

**COUNCIL OF  
ONTARIO UNIVERSITIES**

**CONSEIL DES  
UNIVERSITÉS DE L'ONTARIO**

**COUNCIL OF FINANCE OFFICERS –  
UNIVERSITIES OF ONTARIO (COFO-UO)**

**REPORTING GUIDELINES 2006-07**

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## **I INTRODUCTION**

### **A. FINANCIAL REPORTING BY UNIVERSITIES**

Universities produce two major annual reports to report on their financial activities. One report is the university's audited financial statements. The other report is the COFO-UO Financial Report of Ontario Universities.

The two reports serve distinct and different purposes. The audited financial statements represent an accounting by the university's Board of Governors of its financial stewardship of the institution as a whole. The presentation of the financial statements is closely regulated by the Institute of Chartered Accountants' Handbook regarding not-for-profit organizations. The financial statements are subject to audit by the university's external auditors. They are a public document. Readers of the statements primarily include private and public sector sponsors, donors, financial institutions and other universities.

The COFO-UO Financial Report represents a financial report of individual universities and the Ontario university system as a whole for each distinct group of university activity. It provides information on government transfer payments, student fees and other sources of revenues; on the allocation of resources; and, on how resource allocations change over time in response to funding changes. It provides an accounting by the universities that funds are spent in accordance with restrictions by the funding sources. Over time, the COFO-UO Financial Report has become *the* reference for financial information about the university sector in Ontario. As a consequence, while the Report is derived from the universities' audited financial statements, the format of the Report is much different. The Guidelines for the Financial Report are more detailed than the guidelines for the financial statements rendering the information more comparable between universities. The main audience of the COFO-UO Financial Report is the provincial government, internal university constituencies, and Statistics Canada.

**Generally Accepted Accounting Principles (GAAP)** - The presentation of financial information in the COFO-UO Financial Report is in accordance with generally accepted accounting principles which are followed by universities in the preparation of their financial statements. In certain situations, the Report deviates from generally accepted accounting principles to enhance the presentation of financial information and comparability of information between universities.

The following are the material deviations from generally accepted accounting principles followed by universities:

- The COFO-UO Financial Report does not reflect generally accepted accounting principles surrounding the capitalization and amortization of capital assets.

- Since capitalization and amortization of capital assets are not yet part of the COFO-UO Financial Report, proceeds from capital borrowing will continue to be reflected as revenue and the repayment of principal and interest as expense.
- Restricted funds include both externally restricted funds and internally restricted funds by the university's governing body. This enhances the information presented for each distinct fund grouping.
- The COFO-UO financial report does not reflect generally accepted accounting principles for the cost of employee future benefits, including pensions. These are reported in the financial report when cash payments are made for these benefits.

Revenues in restricted funds include *all* sources of revenues. Unspent externally restricted revenues have not been deferred. While this may not be in agreement with the presentation of information in the university's financial statements, it does not contravene the rules of generally accepted accounting principles.

**Identification of Individual Funds** - For accounting and reporting purposes, universities combine funds of similar characteristics into distinct fund groups. University fund groups include expendable unrestricted funds, expendable restricted funds and unexpendable restricted funds. Expendable unrestricted funds include Operating and Ancillary funds. Expendable restricted funds include Capital, Sponsored Research and Trust funds. Unexpendable restricted fund includes the endowment fund. Restricted funds include funds restricted by external sources and funds restricted internally by the university's governing body.

**Accrual accounting** - Generally accepted accounting principles include the accrual basis of accounting, a method of recording transactions by which revenues and expenses are reflected in the accounts of the period in which they are considered to have been earned or incurred. This means that revenue may be recognized before payment is received, and expense may be incurred before it is paid.

**Appropriated funds (Reserves)** - Changes in fund balances reported in an institution's financial statements occur in part as a result of approved transfers to reserves or appropriation of funds for specific future purposes. Appropriations are a means by which fund balances are committed or reserved for future use, e.g. encumbrances. Appropriations relate to future events. An increase in appropriations (i.e. transfer to appropriations) should not be recorded as an expense nor should a decrease in the appropriations (i.e. transfer from appropriations) be recorded as a source of revenue. Rather, changes in appropriations are identified separately after accounting for revenues and expenses.

**Interfund transfers** - Normally, institutions reflect revenues in the funds in which they are received. If they are expended in another fund, and a restatement of revenue is not appropriate, a transfer is made from the fund in which the revenue was received to the fund where the expense is reported. This transfer is referred to as interfund transfer. Interfund transfers are reflected as a separate line item in the COFO-UO Financial Report.

