

UNIVERSITY OF TORONTO.

REPORT OF COMMITTEE

APPOINTED BY THE

BOARD OF TRUSTEES

TO CONFER WITH THE BURSAR AS TO THE

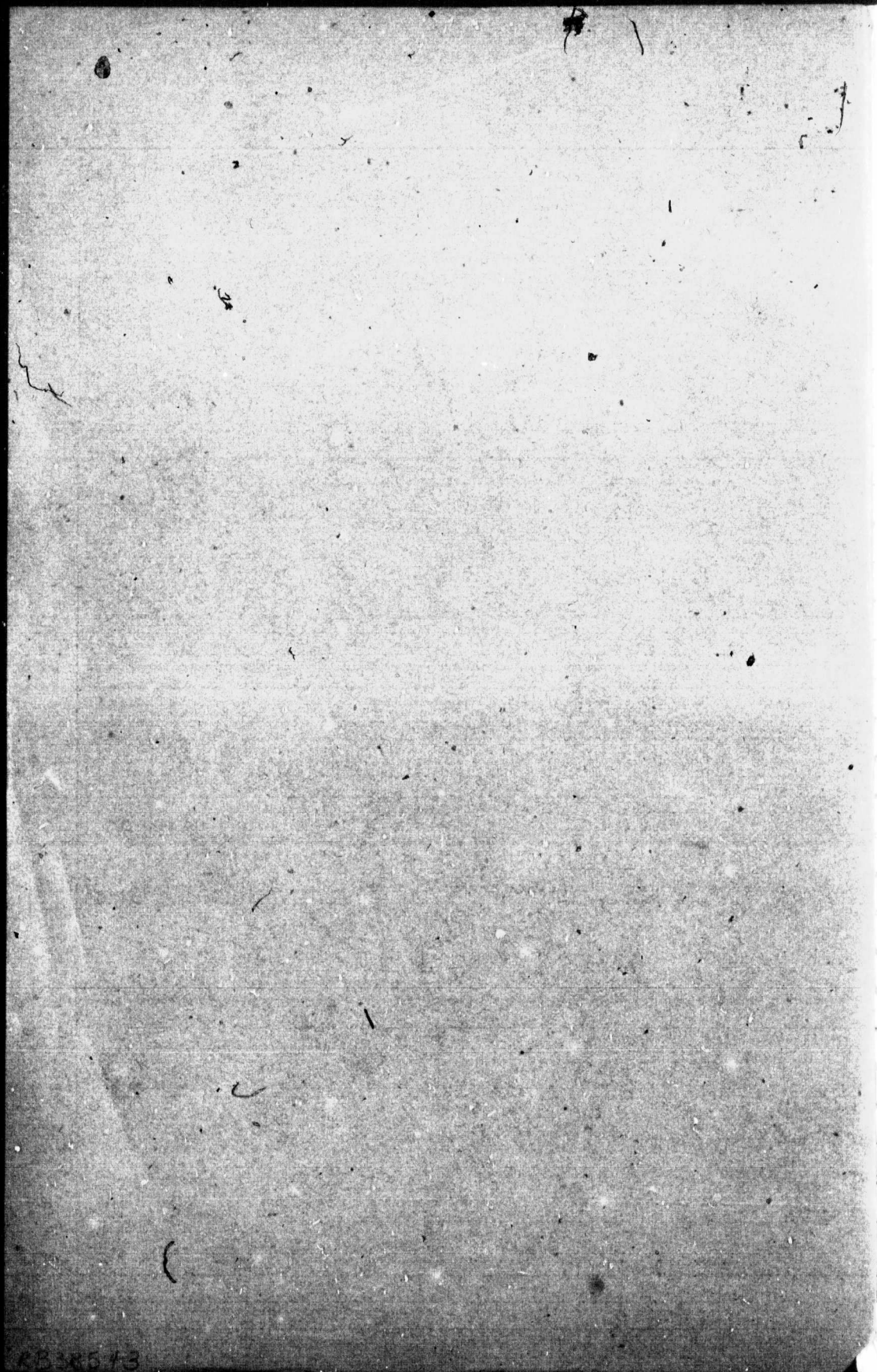
CAPITAL AND INCOME ACCOUNTS

AND OTHER MATTERS CONNECTED WITH THE ADMINISTRATION OF HIS OFFICE.

ADOPTED, NOVEMBER 8TH, 1893.



TORONTO:
WARWICK BROS. & RUTTER, PRINTERS, 68 AND 70 FRONT ST. WEST
1893.



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UNIVERSITY OF TORONTO.

TORONTO, November 1st, 1893.

To the Trustees of the University of Toronto and University College :

GENTLEMEN,—At a meeting of the Board of Trustees held 19th November, 1891, the following minute was recorded :

Minute appointing Committee.

MINUTE.—Mr. Walker suggests that there should be an inspection and valuation of the mortgages of the University. Mr. Walker also enquires as to the system of book-keeping and audit adopted.

It is also suggested that some plan for watching mortgages in arrear should be formed.

Ordered, that Messrs. Walker and Hoskin be a Sub-committee to enquire into and report on these matters with their suggestions as to any improvements in administration.

On 31st December, 1891, your Committee reported as follows :

The Committee consisting of Messrs. Hoskin and Walker appointed to confer with the Bursar as to the Capital Accounts, Custody of Securities, Auditing of Books of the University, etc., beg to report as follows :

First Report of Committee.

The Committee find that the Bursar keeps on the one hand no Capital Accounts; and on the other hand no Assets Accounts covering the holdings of the University in debentures and mortgages, and the property of the University in lands, buildings, etc.; and that the balance sheet prepared semi-annually for the Provincial Auditor shows merely the uninvested cash in the hands of the Bursar at the particular date. There is an account called "Capital Account" to which receipts from mortgages, sales of land, endowments or other sources are credited, and to which loans or other investments and expenditures for buildings, etc., are debited.

The Committee recommend that proper Capital Accounts be at once opened and also Assets Accounts, covering the properties of the University under such heads as the following :

1. Debentures, stocks, etc.
2. Mortgages.
3. Lands under lease.
4. Lands sold, purchase money in course of payment.
5. Property held for sale or lease.
6. University buildings.
7. University Library.
8. University furniture account.

Until such accounts are kept no proper audit can, in the opinion of the Committee, be made.

The Committee understand that the debentures owned by the University are in the custody of the Provincial Auditor and the Bursar. The Bursar annually makes a return of debentures and mortgages owned by the University, but these do not balance with any account in his books. No ledger accounts are therefore kept for the loans. A loan register, however, is kept in which the particulars of all loans are recorded, interest being entered as it becomes due, not as a book-keeping entry, but as a memorandum.

The Committee would recommend in connection with the loans that hereafter a black list be kept showing the names of borrowers in arrear for principal or interest, which book should be placed upon the table at each meeting of the Board of Trustees.

The Committee would also recommend that Mr. W. H. Cross be appointed to assist the Bursar in opening a set of books in conformity with this report, and in opening books for the accounts in connection with the Retirement Fund; also that a proper system of audit be arranged. At the conclusion of his labors Mr. Cross should make a report to the Board.

In connection with the loans made by way of mortgage, the Committee find that the Bursar employs no regular valuator, and it is recommended that the existing loans of the University be re-examined by a competent valuator. It is also recommended that the entire question of making loans by way of mortgage be the subject of discussion by the Board of Trustees. In this connection it will be well to consider whether, in view of the moderate volume of capital at our command, loans should be made outside of the City of Toronto.

The Committee have not considered the question as to whether an improved system of book-keeping will involve more work in the Bursar's Department, preferring to leave that question for the discussion of the Board after Mr. Cross' report has been received.

TORONTO, 31st December, 1891.

Employment of Mr. Cross to assist the Bursar in opening a new set of Books.

The recommendation of your Committee, that Mr. W. H. Cross, F.C.A., be employed to assist the Bursar in opening a set of books in conformity with their report, was adopted. Nothing definite, however, could be accomplished until the closing of the books for the fiscal year of the *University, ending 30th June, 1892. When the books were ready to be closed the following letter was, with the approval of the Board, addressed to Mr. Cross:

TORONTO, 17th August, 1892.

Mr. Walker's letter of instruction to Mr. Cross.

DEAR MR. CROSS,—The Bursar has about completed the closing of his books to 30th June, and will be in a position in a few days to make the entries in connection with the agreement between the Upper Canada College and the Toronto University. The property map necessary for the valuation of some of the assets of the University is now made and it is desired that the set of books contemplated in the report of Messrs. Hoskin and Walker to the Board of Trustees, dated 31st December, 1891, a copy of which is in your hands, be at once prepared.

