

The sum invested in mortgages is not large, being \$66,374, but it should be noticed that these are all overdue, and yield only 6 per cent. The Commissioners are of opinion that an investment in first class debentures would be preferable if no higher rate of interest than the above can legally be charged. [No. 55 App.]

The debentures held on the 31st December, 1831, amounted to \$356,047.08 [No. 6 App.], from which \$2,000 must be deducted for Tay Navigation Debentures, now valueless.

This mode of investment has been followed with much judgment, with the exception above referred to, and a careful examination of the debentures satisfied the Commissioners as to their correctness and safety. These securities are deposited in the Bank of Upper Canada, which institution undertakes the duty of collecting the interest or coupons. As the lands are sold, and the proceeds realized, it will readily be seen how great a saving can be effected in the Bursar's department, by purchasing similar securities, the management of which involves so little labor or risk.

The magnificent park in which the University Buildings are situated, should, in the course of a few years, and with proper management, add considerably to the annual revenue. Under the directions of the Bursar, a portion has been laid out in lots for building leases, and from the great natural advantages which these present for residences of the better class, they cannot fail to attract occupants. In rear of the University Buildings, about 50 acres may, eventually, be offered in a similar manner; and which, though not quite so eligible as the lots already laid out, may fairly be regarded as likely, in time, to prove productive property.

While noticing this portion of the Endowment, the Commissioners are under the necessity of calling special attention to the occupation by the BRANCH LUNATIC ASYLUM, of a large and valuable property belonging to the University. The building was erected out of the Endowment, at a cost of about \$55,000, was in use for University purposes until the year 1853, when it was taken possession of by Government, under the Act for the erection of Government Buildings in Toronto, and has been occupied by the Branch Asylum for eight years, without compensation or allowance of any kind to the Endowment Fund. In a letter to the Hon. Provincial Secretary, dated 14th December, 1861 [No. 17 App.], the Bursar shows how much injury to the University has resulted from this occupation. A much larger space than was originally intended has been taken possession of, and it is impossible to carry out the plan for leasing a portion of the park referred to above, so long as the University property is thus withheld from its legitimate use. If it is deemed necessary that the building should be reserved for the Asylum, a fair compensation should be made to the University Endowment, and only so much land taken as may be found absolutely necessary. The Commissioners further consider that a fair claim exists for rent during the whole period of occupation.

In the Bursar's return of estimated probable future income, will be found a clear and concise statement of the present position of the University Funds. [No. 47 App.] When the lands are all sold (exclusive of the park), the value of the endowment is estimated at \$963,567.70, and the annual income, including an annual prospective revenue of \$3,340 from the park lots when leased, will be about sixty-one thousand dollars.

Had the University funds been always strictly applied to the purposes for which they were intended, namely, to create a Permanent Endowment, the annual proceeds of which should be devoted to sustaining the cause of higher education in Upper Canada, the result would have been very different from that which we have now to consider. The chief diminution has arisen from the large expenditure on the new University and College Buildings, Museum and Library, amounting to \$355,907 for buildings, and \$65,569 expended on Library and Museums. [No. 50 App.]

In the opinion of the Commissioners, the Act appears especially to provide that the Endowment should remain intact, and the only expenditure from the permanent fund appears to be authorized in clauses 78 and 84, where provision is made for "maintenance and ordinary repairs of the property assigned for the use of the said University or College, and for such permanent improvements and additions to the buildings as may be authorized by the Governor in Council." Even a liberal construction of the clauses referred to, as well as of the spirit and tenor of the Act, would seem to afford grounds for doubt as to whether so large an expenditure as has been permitted, was in accordance with Legislative