**The guidelines encourage institutions to minimize interfund transfers as much as possible by restating revenue to the fund in which they are expended.**

To ensure consistency of interfund transfer reporting between institutions, the following guidance is offered as a way of grouping interfund transfers into distinct clusters for reporting on Table 9:

- (i) Where an interfund transfer is not material, i.e. less than \$100,000, revenue/expense should be restated.
- (ii) Ancillary surplus transferred to Operating should be reflected as an interfund transfer.
- (iii) Transfer of revenue/expense from past year(s), i.e. from a fund balance, should be reflected as an interfund transfer.
- (iv) Allocations for overheads to ancillary and contract research should be done by internal cost allocations rather than interfund transfer.
- (v) Transfer of funds from unrestricted funds to restricted funds or between restricted funds is accomplished by interfund transfer rather than the restatement of revenue/expense, if material.

**Consolidation of Controlled Entities** - The COFO-UO Guidelines recommends that a university follow the practice reflected in the university's financial statements.

**Materiality** - Throughout the Guidelines reference is made to materiality of disclosure of information. For the purpose of offering guidance, the COFO-UO Financial Report defines materiality of financial information disclosure at a \$100,000 minimum. Larger institutions may use a larger materiality threshold while smaller institutions may wish to use a threshold of less than \$100,000.

## **B. Federated and Affiliated Institutions**

Institutions submit a separate report for each federated or affiliated college or university. Information for these institutions is included in a publication separate from that of the main university.

# **II PRINCIPLES OF REPORTING**

## **A. Identification of Individual Funds**

Activities of universities are grouped into distinct funds. Funds have been identified as being either unrestricted or restricted. Funds are further identified as either expendable or non-expendable.

Unrestricted expendable funds are subdivided into operating and ancillary, while restricted expendable funds include sponsored research, trust and capital.

Restricted non-expendable funds include the endowment funds. These funds generate investment income which may be used for various purposes, often restricted by donors. The principal of the endowment funds cannot be expended.

In addition, expenses of each fund are further segregated into operational (functional) areas which represent the major areas of university activity, and by object.

Normally, the criteria for placement of a particular revenue or expense within a fund entity or functional area in the COFO-UO Financial Report are the same as those used by an institution. However, where the guidelines specifically designate the placement of items, institutions are expected to follow the classifications specified by the guidelines. Consequently, the classification of activities or items of revenue or expense in this financial report may differ from the classification used by an institution. For example, health services and athletics are to be reported in the student services functional area, even if they are reported as ancillary enterprises by a university.

**Note: To ensure that an institution's information is based on its audited financial statements, the COFO-UO Guidelines requires institutions to submit a reconciliation between their audited financial statements and the information provided by this financial report.**

**Deviation from the Guidelines - Institutions are expected to follow the guidelines to insure comparability of information between institutions and assure the credibility of the Financial Report. If an institution believes that, for some exceptional reason, it must deviate from the guidelines, it is required to include with its report adequate explanation for the reasons and the effect of the deviation. This explanation will become part of the published report to permit readers to assess comparability of information.**

## **B. Revenues and Expenses**

### **I. Gross Reporting - Revenue or External Cost Recoveries –**

The guidelines require gross reporting of revenue, expenses and cost recoveries because it better reflects the financial results of the operations of the institution. To ensure that institutions make a consistent distinction between revenue and cost recoveries, the following guidance is offered:

- a) Revenue derived from external sources from sales, rentals or the provision of services should be shown as *revenue* in the case of the ancillary fund and as *external cost recoveries* in the case of the other funds.
- b) Payments received by an institution from an affiliated or federated institution for services rendered should be included in *miscellaneous revenue*.
- c) *Netting of Revenue or Cost Recoveries Against Expenses* - while the netting of revenue against expenses, required by the guidelines of previous years, has been

discontinued as a general rule, there are still instances where netting against expenses is appropriate. Major examples are the following:

- i. Treatment & Rehabilitation recoveries from the Ontario Ministry of Health for the partial salary cost of medical school faculty are netted against salary expenses.
- ii. Alternative Funding Program recoveries from the Ontario Ministry of Health for the delivery of clinical services are netted against the related expenses.
- iii. Revenue in ancillary operations from departments from the sale of goods and services is netted against expenses in the Ancillary fund and shown as an expense in the other funds or functions. Examples are the bookstore selling stationery or the printing department providing printing services.