If there are any assets or liability accounts, accurate figures for which cannot be at once reached, we would suggest that the opening of the books be not delayed for that reason but that such accounts be added later. In this manner, while a balance sheet taken at the moment of opening the books would not exhibit a perfectly accurate state of the accounts of the University, we may hope to have a complete set of books within a few months; and in the meantime the book-keeping will be carried on under the new system, with proper arrangements for audit.

1. DEBENTURES, ETC.

The actual debentures should be compared with the Bursar's list and entered in the new books at par.

The Upper Canada College debentures, now deposited with the bank as the property of that body, should be transferred to the University.

* Throughout the report the "University of Toronto and University College" are referred to as the "University."

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The Order-in-Council ordering the entries regarding Upper Canada College will contain the necessary authority to the bank.

2. MORTGAGES.

The mortgages are to be taken at their face value. It is stated that there is a contingent fund and to it should be added any deduction made in taking over the Upper Canada College mortgages and lands. You should send out notices to the mortgagors stating the principal and interest due, in order to check the correctness of the Bursar's books.

Interest matured but unpaid should be treated according to the practice of well managed loan companies.

Hereafter the Board of Trustees will have an investigation made as to the value of the properties mortgaged as security.

The black list referred to in our report should be prepared at once.

3. LANDS UNDER LEASE.

These are to be valued at the capital represented by the rentals, on the basis of money being worth five per cent. per annum. This rule cannot be applied to the educational institutions, and the property leased to them should be valued as follows:

Victoria College land	\$ 1 00
Observatory land	1 00
Wycliffe College land	2,500 00
School of Science land	1 00

It has been agreed that the rental for the School of Science shall be fixed by arbitration and when that is done an entry should be made adjusting this valuation.

4. LANDS SOLD.

Purchase Money in Course of Payment.

The mortgages or contracts are to be taken at face value.

Hereafter an examination into the actual value of these contracts will be made under instructions of the Board of Trustees.

5. PROPERTY HELD FOR SALE OR LEASE.

Queen's Park Property.

Herewith we hand you a memorandum by Messrs. H. J. & W. A. Brown showing areas of land in Queen's Park. We also hand you a letter from the Bursar giving the boundaries and the sum of money offered by ——— for part of the Queen's Park property. A calculation attached to Messrs. Brown's memorandum shows that Mr. ———'s offer was about 38 cents per superficial foot. We desire this valuation to be applied to the property No. 1 [1,213,720 sup. ft.] and No. 2 [200,790 sup. ft.] This covers all the Queen's Park property held for sale or lease except the College street or Irving Walker lot. This we desire you to value at the estimate made for the Board of Trustees by Mr. Wadsworth, given in the Bursar's letter.

Upper Canada College Block.

This is to be valued on the basis of the offer referred to in the Bursar's letter.

Other Properties.

The few remaining properties held for sale or lease we understand to be unimportant and these may be valued at the Bursar's estimate.

Part of the property [lots 53, 50, 68 and 72] for which Mr. ——— offered is leasehold and will, of course, fall under No. 3.

After arriving at the value of property No. 1 [1,213,720 sup. ft.] it will be necessary to deduct the amount for which lots Nos. 10, 11, 23, 26, 27 and 28 were sold, the mortgages or contracts for which fall under No. 4.

6. UNIVERSITY LAND AND BUILDINGS.

The number of superficial feet contained in the block of land reserved for University purposes is given in the memorandum of H. J. & W. A. Brown, property No. 3 [1,345,920 sup. ft.]. We desire this also to be valued at 38 cents per superficial foot.

The buildings are to be taken at the Architect's valuation. This will be easily ascertained in the case of the Biological and Library buildings, but the Main building presents some difficulties. A recent valuation by Mr. Dick seemed too high to the Trustees. Consult Dr. Hoskin as to this.

7. UNIVERSITY LIBRARY BOOKS.

An official letter from Mr. Barwick or the Librarian should be obtained giving the value. Perhaps the last letter to the Board of Trustees giving value for insurance purposes will be sufficient.

8. UNIVERSITY APPARATUS AND FURNITURE ACCOUNT.

The apparatus of the University represents a large outlay and doubtless can only be valued by consulting the various professors. This should be done but any delay in obtaining the information need not interfere with the early opening of the books.

9. INSURANCE.

We desire you to make a report as to the sufficiency or otherwise of the insurance now carried on all the University properties.

10. RETIREMENT FUND.

We expect you to see that the separate ledger or other book, showing the amount of the interest of each professor or other officer in the Retirement Fund, is properly opened and carried on hereafter.

11. AUDIT.

You are in your report to suggest a complete system of audit.

12. ENDOWMENT ACCOUNT.

The capital arising from the various assets to be valued as heretofore mentioned, due allowance being made for all other assets and liabilities, will constitute the Endowment Fund of the University. It will be well to con-

sider, in making it would not be as follows:

1. Invested purposes.
2. Assets
3. Assets

We also hope to do not in any books at once He sails we u

W. H. CROSS

On 12th

To the Board

GENTLEMEN the report of Walker, and assistance of

Capital accounting h be embraced authorized b November, which reven details of se This plan of work which be called for duties there hours, and t able that so transactions of the mont

The mer speedily and them at each or monthly) expenditure the financia

sider, in making the fiscal statement at the 30th June in each year, whether it would not be well to divide the assets representing this Endowment Fund as follows :

Endowment Fund.

1. Invested in buildings, apparatus, land, etc., necessary for University purposes.
2. Assets producing revenue.
3. Assets other than No. 1 not producing revenue.

13. STATEMENT OF CASH BALANCES.

We also hand you the cash balances as at 30th June last. The accounts do not in any case seem to require instructions from the Committee.

We hope that you will be able to undertake the opening of the new books at once, so that they will be in operation when the Chancellor returns. He sails we understand in a few days.

Yours truly,
For the Committee,

B. E. WALKER.

W. H. CROSS, Esq., F.C.A.,
Toronto.

On 12th October, 1892, Mr. Cross reported as follows :

To the Board of Trustees of the University of Toronto :

GENTLEMEN,—I have the honor to inform you that the requirements of the report of your Sub-committee, consisting of Dr. Hoskin, Q.C., and Mr. Walker, adopted by you on 31st December last, have, with the advice and assistance of the Bursar, been fulfilled.

Capital Accounts have been opened in the Bursar's books, and the form of accounting has been adapted to show the additional information proposed to be embraced in the yearly returns. The details of the Retirement Fund authorized by the order of the Lieutenant Governor in Council, dated 20th November, 1891, are separately accounted for. The details of lands from which revenue is derived, or intended to be derived, separately appear, and the details of securities other than land have likewise been separately recorded. This plan of account is simple, it will lessen rather than increase the office work which has hitherto been necessary, and no special clerical training will be called for. The office of first clerk has been vacant for some time, the duties thereof having been done under a temporary arrangement after office hours, and the work has necessarily been constantly in arrear. It is desirable that some permanent arrangement be at once made in order that daily transactions may be recorded from day to day, and not until after the close of the month in which they have taken place as heretofore.

The members of the Board would be able to execute their trust more speedily and not less efficiently if recent and sufficient information awaited them at each meeting. A series of progress reports during the year (quarterly or monthly) would supply this information, and hereafter the receipts and expenditures at the same date in the preceding year would show at a glance the financial situation.

The balance sheet submitted herewith sets forth, as on 30th June last, the totals of the various funds administered by you on one side, and on the other the assets of which they were composed. Such a balance sheet at the close of each financial year will be an addition to the return made to the Minister of Education, which heretofore has consisted of a statement of cash received and expended.

Owing to the absence of past records it has been necessary to value certain assets, particulars of the various methods, which in the judgment of your Sub-committee have seemed best, are at your service. In several instances no valuation has been attempted, a nominal amount having been entered in the meantime. In certain minor respects, therefore, this balance sheet does not exhibit the actual state of matters at the beginning of the current financial year, and it will probably be some time before this defect is altogether overcome.

GENERAL ENDOWMENTS FUND.

The main aim of the method of accounting now begun is that of exhibiting the true state of this account, and the relations to it and to Income of all receipts and expenditures. No other fund will be changed by the adjustments above referred to, and when they shall have been made, this account will be increased. It may also be said of other adjustments, which more accurate future information may render necessary, that it is unlikely that their effect will be to impair this fund in any instance. No change should be made in this account without your approval, and with this object in view before the closing entries of each year are made, a statement of all amounts affecting this account should be prepared and submitted to the Board.

The fund has arisen in four ways: (1) *Proceeds of Lands set apart by the Crown for this purpose.*—The latest return shows that of the original grant of 225,497 acres, \$1,446,363.31 had been realized as the proceeds of 220,279 acres, sold up to 30th June, 1877, an average price of \$6.57 per acre. Of the 5,218 acres unsold on 30th June, 1877, only 121 acres are now valued, the greater part of the remainder having been realized upon. A residue of perhaps 1,000 acres has failed to yield anything. As soon as office arrangements admit of it, the original list (embracing some 1,500 parcels) should be examined, and a statement of the lots and parts of lots that have produced nothing should be prepared and submitted to you with a report from the Bursar thereon.

