

Financial Statements

**University of Toronto Asset Management
Corporation**

December 31, 2001



AUDITORS' REPORT

To the Directors of
University of Toronto Asset Management Corporation

We have audited the balance sheet of the **University of Toronto Asset Management Corporation** as at December 31, 2001 and the statement of expenses and recoveries for the year then ended. These financial statements are the responsibility of the company'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 company as at December 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
February 1, 2002.

Ernst & Young LLP
Chartered Accountants

University of Toronto Asset Management Corporation

BALANCE SHEET

As at December 31

	2001 \$	2000 \$
ASSETS		
Current		
Cash	15,478	169,010
Due from the University of Toronto [note 3]	39,160	—
Accounts receivable	6,479	87,370
Deferred compensation plan [note 4]	7,307	—
Prepaid rent	—	28,626
	68,424	285,006
LIABILITIES		
Current		
Accounts payable	61,117	272,280
Deferred compensation plan payable [note 4]	7,307	—
Due to the University of Toronto [note 3]	—	12,726
	68,424	285,006

See accompanying notes

On behalf of the Board:

Director

Director



University of Toronto Asset Management Corporation

STATEMENT OF EXPENSES AND RECOVERIES

Year ended December 31

		Period from date of incorporation on April 25, 2000 to December 31,
	2001	2000
	\$	\$
EXPENSES		
Salaries and benefits	2,090,240	955,905
Occupancy	134,610	—
Consulting fees	136,171	83,901
Startup costs	112,769	451,496
Office supplies and services	68,456	12,916
Professional development	10,201	9,780
Professional fees	62,652	40,845
Telecommunications	167,557	34,839
Travel and entertainment	69,775	23,257
Other	10,201	12,040
	2,862,632	1,624,979
RECOVERIES		
CURIE management income	30,067	10,540
Recovery from the University of Toronto <i>[note 3]</i>	2,832,565	1,614,439
	2,862,632	1,624,979
Net income for the period	—	—

See accompanying notes

University of Toronto Asset Management Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

1. RELATIONSHIP WITH THE UNIVERSITY OF TORONTO

University of Toronto Asset Management Corporation ["UTAM"] is a corporation without share capital incorporated on April 25, 2000 by the Governing Council of the University of Toronto [the "Governing Council"] under the Corporations Act (Ontario).

The principal objectives of UTAM are to create added value by providing both current and future financial resources for the University of Toronto ["U of T"] and its pension funds that will contribute to globally recognized education and research.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements present the financial position and operations of UTAM as a separate legal entity. The securities representing the investments of the funds of U of T are held on behalf of U of T in the names of such trustees or nominees as may be directed by UTAM, but not in the name of UTAM.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

3. RELATED PARTY TRANSACTIONS

In accordance with the Service Agreement dated May 1, 2000 between the Governing Council of U of T and UTAM, U of T will pay UTAM for its services an amount which will enable it to recover the appropriate costs of its operations. As at December 31, 2001, \$39,160 is due from U of T [2000 - \$12,726 due to U of T].

University of Toronto Asset Management Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

4. DEFERRED COMPENSATION PLAN

UTAM has entered into a deferred compensation plan with certain of its employees. On approval of the Board after year-end, one half of the amount is payable immediately and included in the current year financial statements. The balance is deferred to be expensed over the vesting period which does not exceed three years. Funds for the deferred amount are used to acquire units in the Long Term Capital Appreciation Pool ["LTCAP"] investment fund of U of T.

The deferred compensation plan represents units held at market value for vested compensation due to employees. In addition, at December 31, 2001, funds of \$71,212 [2000 - nil] are held on deposit in the LTCAP for unvested deferred compensation.

Any fluctuations in market value of the LTCAP units are at the risk of, or for the benefit of, the employee.

5. STATEMENT OF CASH FLOWS

A separate statement of cash flows has not been presented since, in the opinion of management, the information it would contain is readily apparent from the other financial statements.