## **2. Reporting of Sub-grants**

In certain situations, an institution receives funds and subsequently disburses and transfers all or part of the funds to one or more reporting member institutions. Care should be exercised in situations where the grant is awarded and cash is received by an institution commonly referred to as the "lead institution" but the research is done in collaboration with one or more reporting member institutions of CAUBO. This is particularly important in the case of large research grants such as Networks of Centres of Excellence, where one institution, the lead institution, is responsible for disbursing funds to other participating institutions. In such situations, the lead institution should report the funds received "net" of the funds disbursed or transferred. This practice avoids double counting of income and expenditures when annual COFO-UO and CAUBO report data are aggregated for provincial and national totals. The type of income to be reported by all the reporting members of the collaborative arrangement should correspond to the original source of the funds."

## **3. Internal Cost Allocations and Transfers**

Activities classified in a particular fund or function may include costs which are charged or allocated to another fund or function by a university. Common examples include the allocation of administrative costs as overhead to ancillary enterprises and sponsored research, and utility and maintenance costs transferred from operating to ancillary.

Two methods may be used for reporting cost transfers between funds and functions:

- (i) Reduce the expense line items in the fund or function from which the costs are transferred and report the costs in the expense line items of the fund or function to which they are charged.

or

- (ii) Report the expense transfer in the internal cost allocation line in the fund or function from which the transfer is made and report the expense transfer as a cost in the internal cost allocation line in the fund or function to which the expense is charged.

Because the second method produces figures which distort functional comparisons of individual expenditure items, it is hoped that the first method will be used whenever possible. In other words, universities are asked to minimize the use of internal cost allocations as much as possible.

Internal cost allocations must always aggregate to zero.

#### **4. Gifts-in-Kind**

Gifts-in kind must be reported as both revenue and expense within the appropriate fund or function. In-kind contributions are defined as eligible non-monetary resources that external partners provide to eligible projects (e.g. discounts). As revenue, the gift-in-kind should be reported under donations according to section III. DEFINITIONS, B. Revenue Sources, item 4. As an expense, the gift-in-kind should be reported under the appropriate object of expense according to section III. DEFINITIONS, D. Object of Expense. N.B. CFI recognizes in-kind contributions for reporting purposes but in-kind contributions and the related expense must be excluded from COFO-UO reporting.

#### **5. Debt Servicing and Retirement**

Principal and interest repayments are to be included as expense in the funds where they were paid. This treatment emphasizes their fully-costed nature in keeping with the principle of matching of expenses with revenues in lieu of amortization.

### **C. Appropriated Funds**

Activities, which have been funded from appropriations, should be reported as expenses. Funds transferred from appropriations to cover an expense should *not* be reported as revenue but rather as a separate line item as a change in the level of appropriation on Table 1. Similarly, amounts transferred to create or increase an appropriation reserve should not be reported as expenses but rather as a separate line item as a change in the level of appropriation on Table 1.

For example, a provision for the future replacement of assets is considered a transfer to an appropriation rather than an expense. It is reported as an increase in the appropriation on Table 1.

### **III DEFINITIONS**

#### **A. Funds**

##### **1. Unrestricted Expendable Funds**

Unrestricted Expendable Funds account for the general operational costs of the university financed by unrestricted revenues from fees, operating grants and other general income.

- a) **Operating** - this fund accounts for the costs of instruction and research (other than sponsored or contract research), academic support services, library, student services, administrative services, plant maintenance and other operating expenses of the university financed by fees, operating grants and other general unrestricted revenue. Operating includes the costs of privately funded programs that lead to a degree. Examples include Executive MBA programs.
- b) **Other (Non-Credit)** - this fund accounts for all revenues and expenses associated with lectures, courses and similar activities which are not recognized by the institution for the purpose of granting credit.

Other (Non-Credit) is mainly comprised of non-credit professional development and self-interest courses. Examples include continuing medical education and executive development programs.

- c) **Ancillary** - this fund accounts for all the operations provided as supplementary to the primary function of instruction and research. Although an integral part of the institution's total operations, they are reported separately. It includes "sales producing" operations ancillary to the normal functions of instruction and research.

Ancillary operations typically include bookstores, food services (dining hall, cafeterias, vending machines), residences, parking, university press, publishing, laundry services, property rentals, university facility rentals, theaters, and conference centres.