(2) *Unexpended Revenues.*—Using the description in its ordinarily accepted sense, and also attaching to it a somewhat larger meaning so that it may embrace the unreceived earnings of investments which have been permitted to accumulate in the form of increased land values to the extent which the same amount would have earned if employed at current rates of interest, it appears that the contribution by the University to its General Endowment exceeds in amount that from all other sources put together.

All revenues unexpended at the end of each financial year pass directly under section 22 of the University Act (50 Vict. cap. 44) to this fund. The additions in this way have been continuous and large. During the fifteen years preceding June, 1843, when the University was opened for the purposes of education, a large part of the net revenue was directly added to this fund.

A portion of the large advances made to Upper Canada College before the opening of the University, equal to the revenue for four years at that period, has, under the recent arrangements with that institution, been restored to this fund.

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Indirectly by the purchase of books, apparatus and other equipment, and by the erection of buildings out of moneys received as income, considerable additions have been made to this fund.

Investments in debentures and municipal bonds bought below par have added \$43,480 to this account since 1881, it having been the rule to treat only the actual interest received upon such securities as income.

By far the largest addition to this fund has arisen from investments, in land from which, as in the case of debenture investments, the rule has been to carry to Income Account the bare rentals received. The land bought as a site more than sixty-three years ago covered an area five times greater than that now reserved as sufficient for the present and future needs of the foundation. Until recently only a small part of the remaining four-fifths has yielded anything, so that for a long term, during which other portions of the Endowment Fund were returning from six to eight per cent. per annum, the capital invested in these lands, and the interest thereon, came to be represented by an increased valuation of the subject matter of the investment.

Treating the purchase of the Queen's Park lands as an investment, the interest upon which has been yearly re-invested, then this capital has yielded a rate of interest approaching seven per cent. per annum. Adopting six per cent. as a basis, and assuming that the small portion already sold has realized its cost, the value of all these lands, as it appears in the balance sheet of 30th June last, is \$365,197 less than cost on that day.

(3) *Increased Land Values.*—Any increase beyond cost computed as above would fall under this head. Some additions of this kind there are. The unproductive lands in Queen's Park, for instance, are valued at a sum which is \$152,441 more than their cost upon a six per cent. basis, but this gain is offset by losses upon other portions to the extent of \$517,638—the main and only actual loss arising from the 48 acres leased to the City of Toronto, the cost of which to the University on 30th June last was \$582,768. Having regard to the fact that in lieu of rental the amount yearly to be received is fixed at \$6,000, your sub-committee selected \$120,000 (the sum which at five per cent. would yield \$6,000 per annum), as the true measure of the value of this asset. The effect of this entirely sound valuation is, that the General Endowments Fund is presented less to the extent of \$462,768, than it would have been had the lands leased to the city been valued upon a basis of cost price.

Other valuations upon the basis of capitalized rentals under term leases which show present loss are different in character, and the future promises important recoveries to the fund.

(4) *Bequests, Subscriptions or Gifts other than those for specific purposes which otherwise appear.*—These have been considerable in themselves, but the recent large contributions have been so merged in the losses by the great fire which called them forth, that their effect has been rather to preserve the fund from impairment than to directly increase it.

SPECIFIC ENDOWMENT FUNDS.

With a single exception these accounts are brought forward from the previous books where the capital sums have always appeared, the exception being that in one instance a farm was bequeathed. This is leased until 1910, and the capitalized rental has been added to the account as it previously appeared.

DEPARTMENTAL FUNDS.

These are brought forward from the previous books unchanged. All are for definite University purposes, and when so applied the entire amount of \$85,137.30 will fall into the General Endowments.

CONTINGENCY ACCOUNT.

This \$24,620 consists of reservations from revenues in order to shield the endowments from impairment in case of loss upon investments.

As no loss upon debentures, either principal or interest, has arisen during the past half century, and as the losses upon lands sold, in case the remainder of the purchase money be not paid, cannot be large, it follows that practically the whole of this amount is available as against the principal money of loans secured by first mortgage upon real property. Several losses are expected and unforeseen losses can hardly fail to occur from securities of this nature, however much care may be taken; but in view of the smallness of arrears in interest, the amount of this reservation seems quite sufficient for its intended purpose.

ABNORMAL RECEIPTS.

This fund is divisible into two parts, \$4,164.77 brought unappropriated from last year, and \$2,834.39 unused appropriations to various departments for apparatus, instruments and fittings. Should the entire amount be applied to these or similar purposes, it is evident that in increasing the value of the equipment of the University, this amount would fall into the General Endowments.

REVENUE ACCOUNT.

The item of \$2,475.15 consists of the unexpended portion of last year's income.

The item of \$36,739.81 consists of the computed earnings to 30th June last (interest and rentals) and may be treated as a portion of this year's actual receipts. The introduction of these upon both sides of the balance sheet was necessary in order to show the true state of affairs in this respect at the beginning of this financial year.

LIABILITIES.

Unlike all the aforementioned funds these six amounts aggregating \$324,162.92 may be regarded as liabilities. The \$212,227.42 since paid on behalf of Upper Canada College really reduced to that extent the bank balance shown on the other side.

The Endowment Fund to be held for the benefit of Upper Canada College under the provisions of sections 4 and 18 of 50 Vict., Cap. 44, is to bear interest when certain assets are realized, and such interest as may be earned by \$100,000 of the amount so realized. It would seem to follow from these provisions that specific portions of such realizations to that extent will fall to be allocated, and the earnings thereof either carried as received to an account to be kept for that purpose or paid over as received. No doubt you will provide as to the mode of procedure in due time.

The Retirement Fund just begun will steadily increase. The computations of interest will be examined at each annual audit. In addition to this you may deem it proper to provide that each beneficiary should either be periodically notified of the state of his account or that the account itself should be open to his inspection.

ASSETS.

The value placed upon the lands, buildings and equipment needed by the foundations as teaching institutions is \$1,217,688.85. The value of the Museum and also of the apparatus and instruments in use in the Biological, Chemical, Physical and Psychological Departments is unascertained, and pending the receipt of the necessary information a nominal sum has been

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entered in order to open the accounts. The value of the Library was at once obtained from an accession catalogue kept by the Librarian in which the date of receipt of each work and how acquired is duly entered. The proposed yearly balance sheet will oblige the Bursar to state the actual value of all assets, and some adaptation to the circumstances of each department of the plan adopted by the Librarian would be found useful. The list of the contents of the Museum now being prepared (involving much labor) may well form the basis of some permanent record.

UNPRODUCTIVE LANDS.

The greater portion of these lands are valued upon the basis of offers made to you and declined. That for the lands in Queen's Park was equal to cost and six and one-half per cent. per annum with yearly rests, leaving out of consideration charges for maintenance and cost of management. The latter is an important omission since it appears that the aggregate of the yearly outlay for management to the end of the year preceding the opening of the University exceeded the capital actually invested in the land.

LEASED LANDS.

These have been valued at the capitalized rentals upon a five per cent basis, so that the values are rather those of the date at which each lease was executed than of 30th June last. It is evident that very different values are thus given to lands immediately adjacent to each other, but in the case of renewable leases the method provides for periodic adjustments.

The leases in Queen's Park (44 in number) bear dates running from 15th September, 1862, to 1st July, 1886. The earlier 23 leases having 1st July, 1872, as a mean date yield five per cent. interest upon an amount equal to \$4,883 per acre, whilst after crediting all earnings the land has cost \$6,700 per acre.

The later 21 leases having 1st July, 1885, as a mean date yield five per cent. interest upon \$9,008 per acre, but the shorter period of the higher rentals leaves the cost \$11,830 per acre. In other words, \$100 in rentals from 1st July, 1872, has proved as advantageous as \$185 in rentals beginning thirteen years later.

As already shown the land leased to the City of Toronto yields somewhat more than one per cent. upon its cost price. To two parcels of land, some three and one-third acres in all, occupied by the Crown for other purposes, a nominal value has been given in the meantime.

INVESTMENTS.

The amounts shown have been actuarially determined. The face amount of debentures is given; some were bought above and others below par; the actual cost has been somewhat less than the total shown.

The date to which interest on loans was paid has been ascertained and each mortgagor has been notified as to the principal moneys due by him and as to the position of his interest account.

UNIVERSITY COLLEGE.

No distinction has been attempted as between the University and University College in the Capital Accounts. The original grant to these two corporations was one common to both. It may be that some of the bequests or gifts now forming part of the General Endowments were intended for one or other of the institutions. In the future, any additions of a limited nature will of course be separately shown, but it would be difficult accurately to adjust past additions of this kind.

