect to these agreements.

20. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.