Where services are provided to other departments in the university, revenues from those services should be netted against expenses in the ancillary fund to avoid double counting of expenses.

##### **2. Restricted Expendable Funds**

Restricted Expendable Funds account for resources that may be used for current purposes, but with some degree of limitation as to the exact use imposed by the external provider of the funds or internally by the governing body of the institution.

- a) **Sponsored Research** - this information accounts for all research activities and contract research funded from restricted sources such as government, private industry and

donors. It does not include activity funded from general operating funds. These are reflected in the operating fund.

- (i) *Entities Consolidated* - reported amounts are based on the financial data of entities included in the consolidated financial statements of the institution.
- (ii) *Entities Not Consolidated* - institutions are permitted to separately report sponsored research, for hospital based medical research funding only, that is granted to academic staff of the reporting institution, but conducted in hospitals that are not consolidated. Reporting in this column is permitted under the following four conditions:
  - The hospital not consolidated must be an affiliated institution as established by an affiliation agreement with the reporting institution. The term affiliated institution refers to all federated, affiliated and associated entities.
  - Academic staff from the reporting institution lead the sponsored research project and conduct the research at the non-consolidated affiliated hospital.
  - The financial data (income and expenditure) for the sponsored research is reported in the financial statements of the non-consolidated affiliated hospital.
  - The sponsored research would be reported in the Sponsored Research fund had the research been conducted at the reporting institution, rather than at the affiliated hospital.
  - Total Revenue reported on Table 2 **Revenue**, Column 6, **Sponsored Research** must equal total expenses reported on Table 5c **Expense – Sponsored Research**, Column 3. Since revenue must be reported on a gross receipt basis, the difference between revenues and expenses is reported as an adjustment to expenses on Table 5c **Expense – Sponsored Research**. The object of expense to report the adjustment will be based upon institutional decisions.
- b) Trust - this fund accounts for expendable designated gifts, benefactions, grants, and interest earned on non-expendable gifts, which must be spent in accordance with specific instructions by the donors or by internal restriction by the university's governing body. Restricted expendable funds provided for specific capital and research purposes are reported in the restricted Capital and Research Funds respectively.
- c) Capital - this fund accounts for grants, donations, and other funds made available to the university by external funding sources, such as government and donors, specifically for capital purposes. Expenditure of a capital nature includes building programs, acquisitions of major equipment, and major renovations.

### **3. Restricted Non-Expendable Fund**

Endowment - this fund accounts for the capitalization of externally or internally restricted gifts which cannot be spent. Interest from endowment funds is reflected as revenue in the expendable trust fund. Interest which is returned to endowment to preserve the capital value is transferred by interfund transfer from the trust fund to the endowment fund or reflected as revenue in the endowment fund.

## **B. Revenue Sources**

### **1. Government Grants and Contracts**

This object will include all grants and contracts from the Ministry of Training, Colleges and Universities and other Ontario government departments and agencies, federal and municipal governments and government agencies. Grants and contracts from other provinces and from foreign governments are to be reported under "Other Government Grants and Contracts".

Government grants received by a university on behalf of its affiliates or federated institution should not be reported as revenue by the university (See also Miscellaneous Revenue).

a) Ontario Ministry of Training, Colleges and Universities (MTCU):

- (i) MTCU Basic Formula Grant - includes all operating grants distributed according to the funding formula.
- (ii) MTCU Non-Formula Grants - includes other transfer payments from MTCU.

Examples are:

- northern grants
- bilingualism grants
- differentiation grants
- research infrastructure/overhead grants (This grant is reported under Sponsored Research to ensure consistent reporting with the Indirect Costs of University Research grant.)
- enhanced access for the disabled grants
- grant in lieu of municipal taxes
- capital grants
- student residences grants
- Ontario Work Study Program, Ontario Special Bursary Program,
- Ontario Disabled Bursary Program

- institution specific grants
  - nursing compressed degree
  - ATOP funding grants
  - special purpose grants
- (iii) Other MTCU Grants and Contracts - includes all other grants and contracts received from MTCU.
- b) Other Ontario Government Grants and Contracts - includes Capital and other grants received from other provincial ministries; e.g. grants and contracts with Centres of Excellence, OMAF grants for Guelph, and energy management grants. While some of these grants may be administered by MTCU, the "Source of Funds" may be other than MTCU, and, therefore, should be reported here rather than under MTCU Other MTCU Grants and Contracts.