The Bursar has not included in his yearly returns receipts and expenditures of Residence moneys. The Act seems to require the inclusion in his returns of all monetary transactions. The Residence has been self-sustaining, and the officer who has been held personally responsible for the production of this result has reported to the College Council. The system has worked well for many years.

INSURANCE.

The Library building is uninsured; the other buildings are insured to the extent of nearly sixty per cent. of the amount at which they are valued in the balance sheet herewith submitted. The contents of the Library are covered to the extent of ninety-four per cent. of the present value—a very high ratio.*

In the absence of information as to the value of the equipment of the other buildings and its disposition, I am unable to report to you as to whether \$30,800 of total insurance upon these assets is sufficient, or if the said amount is properly apportioned or not.

AUDIT.

Such a complete system of audit as is contemplated in Mr. Walker's letter of 17th August, must rest upon past regulations as to payments and the authority therefor and such future requirements as you may make. The yearly appropriations limit the amount which any department can expend and a large proportion of each department's requirements is in the nature of fixed charges. Payments by way of investment or re-investment will have the authority of a minute of the Board.

The audit of receipts will be assisted by the system now introduced, the accounts of lands and investments being in a sense self-checking.

The fees and other receipts not directly paid to the Bursar have no such check and the audit of them will fall to be made in connection with the departmental rolls and the rolls of University College.

W. H. CROSS.

TORONTO, 12th October, 1892.

This report was accompanied by the balance sheet of 30th June, 1892 subsequently approved by the Board, and which your Committee believe to be the first approximately correct balance sheet in the history of the University which disclosed its financial condition. It was, however, incomplete in some respects for want of information and is not included in this report.

Library books
and University equip-
ment.

The books in the Library, owing to the systematic cataloguing since the fire, had been valued, but the equipment in five departments of the University had yet to be valued. With the approval of the Board this information was asked from the Professors in charge of the departments on 26th January, 1893.

Appointment
of Mr. Cross
as Auditor for
the Board.

On the 6th April, 1893, Mr. W. H. Cross, F.C.A., was appointed as Auditor for the Board of Trustees, and the book-keeping being now carried on under an entirely satisfactory system, the main object for which your Committee was appointed, was accomplished. It was, however, thought best by the Board that the final report of your Committee should accompany the balance sheet taken from the books at the end of the first year under the new system.

* NOTE.—The Library building was at this time in the hands of the contractor. It is now insured. The unusually high insurance on the books was effected when they were stored in a building not of fire-proof construction.

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They have, therefore, great pleasure in now being able to lay before the Board a statement of the financial position of the University in the form of a balance sheet with appendices, the relative accounts having been properly audited, and the assets and liabilities as clearly set forth as possible. The letter of instruction from Mr. Walker to Mr. Cross and the first report of Mr. Cross, together with the foot-notes to the appendices accompanying the balance sheet, will, they hope, be sufficient to explain matters of detail.

In the Report of the Commissioners of Inquiry into the affairs of the University, instituted in 1848, it is stated that "an entire new set of account books, framed upon correct commercial principles, was considered by them as indispensable, alike for the purposes of their investigation and the future service of the University." Your Committee were informed by the Bursar that the system of book-keeping in use until the present change came about was that which had been in use before the inquiry of 1848, the set of books opened by the accountants of the Commission not having been continued by the Bursar. It, perhaps, answered the purposes of the University when its affairs were of less scope than at present, but no balance sheet taken from these books pretended to disclose the financial position of the University. The book-keeping was simply the machinery necessary to enable the Bursar to transact his share of the business of the University, not to enable him or the Trustees to readily and accurately ascertain its financial condition. The defects may be illustrated by stating that no one from the balance sheet could tell that the University owned any land, buildings or equipments; no one could tell what its interest-earning investments were. Its liabilities to the general public and to special funds were correctly disclosed, but no one could ascertain the extent of its Endowment. If a payment was received, say from the sale of land, it was credited to an account called "Capital Account," and if this amount was loaned out on mortgage it was debited to this "Capital Account," so that, while by searching the books the record of the two transactions could be found, the balance sheet disclosed no change in the accounts of the University.

Before the fire, however, and the building schemes which preceded and followed it; the consequent depreciation of the interest-earning assets; and the complications which made necessary the Committee who prepared the Report on Revenues and Requirements, dated April 13th, 1891; the old system had become quite inadequate. It seemed to your Committee, therefore, even more necessary than it was forty years ago, that the book-keeping of the University, however it might differ in detail, should be "framed upon correct commercial principles," and their labors have been directed to providing the machinery necessary for an institution with assets valued at several millions of dollars.

Your Committee recognize that there is not a complete analogy between such an institution as the University and a commercial corporation. The University has no shareholders who would expect to receive annually a statement showing that their capital was unimpaired and that a dividend had been earned. But the Trustees are required by the University Act to preserve the Endowment from being impaired by expenditures for maintenance on the one hand; while on the other, the just claims for expenditure in order to make the work of the University efficient, demand that the sources of income shall be clearly understood, and that income shall not by imperfect book-keeping pass to the Endowment when imperatively needed for maintenance.

If the management of the Endowment for the purpose of earning an income is considered it will be seen that the University has interest-bearing investments amounting to about \$1,400,000; while if the unproductive lands had been sold during the recent period of high prices, the sum to be administered would be about \$2,500,000. Clearly the Board cannot afford to have book-keeping less efficient than that of our loan companies.

Balance Sheet
of 30th June,
1893.

Defects of the
old system of
book-keeping.

The extent
and nature of
the affairs of
the University
render it
necessary to
adopt a
more modern
system of
book-keeping.

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Valuation of the Assets of the University.

Buildings and equipment.

Unproductive lands.

Leased lands.

Victoria University Observatory.

Queen's Park and the Avenues.

Claim for compensation for use of site of Parliament Buildings.

Park Hospital lands.

Lands leased for residential and business purposes.

In valuing the assets of the University your Committee have not found it easy or advisable to follow entirely the custom of a commercial corporation having capital stock. The valuations of buildings and equipment are rather calculated to show what has been invested therein than to indicate the actual value.

The valuations of the unproductive lands are based, for all but a few small properties, upon offers made for properties which the Board of Trustees were unwilling to recommend the Government to accept. These lands now valued at \$1,029,677 are referred to in the Report of the Committee on Revenues and Requirements, p 3, as worth "from one and a quarter to one and a half millions of dollars." Your Committee recognizing that in the present condition of the real estate market any valuation is arbitrary, have selected a basis which they feel is directly warranted by the action of the Board of Trustees.

The valuations most open to criticism are those placed upon the leased lands.

The lands leased to Victoria University, and to the Dominion Government for an Observatory, are entered at a nominal value, because as long as the present relations between the University and the respective lessees exist, these lands have no value to the University, but under certain contingencies, probably remote, they would again become important assets.

The forty-eight acres or thereabout, leased to the city for 999 years from 1st January, 1859, are entered at \$120,000 which is the capital represented, on the basis of money being worth 5% per annum, by the \$6,000 per annum paid by the city for the use of this land as a park. Mr. Cross has shown that this forty eight acres cost the University at 30th June, 1892, taking the original cost sixty-three years before and adding six per cent. interest, as much as \$582,768. The valuation of the unleased lands which are less favorably situated shows that the increment during this period has exceeded six per cent. per annum, in fact approaches seven per cent. It may be urged that inasmuch as the object which induced the authorities of the University to give up control of this superb property was that it might be used partly as a park and partly for avenues, the valuation is not sound, if by any breach of the agreement the property is used partly for another purpose, and a claim for compensation thus exists. In answer to this your Committee can only say that they have not overlooked the claim upon the Province of Ontario in respect to the land under the Parliament Buildings, which is referred to in the Report of the Committee on Revenues and Requirements, 13th April, 1891, p. 3., but they are unable to suggest a value to be put on this claim.

Your Committee are also in doubt as to the true method of valuing the property for which a lease was executed to the Park Hospital Trustees. As the land on which the old Wycliffe College building stands is nominally subject to the payment of the same ground rent as was paid by Wycliffe College during its tenancy, that parcel is valued at \$2,500, although as a matter of fact no rent has been paid. The remainder of the property leased to the Park Hospital Trustees, being lots 8 and 9 north of College Avenue, has been valued along with the other unproductive lands of the University. As it is, however, encumbered with a lease which for the moment makes it impossible either to sell or lease it for a money rental, the valuation is open to question.