**Note:** Where a university provides an accounting service for a Centre of Excellence, the funds received on behalf of the Centre should not be included as university revenue in the COFO-UO financial report. If the university receives an administrative fee, this should be reported as miscellaneous revenue.

- c) Federal - includes all grants from the Government of Canada or its agencies (including federal portions of capital and other grants which flow through the provincial government).
- d) Municipal - includes all grants received from municipalities.
- e) Other Provinces - includes all grants and contracts with other provinces.
- f) Foreign - includes all grants and contracts with foreign agencies, including the National Endowment for Humanities, National Institute of Health Research and the National Science Foundation.

## 2. Fees

- a) Tuition - includes tuition fees for fall, winter, spring, summer sessions, and all other sessions. Fees for "make-up" or special courses which are related to the credit offerings of an institution and fees for auditing in credit courses are included. Fees received for privately funded programs and non-credit programs are included in this category.
- b) Miscellaneous - includes all other fees charged to students, including room and board charges, interest on unpaid fees, health services, athletics, OUAC application fees, charges for deferred or installment payment, late registrations, lockers, and other compulsory and non-compulsory fees. It excludes fees collected and turned over to student-controlled and administered areas such as student councils or federations.

### **3. Borrowings**

This category includes only those borrowings which are used to finance capital expenditures, where the university will repay both interest and principal. The revenue to be reported is the gross amount of the debt issue (i.e. ignore any discounts or related fees). Associated expenses can be included in Table 4.

### **4. Donations, Non-Government Grants and Contracts**

Donations - includes donations and gifts-in-kind received from individuals, business enterprises, foundations, and not-for-profit organizations which are considered to be gifts for tax purposes and eligible for tax receipts as charitable donations.

Non-Government Grants and Contracts - includes grants and contracts received from individuals, business enterprises, foundations and not-for-profit organizations for which no tax receipts are provided and which are not considered as charitable donations for tax purposes. Contracts provide financial support under certain specific stipulations and conditions, including the provision of a deliverable product, such as a piece of equipment, provision of a service, or a report.

Individuals – Includes families.

Business Enterprises – Includes unincorporated businesses as well as privately or publicly incorporated companies that are operated for profit and derive revenue mainly from the sale of goods and services. The common forms of unincorporated businesses are sole proprietorships and partnerships.

Foundations – An entity that can either be a corporation or a trust constituted and operated exclusively for charitable purposes.

Not-for-Profit Organizations – Includes associations or societies.

### **5. Sales of Services and Products**

Includes external receipts from sales in ancillary enterprises, excluding room and board charges and other compulsory ancillary fee charges to students. Revenues associated with services to other departments within the university should not be reported as revenue but rather are netted against the appropriate objects of expense to avoid double counting of expense.

### **6. Investment Income**

Includes income from dividends, bonds, mortgages, short-term notes and bank interest. Realized and unrealized gains or losses, if treated as income, also should be included. Significant non-recurring items should be noted.

(a) Endowment

- Investment income earned on endowment funds is reported on this line under the same fund as the corresponding expenditures.
- Investment income earned on endowment funds and used to preserve the capital value of the endowment fund is reported on this line under the endowment fund.
- Expenditures incurred to earn investment income, such as the cost of an investment manager(s) to manage the endowment funds, are to be reported “net” of the investment income.

(b) Other Investment Income

- Investment income earned on all funds other than endowment funds is reported on this line under the same fund as the corresponding expenditures.
- Other investment income also includes charges for deferred or installment payments and for unpaid student tuition and other fees.

**7. Miscellaneous**

- Include any form of revenue not identified in the above categories of revenue. Payments received by a university from its federated or affiliated college or university for the provision of instructional, administrative or other services are included in Miscellaneous Revenue.

**C. Expenses - Functional Areas**

**1. Instruction and (Non-Sponsored) Research**

**a) Instruction and (Non-Sponsored) Research - Excluding Medicine**

This functional area includes all direct costs of faculties, academic departments, graduate school, summer school, credit extension, deans and departmental offices (but excluding dean of research which is included in Academic Support) and other academic functions and expenses attributable to the area of Instruction and (Non-Sponsored) Research.

Instruction and non-sponsored research connected with the Faculty of Medicine is excluded.

Non-medical research funded from operating revenues should be reported in this function and not in the Sponsored Research fund.

Costs pertaining to the “Access to Opportunities Program (ATOP)” operating grant should be reported in this function and in the Operating fund.