There remain the lands in Queen's Park and in the business portion of Toronto leased for residential and business purposes, and Wycliffe College. These are valued, as in the case of the land leased to the city, at the capital represented by the annual rental, money being considered worth five per cent. per annum. If the assets of the University were regarded in the same light as those of a commercial company this system of valuing would be quite unsound, because these leases are subject to readjustment of rent at the

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expiration of fixed periods, and it is abundantly clear that these properties, renting in the aggregate for \$11,800, are worth very much more than \$236,080. An illustration may be serviceable. A property having a frontage of about 107 feet and a depth of 264 feet is rented for \$100 per annum for forty-two years from 1863. Thus this property is valued at \$2,000. During the recent activity in real estate its value would have been more accurately represented by about \$20,000 with some deduction perhaps for the remainder of the present term of leasehold. It is desirable that the balance sheet should give a reasonably accurate idea of the wealth of the University and a very large amount of wealth is certainly hidden in the item of Leased Lands. But your Committee were not authorized to incur the considerable expense of valuing all these properties; and, as long as the University owns so much unproductive land, it seems desirable not to increase the disparity between assets and income, already very large. The nominal rental paid by Wycliffe College being \$125 per annum that property is valued at \$2,500.

Wycliffe College.

No attempt has been made to value the right of the University to permit owners of certain properties abutting on one or the other of the two avenues leased by the University to the city, to have the privilege of entry between their properties and the adjoining avenue. As the Board know, an important sum was added to the Endowment this year from that source, and large payments from trespassers as well as from others who have not yet sought access to the avenues may be expected in the near future.

Frontage rights on Avenues.

The Board will be able to understand from the foregoing some of the difficulties your Committee have had to deal with in attempting to value the assets of the University, and, in order to ensure as much accuracy as possible in future, they suggest:

1st. That the books, apparatus, furniture and other movable property of the University, be re-valued at intervals of five years, or at any lesser interval as determined by the Board.

Periodical revaluation of the Assets of the University.

2nd. That the site lands reserved for University purposes and the buildings thereon, the leased and unproductive lands and all other fixed properties, be re-valued at intervals of ten years, or at any lesser interval as determined by the Board.

Investments. Contingent Fund.

During the years 1884, 1885, 1886, 1888, 1889, 1890 and 1892 various sums aggregating \$25,000 were reserved "from revenues in order to shield the Endowments from impairment in case of loss upon investments." No sums were reserved in the years 1887, 1891 and 1893. When the investments for account of Upper Canada College were taken over an allowance for losses was made amounting to \$3,789.73, making the total credits to Contingent Fund \$28,789.73. At the close of the last fiscal year the balance of the fund amounted to \$21,898.56, losses amounting to \$6,891.17 having been charged to the account. Your Committee are quite in accord with the statement made in the Report of the Committee on Revenues and Requirements, 13th April, 1891, p. 4, as follows:

"Prudence requires the retention of a yearly sum for the formation of a contingent fund to meet possible losses on investments. To this purpose \$20,000 has already been appropriated in the course of former years; and \$5,000 a year should, if possible, be appropriated for some years to come, subject to increase as the mortgage investments increase, until a full guaranty fund is accumulated."

The Board have before them the report of the separate committee who examined the interest-bearing investments of the University, and from this report it is quite clear that the University has not as yet nearly accumulated the "full guaranty" contemplated in the report referred to above—such a guaranty, for instance, as would cover the contingency of a complete collapse in real estate values. It is also evident that the losses made since the Con-

tingent Fund was opened largely exceed the sum shown above. This is partly due to interest having been left out of account because of the imperfect system of book-keeping. The further building up of this fund will depend upon the condition of the revenues, a matter beyond the control of the Board of Trustees. In years of redundant revenues liberal appropriations should be made, but in years when the revenues can only with the greatest difficulty be made to meet the expenditures, the Board clearly cannot do more than make appropriations to cover the losses which are reasonably certain.

School of Practical Science.

Psychological Apparatus.

Your Committee regret that they have been unable to place a value upon the lease of the School of Practical Science, the rental not having yet been arranged by the Board of Trustees and the Minister of Education; and upon the apparatus of the Psychological Department, owing to the resignation of Professor Baldwin, whose successor has not yet been appointed.

APPENDIX I.

BALANCE SHEET, JUNE 30TH, 1893.

See App. No.	<i>Funds.</i>	
2.	General Endowments Fund.....	\$3,452,681 68
3.	Specific Endowment Funds..	66,557 38
4.	Trust Funds.....	67,952 75
5.	Revenue Reservations.....	62,021 29
		\$3,649,213 10
	<i>Liabilities.</i>	
6.	Upper Canada College Endowment Fund..	\$100,000 00
7.	Canadian Bank of Commerce.....	107,660 89
		\$207,660 89
		\$3,856,873 99
	<i>Assets.</i>	
8.	Site Lands	\$475,361 40
8.	Buildings	711,647 07
8.	Furniture	5,996 00
8.	Equipment.....	135,961 93
		\$1,328,966 40
9.	Unproductive Lands.....	\$1,029,677 72
10.	Leased Lands	370,591 77
11.	Investments	1,125,907 48
		\$2,526,176 97
12.	Fees past due.....	1,730 62
		\$3,856,873 99

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APPENDIX 2.

GENERAL ENDOWMENTS FUND.

Amount at credit, June 30th, 1892.....	\$3,353,818 70
Additions, clerical in their nature, adjusting the then existing accounts ..	1,717 37
	\$3,355,531 07
Addition to capitalized value of Latham property, upon renewal	
of lease.....	\$20,000 00
Amount received for frontage license, Yonge street avenue....	1,160 00
Balance of subscriptions to Library Restoration Fund	6 09
Amount transferred from Library Insurance Fund..	1,313 50
Amount transferred from Main Building Restoration Fund....	26,311 25
Interest on last three items	2,886 00
Subscriptions to Gymnasium Fund.....	2,402 23
Gymnasium fees paid by students	2,158 77
Interest on last two items.....	208 29
Addition to valuation as shown by Library Account Catalogue	
during year	9,529 48
Addition to valuation of Chemical Laboratory Equipment....	4,999 00
Addition to valuation of Museum and Biological Department	
Equipment	14,063 00
Addition to valuation of Mathematical Department Equipment.	379 00
Addition to valuation of Physical Department Equipment....	11,734 00
	\$97,150 61
Additions—years 1892-93.....	\$97,150 61
Amount at credit, 30th June, 1893	\$3,452,681 68

NOTE.—General Endowments Fund. The history of this fund is very clearly set forth in Mr. Cross report of 12th October, 1892, under the heading "General Endowments Fund," and the four sub-headings. The additions to the fund during the year ending 30th June, 1893, may require a few words of explanation. The first item arose from the renewal of a lease, the rental being advanced \$1,000 per annum, which under the plan adopted represents an addition to capital of \$20,000. The second represents a payment made for the license to enter property facing on one of the avenues owned by the University and leased to the city. The next seven items are additions to the Endowment arising from expenditures on University property which were paid out of the various trust funds mentioned. The last five items result from the valuation of the Library Books and the Equipment of the various departments referred to in the report.

B. E. W.

APPENDIX 3.

SPECIFIC ENDOWMENT FUNDS, 30TH JUNE, 1893.

Scholarships :

Blake Matriculation	\$15,453 21
Blake Political Science	3,750 00
Moss Classics	2,000 00
Daniel Wilson, Natural Science	2,000 00
William Mulock, Classics and Mathematics	2,000 00
Mary Mulock, Classics	2,586 30
George Brown, Modern Languages	1,121 08
do Medical Science	5,389 36
W. Ramsay, Political Economy	1,009 42
Julius Rossin, German	1,000 00
Bankers, Political Science	1,200 00
John Macdonald, Philosophy	2,030 00
Physics	2,350 00
Prince of Wales Prize	950 00
Mackenzie Memorial (application unselected)	16,589 25
A. T. Fulton do	3,105 00

Other Funds :

Starr Bequest (Farm in Caradoc Township and earnings)	3,885 96
Lyle Medal	137 80

\$66,557 38

NOTE.—Apart from the Starr farm the interest allowed on the above accounts, in order to provide the Scholarships and Medals, is at the rate of six per cent. per annum with one exception, which is at a higher rate. The average return from the investments of the University is now somewhat less than six per cent. per annum.

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APPENDIX 4.

TRUST FUNDS, 30TH JUNE, 1893.

Retirement Fund		\$6,691 31
Residence Extension		736 13
15,453 21 3,750 00 2,000 00 2,000 00 2,000 00 2,586 30 1,121 08 5,389 36 1,009 42 1,000 00 1,200 00 2,030 00 2,350 00 950 00 16,589 25 3,105 00	Library Insurance Fund..... \$47,550 89 Library Restoration Books 3,648 79 Library Special German Account..... 68 68 Library Special French Account..... 45 00	51,313 36
Museum Restoration		3,143 71
Geological Museum		81 15
Gymnasium Outfit		210 00
Bacteriological Laboratory		31 71
Biological Laboratory, students' supply.....		82 12
Medical Faculty, Surplus Account.....	\$4,181 91	
do Anatomical	709 63	
do Pathological.....	115 01	
do Therapeutical.....	61 91	
do Sanitary Science.....	55 00	
		5,123 46
Daniel Wilson Memorial.....		424 28
Vice-Chancellor Special Account.....		115 52
		<u>\$67,952 75</u>

APPENDIX 5a.