- b) **Instruction and (Non-Sponsored) Research - Medicine** - this functional area includes all direct instruction and non-sponsored research costs of the Faculty of Medicine. The costs are reduced by the recoveries from the Ontario Ministry of Health (Treatment and Rehabilitation Funds). These recoveries should not be shown as revenue or as an external cost recovery.

Instruction and non-sponsored research costs pertaining to privately funded medical programs are excluded.

Medical research funded from the university's operating revenues should be reported in this function and not in the Sponsored Research Fund.

## 2. **Academic Support**

This function includes all activities provided by an institution in direct support of Instruction & Research. It includes the following types of activities:

- central animal services
- central shops for instruction and research (machine shop, glass blowing, electronics shop, etc.)
- co-op program administration
- faculty and instructional support services:
- vice presidents' academic office
- research administration (grants and contracts administration, vice-president or dean of research, but excluding research accounting which is included in Administration & General)
- registrar's office and graduate students office (excluding costs for cashiers, collections, and convocations and ceremonies, which are reported under Administration & General) :
  - student recruitment
  - calendars
  - admissions
  - student records
  - government reporting
- distance education support
- audio visual
- academic class scheduling

### 3. **Library**

This area encompasses the institution's main library, branch, faculty and departmental libraries. It includes the cost of purchases of books and periodicals and the provision of library services.

### 4. **Student Services**

This functional area includes the cost of services (other than direct teaching, research and administrative services) provided to students by an institution. Generally, these services will include:

- counseling, career guidance and placement services
- intramural and intercollegiate athletics (not physical education)
- student health services
- dean of students
- placement services
- student housing services (not to be confused with residence hall operations)
- student transportation services
- grants to student organizations
- student program costs, e.g., cultural, music, drama; student centre costs
- student financial aid administration
- other student services (such as international student office, social and cultural activities for students funded by the university)

If any of the foregoing activities are carried as ancillary enterprises on the financial statements of the institution, the revenue and expenses should be transferred to this and other functional operating areas for reporting purposes. These services may be provided from general revenue in whole or in part by a specific fee included in the ancillary student fee structure.

**Note:** Student Activity Fees collected and turned over to student councils or federations are to be excluded where an institution is acting in an agency capacity.

### 5. **Central Computing and Communications**

Only expenses for central computing and communication facilities are recorded in the functional area “central computing and communications”.

A central computing facility is defined as comprising those computer-related activities and resources which, due to (a) economies of scale, (b) the existence of a large number of users who require a wide variety of services, and (c) the high degree of technical expertise

required in computer operations, are budgeted and administered under a central management. This is usually seen as a university resource providing a centralized support service to the institution's instruction, research and administrative areas.

This contrasts with stand-alone computer installations established for the main purpose of providing services to a single division or department. Where facilities are meant to serve a single division or department, the expenses of these remote computing resources should be reported within the relevant fund or functional area. For example, a computing facility in the library to provide library computing should be included in the Library function.

If an institution employs a charge-out system for central computing time, the expenses should be drawn together and reported under this column. Where an allocation of costs to other funds is to be reflected, the Object of Expense "Internal Cost Allocation" should be used for the purpose of recording these transfers (e.g. charges made to the Sponsored Research fund). Thus the function will show the net cost to the operating fund.

Communications includes the costs of central telephone equipment rental, acquisition and switchboard, including related personnel and other costs. If an institution employs a charge-out system for central communications, the expenses should **not** be drawn together and reported under this column, but rather should be reported under the appropriate cost centres.

## **6. Administration & General**

This function includes the following:

- administration, planning and information costs and activities associated with the offices of the president and vice-presidents (excludes administration which is included in Academic Support and External Relations)
- internal audit
- investment management
- space planning
- board and senate secretariat
- finance and accounting (including research accounting)
- human resources
- central purchasing, receiving and stores
- institutional research
- general university memberships (e.g. COU, AUCC, CAUBO)
- the administration of the occupational health and safety program, including the disposal of hazardous wastes
- professional fees (legal and audit)

- convocations and ceremonies
- insurance (except fire, boiler and pressure vessel, property and liability insurance which are reported under the physical plant function).
- activities in the registrar's office not included in Academic Support

If purchasing, receiving and stores are centralized, then these expenditures should be included under Administration & General. If these services are not centralized then these expenditures should be included in the various functional areas.