REVENUE RESERVATIONS.

Accrued Revenues :

Unpaid on 30th June, 1892, as shown in balance sheet of that date.. \$36,739 81

Contingent Fund :

Amount of fund on 30th June, 1892 \$24,620 00

Charges, 1892-3 :

Loss on Bidwell sale	\$2,000 00	
do Kirkland sale	500 00	
Law costs	221 44	
		<u>2,721 44</u>

21,898 56

Revenue Account, 1892-3 :

Excess of Receipts over Expenditures..... 3,382 92

\$62,021 29

provide the
at a higher
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3. E. W.

36,557 38

3,885 96

137 80

APPENDIX 5b.

REVENUE, 1892-3.

Totals of workings shown in detailed statements.

Appropriations.

Original, against current revenue	\$110,049 59	
Supplementary, do	14,759 73	
Original, against abnormal receipts	5,982 85	
		<u>\$130,792 17</u>

Contra.

Estimated Normal Revenue (see page four of printed report).	\$117,556 24	
Excess in actual results	3,811 27	
Unused appropriations :		
1892-3 Current Revenue	\$2,125 26	
Against Abnormal Revenue	1,208 01	
	<u>3,333 27</u>	
Balance of Abnormal Receipt Account, June 30th, 1892.	6,999 16	
Balance of Revenue, 1891-92 Account	2,475 15	
		<u>\$134,175 09</u>
Amount of surplus carried to Revenue Reservations		<u>\$3,382 92</u>

APPENDIX 5c.

REVENUE, 1892-3.

Receipts.

	Estimate. Page 4 of Report.	Actual Revenue.
Interest on purchase moneys :		
Devonshire Place Sales	1,062 40	\$824 11
Old Sales	938 56	1,101 92
Interest on loans	37,880 33	39,497 02
Interest on debentures	20,052 87	19,050 53
nts other than Park	3,493 00	5,108 72
Rents University Park	8,300 00	8,413 13
Allowance by Medical Faculty :		
Rent and Maintenance Biological building	1,900 00	1,900 00
Fees—University and College	35,175 00	35,612 89
City of Toronto, payment	6,000 00	6,000 00
Transfer Fees	50 00	48 50
Earnings of Bank Stock	24 50	30 62
Interest on advance to U. C. College	2,679 58	2,679 58
Sundry Earnings Land		1,100 49
	<u>\$117,556 24</u>	<u>\$121,367 51</u>

Salaries . .
Pensions .
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Law Costs
General I
Examiner
Library C
Library E
Telephone
Insurance
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Biologica
Biologica
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Incident
Politica
Classica
French
German
Italian
Orienta
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Interes
Convoc
Special
Senate

APPENDIX 5d.

REVENUE, 1892-3.

Expenditures.

	Original Appropriations.	Supplementary Appropriations.	Unused.
Salaries	\$81,782 89		\$637 47
Pensions	1,144 00		24 00
Bursar's Office	900 00	401 98	
Law Costs	700 00		8 41
General Incidentals	300 00	205 84	
Examiners	6,264 70	1,708 43	
Library Current Account	2,600 00		160 21
Library Building, Maintenance	925 00		24 99
Telephones	145 00		6 57
Insurances	500 00	102 65	
Main Building Maintenance	4,260 00	556 14	
" " Registrar's Office	75 00	175 00	
Grounds	2,200 00		771 71
Chemical Department Maintenance	508 00		54 80
Biological Building Maintenance	1,670 00	3 03	
Biological Department	425 00		79 73
Biological Students' Supply Fund	752 00		
Physical Department Maintenance	325 00		46
Mineralogical and Geological Maintenance	200 00		20 82
Psychological Department Maintenance	10 00		85 53
Stationery, University	900 00	340 10	
Printing, "	2,500 00	270 44	
Advertising "	200 00	27 22	
Incidentals "	150 00		6 37
Stationery, University College	125 00		64 05
Printing, " "	100 00	64 00	
Advertising, " "	100 00		31 00
Incidentals " "	100 00		54 63
Political Science Department	25 00		19 60
Classical Department	37 00		24 89
French Department	31 00		12 01
German Department	35 00		35 00
Italian and Spanish Department	35 00		3 01
Oriental Department	25 00		
Interest on Special Funds		5,557 07	
Interest on Bank Balances		5,045 33	
Convocation Expenses		62 00	
Special advertising		40 50	
Senate Elections		200 00	
Original Appropriations	<u>\$110,049 59</u>		
Supplementary "		<u>\$14,759 73</u>	
Appropriations Unused			<u>\$2,125 26</u>

,792 17

,175 09

,382 92

Actual
Revenue.

\$824 11

,101 92

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,900 00

,612 89

,000 00

48 50

30 62

,679 58

,100 49

,367 51

APPENDIX 5e.

ABNORMAL RECEIPTS.

Amount at credit, 30th June, 1892.....		\$6,999 16
Add		
Balance at credit of Revenue Account 30th June, 1892, transferred to this Account.....	\$2,475 15	
Balances unused of Appropriations as under transferred to this Account:		
Main Building, Furniture.....	\$227 71	
Chemical Laboratory, Apparatus.....	408 51	
Physiological Department.....	181 76	
Mathematical do.....	375 15	
English do.....	14 88	
	<u>1,208 01</u>	
		<u>3,683 16</u>
		\$10,682 32
Deduct		
Appropriations made as under:		
Library, current account.....	\$1,039 88	
Main Building, Registrar's Office.....	50 00	
" Furnishings.....	887 25	
Grounds.....	322 12	
Chemical Laboratory, Apparatus.....	408 51	
Biological Building, Maintenance.....	165 00	
" Department.....	470 00	
Physiological Department, Apparatus.....	800 00	
Mineralogical Department, Instruments.....	350 00	
Philosophical Department, Maintenance.....	585 93	
" Laboratory, Instruments.....	180 79	
Mathematical Department.....	704 37	
English Department.....	19 00	
	<u>5,982 85</u>	
Amount at credit 30th June, 1893.....		\$1,699 47
Carried back to Revenue Account.....		<u>\$4,699 47</u>

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APPENDIX 8a.

SITE LANDS, BUILDING AND CONTENTS.—JUNE 30TH, 1893.

Area of land in use by, and set apart for use of, University, 1,302,360
square feet \$475,361 40

Buildings.

Main Building and Residence \$450,000 00
Museum Building 73,085 42
Biological Building 56,659 88
Library 104,245 93
Chemical Laboratory 182 00
Gymnasium 26,472 84
Y. M. C. A. Hall 1 00
South Lodge 1,000 00

711,647 07

Library, total valuation as appearing from Accession Catalogue

June 30th, 1893..... \$103,331 93

Museum and Biological Apparatus..... 14,064 00
Chemical Apparatus..... 5,000 00
Mineralogical and Geological Apparatus..... 1,450 00
Physical Apparatus..... 11,735 00
Psychological Apparatus..... 1 00
Mathematical Apparatus..... 380 00

135,961 93
Main Building Furniture..... 4,000 00
Residence Furniture..... 1,996 00

5,996 00

\$1,328,966 40

APPENDIX 8b.

INSURANCE.

<i>Assets.</i>	<i>Valuation.</i>	<i>Policies.</i>
Main Building and Residence	\$450,000 00	\$256,000 00
Biological Building and Museum	129,745 30	95,866 67
Library Building and Fixtures	104,245 93	61,666 66
Gymnasium	26,472 84	16,666 67
Library (books, etc).....	103,331 93	77,200 00
Main Building, Furniture	4,000 00	1,500 00
Residence, Furniture	1,996 00	1,500 00
Biological Library and Museum.....	14,064 00	5,800 00
Departmental, Apparatus	18,566 00	17,000 00
	<hr/>	<hr/>
	\$852,422 00	\$533,200 00
Buildings on U. C. Block not separately va'ued		21,500 00
		<hr/>
Total of Policies		<u>\$554,700 00</u>

6,999 16

3,683 16

0,682 32

5,982 85

1,699 47

4,699 47

APPENDIX 9.

UNPRODUCTIVE LANDS.

Unsold portion of Hoskin Avenue and Devonshire Place Survey	\$156,694 11
Unsurveyed block north and east of above, 596,322 square feet	217,657 53
Six registered lots, Nos. 51, 52, 54, 69, 70 and 71, west of North Drive.	91,273 50
Unsurveyed block east of North Drive and north of Czar Street, 200,790 square feet	90,351 00
Five registered lots, Nos. 3, 6, 8, 9 and 22, North of College Avenue ..	70,029 00
Upper Canada College block, between King and Adelaide Streets	392,679 58
Surveyed lots in Town of Port Hope	9,090 00
Surveyed lots near City of Belleville	1,903 00
	\$1,029,677 72

APPENDIX 10.

LEASED LANDS.

Victoria College, 220,627 square feet	\$ 1 00
Wycliffe College, 43,560 square feet	2,500 00
48 acres leased to the City of Toronto, valued at the rental capitalized upon a 5 per cent. basis	120,000 00
1,163,875 square feet Park lands, valued as above	166,480 00
102,942 square feet, leased for an Observatory	1 00
Site of School of Science, area needed not yet ascertained nor rent fixed	1 00
Business properties in City of Toronto	69,600 00
Farm in Caradoc Township	2,000 00
	\$360,583 00
Park Ground Rents :	
Past due	\$1,185 41
Accrued but not yet due	4,175 00
City of Toronto payment	1,500 00
Business properties—ground rents :	
Past due	300 00
Accrued but not yet due	2,848 36
	10,008 77
	\$370,591 77

Debentures at
Interest there
Accrued inter

Loans secured
Advanced as
Interest past
Accrued inter

Unpaid purch
Interest past
Accrued inter

Medical Fac
1891-2.
1892-3.
1892-3.

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65
74

Arts :
1892-3.
1892-3.
1892-3.

Law 18
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Library
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18
18

Music :
1892-3.
1892-3.

Agriculture
1890-1.
1891-2
1892-3

Year 1
Earlier

APPENDIX 11.

INVESTMENTS, 30TH JUNE, 1893.

Debentures and Municipal Bonds	\$351,738 58	
Interest thereon past due	47 66	
Accrued interest not yet due	9,301 95	
		<u>\$361,088 19</u>
Loans secured by first mortgages on real property	\$711,390 01	
Advanced as premiums of Insurance	155 48	
Interest past due	5,257 82	
Accrued interest not yet due	14,402 61	
		<u>\$731,205 92</u>
Unpaid purchase money on lands sold ..	\$31,843 39	
Interest past due	261 05	
Accrued interest not yet due	1,508 93	
		<u>\$33,613 37</u>
		<u><u>\$1,125,907 48</u></u>

APPENDIX 12a.

FERS, 1892-3.

Medical Faculty:

1891-2. Collections	\$1,700 00
1892-3. Collections	18,893 00
1892-3. Not collected	2,785 00
	<u>\$23,378 00</u>

Less Arts Instruction portion—

65 first year	\$910 00
74 second year	1,110 00
	<u>2,020 00</u>

Arts:

1892-3. Collections	\$8,440 00
1892-3. "	1,990 00
1892-3. Not collected	40 00
	<u>10,470 00</u>

Law 1892-3. Collections	285 00
Medicine "	3,453 75
Engineering, etc "	140 00
Pharmacy "	1,154 00
University College. Collections	14,685 00
Library. Collections	1,468 00

Dentistry—

1892-3. Collections	\$470 00
1892-3. Not collected	20 00
	<u>490 00</u>

Music:

1892-3. Collections	\$61 00
1892-3. Not collected	25 00
	<u>86 00</u>

Agriculture:

1890-1. Not collected	\$1,156 77
1891-2 "	249 75
1892-3 "	269 10
	<u>1,675 62</u>

\$55,265 37

Year 1892-3	\$52,158 85
Earlier	3,106 52
	<u>\$55,265 37</u>

\$55,265 37

6,694 11
7,657 53
1,273 50

0,351 00
0,029 00
2,679 58
9,090 00
1,903 00

9,677 72

5,583 00

0,008 77

5,591 77

APPENDIX 12b.

FEES, 1892-3.

Receipts.

<i>Arts :</i>		
Matriculation	\$210 00	
Examination	5,542 00	
Degree	1,474 00	
Ad Eundem	18 00	
Dispensation	92 00	
Honor Certificates	59 00	
Biological supply	512 00	
Mineralogical supply	148 00	
Physical supply	182 00	
Psychological supply	27 00	
Chemical supply	176 00	
	<hr/>	\$8,440 00
<i>Law :</i>		
Matriculation	45 00	
Examination	60 00	
Degree	180 00	
	<hr/>	285 00
<i>Medicine :</i>		
Matriculation	100 00	
Examination	1,495 00	
Practical Examination	85 50	
Degree	1,080 00	
Chemical supply	402 00	
Biological supply	291 25	
	<hr/>	3,453 75
<i>Dentistry :</i>		
Matriculation	75 00	
Examination	95 00	
Degree	300 00	
	<hr/>	470 00
Engineering and Applied Science		140 00
<i>Music :</i>		
Examination	35 00	
Degree	20 00	
Ad Eundem	6 00	
	<hr/>	61 00
<i>Pharmacy :</i>		
Matriculation	265 00	
Examination	265 00	
Practical Examination	104 00	
Degree	520 00	
	<hr/>	1,154 00
<i>Medical Faculty :</i>		
Total collections		20,593 00
<i>University College :</i>		
Registration	14,685 00	
Library	1,468 00	
	<hr/>	16,153 00
Actual Receipts		<hr/> <hr/> \$50,749 75

Medical Faculty :
Third year
Second year

Arts :
Degree ..

Dentistry :
Degree ..

Music :
Degree ...
Examinat

Agriculture :
Degree ..
" " 11
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APPENDIX 126.

Actual receipts brought forward.....\$50,749 75

Fees Accrued but not Paid.

Medical Faculty :

Third year \$2,635 00
 Second year 150 00
 ----- \$2,785 00

Arts :

Degree 10 00

Dentistry :

Degree 20 00

Music :

Degree \$20 00
 Examination 5 00
 ----- 25 00

Agriculture :

Degree \$269 10
 " 1891 2 249 75
 " 1890 1 1,156 77
 ----- 1,675 62

\$1,515 62

Total Fees as above..... \$55,265 37

The instructions originally given to your Committee were subsequently enlarged, they being requested to take into consideration paragraph 13, page 10, of the Report of the Standing Committee on Finance, 1891-2, which reads as follows: Enlarged instructions to Committee.

" 13. In this connection the Committee suggest that it is worthy of consideration whether a plan should not be adopted showing in detail the fluctuations in, and totals of, the liquid capital of the University from year to year, and its condition at the close of each year, commencing at latest in the year 1880 and continuing the account for the future."

Your Committee have not been able to increase materially the information afforded in the Report on Revenues and Requirements, 13th April, 1891, further than to bring it down to date and make a few additions in detail. They have, however, tried to recast the figures in a form which they hope will enable the growth of the University and the relation of its revenues to its expenditures to be understood at a glance. This statement, in conformity with the Request of the Committee on Revenues and Requirements should, in its present or any improved form it may assume in future, be made an appendix to the annual balance sheet. Comparative statements of Receipts and Expenditures 1881 to 1893, inclusive.

\$8,440 00

285 00

3,453 75

470 00
140 00

61 00

1,154 00

20,593 00

16,153 00

\$50,749 75

UNIVERSITY

Statement showing Income and Expenditure

	Income.				
	1881.	1882.	1883.	1884.	1885.
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
1. Interest, after deducting interest paid	54,952 60	58,126 45	60,846 90	60,166 88	61,521 08
2. Rents, ordinary	6,316 17	6,592 50	6,728 71	6,246 75	7,324 00
3. " grant from city					
4. Fees (not including fees reserved for use by Medical Faculty)	6,596 50	6,578 50	10,761 87	10,373 08	11,673 96
5. Sundry receipts	423 39	241 78	219 60	330 50	372 55
Total income	68,288 66	71,539 23	78,557 08	77,117 21	80,891 59
NOTE.—Amount of investments in mortgages, including mortgages on Park lands sold	177,511 17	212,936 91	232,767 98	260,298 87	409,520 86
Amount of investments in debentures	794,656 61	772,740 61	749,802 61	751,664 61	526,947 61
Total as at 30th June each year	972,167 78	985,677 52	982,570 59	1,011,963 48	936,468 47
	Expenditure.				
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
1. Salaries (exclusive of Bursar's Office), Pensions, Scholarships, Prizes, Examiners' Fees	49,908 58	49,498 13	53,394 11	54,360 11	53,911 87
2. Maintenance, University and University College	15,548 98	14,016 31	13,172 35	12,015 30	15,412 60
3. Cost of Bursar's Office and administration of investments	3,761 30	3,380 41	3,100 93	3,210 31	4,115 04
4. Additions to Contingent Fund				2,500 00	2,500 00
Total expenditure	69,218 86	66,894 85	69,667 39	72,085 72	75,939 51
NOTE.—Number of Students, Arts	347	342	320	322	348
do do Medicine					
Total number of Students	347	342	320	322	348
Cost of salaries, etc. (item No. 1) per Student	143 82	144 73	166 85	168 82	154 91
Cost of maintenance per Student	44 80	40 98	41 16	37 31	44 28
Cost of instruction in Art subjects per Student	188 62	185 71	208 01	206 13	199 19
Paid out of fees	19 01	19 23	33 63	32 21	33 54
Paid out of revenue from endowment	169 61	166 48	174 38	173 92	165 65
	188 62	185 71	208 01	206 13	199 19

OF TORONTO
for thirteen years

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	551,211 79
	467,353 35
	1,018,565 14

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79,701 31
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336
162 29
46 89
209 18
35 61
173 57
209 18

IVERSITY
Expenditure

OF TORONTO.
for thirteen years, ending 30th June, 1893.