## **7. Physical Plant**

This functional area reflects costs related to the physical facilities of the university, including

- physical plant office
- maintenance of buildings and grounds
- custodial services
- utilities
- property and liability insurance
- vehicle operations
- security and traffic
- repairs and furnishings
- renovations and alterations
- mail delivery services
- property taxes, municipal taxes including those for which compensatory grants are received from the government
- rental of space

Costs reported should represent the total operating costs of the physical plant function as defined in the Guidelines and may not necessarily reflect how they are reported in a university's financial statements.

**Note:** Central purchasing, receiving and stores are to be recorded in the Administration & General function.

## **8. External Relations**

This area includes

- all activities pertaining to the external relations
- fund raising

- development office
  - alumni office
  - public relations office
  - external communications office.
9. Ancillary – this area is described under III Definitions, A. Funds, 1. Unrestricted Expendable Funds, c) Ancillary.

## **D. Object of Expense**

### **1. Salaries and Wages**

The COFO-UO Financial Report displays salary and wages information by full time and part time categories. Many definitions exist which define the distinction between full time and part time (such as Statistics Canada, COU, union contracts). Universities are asked to use whatever definitions best fit their presentation of information. Other categories of compensation payments to employees shall be reported under salary expenditures (for example, salary continuance payments during sick leave or maternity leave).

**Note: Salaries and wages are to be reported separately for full-time and for part-time staff only under the Operating fund. In reporting under all other funds, salaries and wages for full-time staff and for part-time staff are to be combined.**

- (i) **Academic Ranks - Full Time** - this object includes salaries paid to *full time* instructional staff who hold an academic rank in the reporting institution from lecturers to deans inclusive in faculties, academic departments or programs, summer schools, credit extension courses and other academic functions. Salary payments to staff members on paid academic leave also are included.
- (ii) **Academic Ranks - Part Time** - this object includes salaries paid to *part time* staff who hold an academic rank.
- (iii) **Other Instruction and Research - Full Time** - this classification includes payments made to *full time staff members* without academic rank at the reporting institution who are engaged in instruction and research as instructors, tutors, markers, laboratory demonstrators, teaching assistants, research assistants, invigilators, clinical assistants, post-doctoral fellows, and others. Payments made to graduate and undergraduate students undertaking these activities are included.
- (iv) **Other Instruction and Research - Part Time** - this object includes salaries paid to *part time* staff who fall in this category.
- (v) **Other Salaries and Wages - Full Time** - this object reflects all salaries, wages and payments to *full time* non-instructional staff (support staff) including among

others, technicians, clerical and secretarial, professional and managerial, janitorial, trades and maintenance. All salaries for functions other than Instruction and Research are to be included in this object even though individuals, (e.g., certain professional librarians or computing centre personnel), may hold the equivalent of an academic rank.

- (vi) **Other Salaries and Wages - Part Time** - this object reflects all salaries, wages and payments to *part time* non-instructional staff (support staff)

**Note:** Lump sum payments for current and future fiscal periods to employees who have terminated employment with the institutions are to be excluded from this Salary and Wages category. Instead, they are included in a separate expense line for Lump Sum Payments on Table 1.

## 2. **Employee Benefits**

This object reflects the cost of an institution's contributions (with respect to salaries) for pensions (including payments for actuarial deficiencies and past service liability), group life insurance, salary continuance insurance, dental plans, cost of Workers' Compensation, the Employer Health Tax, tuition remission, employment insurance, early retirement benefits and other costs of an employee benefit program.

Professional expense allowances and grants are to be included in Employee Benefits if they are negotiated. If they are not negotiated they are to be included in Supplies and Expenses.

The cost of employee future benefits, including pensions, are included when cash payments are made for these benefits.

Memberships or other perquisites of employment are not to be reported here. Whenever an institution pays a premium or sets aside a negotiated amount for an employee, these amounts should be included under employee benefits.

**Note:** Maternity benefits are not to be included here but should be included in salaries and wages.

## 3. **Library Acquisitions**

- This line includes all purchases of, and electronic access to, books, periodicals, microfilms, microfiche and other reference materials (including costs of bookbinding), with respect to the institution's main library, branch and faculty or departmental libraries.
- This line includes printed text and electronic data, such as CD roms and databases.
- This line also includes electronic services of all contracted communications employing digital computers serving libraries. These communications include

acquisitions through subscription services, access to databases, and telecommunications networking; on-line searching; and support for cataloguing.

- Library gifts-in-kind should be reported in the Operating fund.