Income.

	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
	61,521 08	55,609 29	59,404 01	58,306 42	64,695 66	61,068 82	62,576 72	61,040 91	52,550 76
	7,324 00	7,070 30	8,493 67	10,672 33	10,733 54	10,662 12	11,761 54	11,673 57	25,213 49
						6,000 00	6,000 00	6,000 00	15,421 85
									6,998 36
									6,000 00
									1,500 00
	11,673 96	11,965 04	13,431 00	12,503 63	12,764 21	17,515 84	22,274 89	23,005 25	35,612 89
	372 55	244 58	370 41	220 03	365 50	319 71	254 15	290 14	1,179 61
	80,891 59	74,889 21	81,699 09	81,702 41	88,558 91	95,566 49	102,867 30	102,009 87	110,765 11
									144,476 96
	409,520 86	551,211 79	575,308 10	580,496 35	588,841 43	562,101 54	631,506 15	677,632 41	744,458 01
	526,947 61	467,353 35	442,315 19	441,068 72	430,121 93	385,812 38	392,965 24	372,156 27	351,738 58
	936,468 47	1,018,565 14	1,017,623 29	1,021,565 07	1,018,963 36	947,913 92	1,024,471 39	1,049,788 63	1,096,196 59

Expenditure.

	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
	54,531 43	53,574 14	57,664 95	62,075 15	63,740 62	71,012 80	78,552 64	86,978 55
	15,756 38	13,057 91	17,036 06	18,461 43	15,961 05	14,204 30	23,756 59	24,118 54
	4,413 50	3,517 77	3,683 11	4,575 04	5,053 50	3,115 38	3,979 20	5,759 41
	5,000 00	.....	2,500 00	2,500 00	5,000 00	.....	5,000 00	.....
	79,701 31	70,149 82	80,884 12	87,611 62	89,755 17	88,332 48	111,288 43	116,856 50
	336	387	381	437	501	572	679	852
	.....	.....	237	258	263	285	286	290
	336	387	618	695	764	857	965	1,132
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
	162 29	138 43	93 30	89 32	83 43	82 86	81 40	76 83
	46 89	33 74	27 56	26 56	20 89	16 57	24 61	21 30
	209 18	172 17	120 86	115 88	104 32	99 43	106 01	98 13
	35 61	34 70	20 23	18 36	22 92	25 99	23 83	31 46
	173 57	137 47	100 63	97 52	81 40	73 44	82 18	66 67
	209 18	172 17	120 86	115 88	104 32	99 43	106 01	98 13

Interest and Rents.

The fluctuations in the interest and rent from 1881 to 1892 inclusive are somewhat misleading because owing to the old system of book-keeping the figures shown are not what was *earned* by the investments held during the particular year, but such interest and rents as happened to be received during the year. Your Committee have not worked out the percentage of interest *earned* because the figures presented by the Bursar's books do not enable them to do so.

For the same reason the first figures entered under the year 1893 opposite interest and rent represent the actual receipts, while the second figures represent the arrears and the interest and rent accrued but not due, this adjustment being necessary in order that the revenue accounts may hereafter be presented on the basis of actual earnings.

The disparity between 1892 and 1893 in interest receipts is more apparent than real, the receipts of the first year being in excess of, and of the second year being below, the actual earnings. During the building operations which followed the fire the interest account gained through the Trustees having in their hands moneys derived from insurance, subscriptions, etc., subsequently paid out to contractors. The inequalities arising from this are not likely to appear again.

The increase in receipts from rents in 1893 as compared with 1892 does not represent increased earnings. The actual earnings for 1892 and 1893 were about the same, viz., about \$13,500 per annum, including that received from the Medical Faculty.

Fees.

The increase in fees received in 1883, notwithstanding a decline in the number of students, was due to an enlargement in the scale of fees. In 1893 there is an extraordinary advance, partly due to growth in number of students and partly to a readjustment of fees which is fully explained at pp. 6 and 7, Report of Standing Committee on Finance, 1892-3. The attention of the Board is called to the fact that while in 1881 the fees comprised only about one tenth, in 1893 they comprise one-third of the income of the University.

Maintenance.

While the new buildings and enlarged scope of University work have naturally added to the cost of maintenance, a considerable part of the increase in 1892 and 1893 is due to unusual expenditure for apparatus and building construction. In 1892 the expenditure for apparatus was about \$3,700, and 1893 about \$3,500. In 1892 there was also charged to one of the revenue accounts an expenditure on the Museum building amounting to over \$4,000 which could not be taken from the Endowment.

Bursar's office.

The cost of administering the Bursar's office for 1893 appears unusually large because the sum of \$1,140.49 due by the Upper Canada College for its share of Bursar's services had not been paid at the close of the fiscal year.

Cost of administration per student and source from which paid.

Your Committee have added to the comparative statements of Income and Expenditure a note showing the increase in number of students during the years covered by the comparison, together with the cost of administration per student and the sources from which the cost is derived. The results of these calculations are so interesting that it appeared to your Committee of very great importance that such facts should be accessible to the Standing committee on Finance from year to year, either in the present or an improved form.

Cost of salaries and maintenance per student.

It will be seen that notwithstanding the increase in salaries and other items included under No. 1 of Expenditure, of nearly seventy-five per cent., the cost per student is reduced from \$143.82 to \$76.83. The cost of maintenance is reduced from \$44.80 to \$21.30 and the total cost from \$188.62 to \$98.13.

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Your Committee desire to draw the attention of the Board specially to the still more striking results as to the sources from which the cost of administration is met. If the revenue from the Crown property forming the Endowment is regarded as the proportion paid by the public towards the instruction of the students, it must be gratifying to learn that 1,132 students received instruction in Art subjects in 1893 at a cost of \$66.67 per student, as compared with 347 students in 1881 at a cost of \$169.61 per student. It must be equally gratifying to find that the proportion borne by the fees has advanced from \$19.01 in 1881 to \$31.46 in 1893.

Proportion of cost per student derived from Endowment income and from Fees.

Your Committee are aware that the basis of these calculations is open to criticism in some respects. The fees as shown in 1893, and as far as ascertainable for previous years, cover those paid not only for Lectures, but for Examinations, Degrees, Matriculation, use of Library, Laboratory, etc., and the aggregate is the result of payments by a greater number of individuals than those appearing on the rolls of the University. Examination and Degree fees in Dentistry, Pharmacy, Engineering and Applied Sciences, Music and Agriculture, are included, although those paying the fees are not enrolled as students at the University. This does not, however, materially lessen the value of the calculations made.

A more important fact is the difference in the extent of the Art instruction of some of the students now as compared with 1881. The roll of 347 students in 1881 represents about that number taking the full course in Art subjects. In 1893 the 1,132 students were composed as follows:

Students taking the complete or partial Arts course and paying Lecture and other fees.....	661
Students of Federating University receiving a lesser proportion of Art instruction, some of whom paid Laboratory, Library, Examination and Degree fees but none of whom paid Lecture fees.....	128
Occasional students, varying in extent of instruction and fees paid therefor	63
Medical students receiving a comparatively small proportion of instruction in Art subjects, and this only by 1st and 2nd year students, number 155.....	280
Total roll for 1893.....	1,132

In addition to the above there were 84 students of the School of Practical Science who received instruction in Art subjects from the Faculty of the University but who were not entered upon the rolls.

This complicated condition makes it evident that an exact comparison between 1881 and 1893 is not possible. It was not, however, the purpose of your Committee to do more than indicate in a general way that, notwithstanding the great increase in the aggregate of expenditure for administration, the cost of instruction per student has enormously decreased, while the proportion of that decreased cost paid by the students has greatly increased although the fees are still so much below those of other high-class universities.

Your Committee, in concluding their labors, have very great pleasure in expressing their obligation to Mr. Cross and their sense of his intelligent and zealous interest in the University. The thanks of the Committee are also due to the Bursar and his staff for information at all times promptly communicated.

For the Committee,
B. E. WALKER.