#### **4. Furniture and Equipment Purchases**

- This line includes laboratory equipment (other than consumables), computing equipment and computer software packages, administrative equipment and furnishings (including carpets and drapery), copying and duplicating equipment, and maintenance equipment. Installation expenditures for the above items would normally be reported under the same expenditure type as the item installed.
- This line also includes installment payments and payments under lease purchase contracts, where the lease is a capital lease for accounting purposes.
- This line includes upgrades or improvements to equipment and computer software related costs as part of an on-going contractual agreement with vendors.
- Furniture and equipment purchases are reported under the same fund as the corresponding income. For example, purchases made from CFI grants are reported under Sponsored Research. Purchases made or to be made from current or future ancillary services income are to be reported under Ancillary.
- This line also includes gifts-in-kind related to artwork.

#### **5. Equipment Rental and Maintenance**

- This line includes all rental and maintenance expenditures for furniture, equipment, and computer software packages, including laboratory equipment (other than consumables), administrative equipment and furnishings (including carpets and drapery), copying and duplicating equipment, computing equipment, maintenance equipment and telephone equipment.
- This line also includes lease purchase contracts, where the lease is an operating lease for accounting purposes.
- This line also includes expenditures for equipment repairs and maintenance contracted to external agencies.

#### **6. Printing and Duplicating**

This line includes expenditures that would normally be consumed in the fiscal year such as printing, duplicating, photocopying, reproductions, illustrations, publishing and the related supplies.

## **7. Materials and Supplies**

Materials and supplies include expenditures that would normally be consumed in the fiscal year such as sports supplies, stationery, computer supplies and other office supplies.

- Also included are material and supplies for teaching and laboratories. Laboratory supplies include chemicals, instruments, animals, feed and seed.
- Equipment and computer software items should be reported under Furniture and Equipment Purchases or Equipment Rental and Maintenance.

## **8. Communications**

- Communications includes telephone, data communications, mailing and courier, but excludes expenditures reported as equipment rental and maintenance.
- Telephone includes watts lines, line services, long distance and other charges.

## **9. Professional Fees**

- Professional fees include all fees paid to legal counselors (including retainers for the negotiations of collective agreements), auditors, and computer, human resource and other consultants.
- This line excludes consulting fees for renovations and alterations, equipment rental and maintenance, and buildings, land and land improvements.

## **10. Cost of Goods Sold**

- Cost of goods sold is to be used where an inventory method of accounting is normally employed, (e.g. bookstore, food services) and should include the laid down cost of goods purchased for resale only. The remaining costs of operating the service, such as salaries and supplies, are to be shown in their respective expenditure types.
- Where a service is externally contracted, particularly for ancillary services, the total costs of the contract should be included in externally contracted services.
- The cost of goods sold is to be reported under the same fund as the income from the sale of the product.

## **11. Travel**

Includes expenditures on recruitment, travel, moving, relocation of staff, field trips, and all other related activities for the operation of the institution.

**12. Utilities**

Includes expenses for fuel, electricity, generation costs for electricity and steam, water, and natural gas.

**13. Renovations and Alterations**

This object includes all expenses for **major** renovations and alterations to existing university space. If externally contracted, these expenses are to be reported under this object and not as "Externally Contracted Services". If internally performed, the total costs including labour and materials should both be reported in this object.

**14. Externally Contracted Services**

All expenses for services contracted to external agencies (except for renovations, alterations, and equipment maintenance) are to be included. Examples of expenses to be included would be cleaning contracts, security services, snow removal and similar time and material contracts under physical plant, and food services under ancillary enterprises. Where food services are contracted, the contract amount in total should be shown under this object and not under "operational supplies and expenses" or other objects, even though the contractor may provide a breakdown of costs.

**15. Scholarships, Bursaries, Other Student Assistance**

This object will include all payments to students (except those for which the student is required to perform a service for that payment) including fee remission, prizes and awards.

**Note:** This expense is to be displayed under the "Student Service" functional area.

**16. Debt Repayments**

This object reflects all principal repayments of university debts.

**17. Interest**

This object reflects interest payments made by the university.

**18. Building, Land and Site Services**

This object is to include acquisition costs, land improvements and site preparation including landscaping, sewers and roads, building construction costs, fees and planning costs relative to the direct expenses as well as any costs such as utilities incurred during the period of construction. Furniture and equipment costs are to be reported in the separate line item for Equipment and Furniture.

## 19. Other Operational Expenditures

- This line includes space rental, property taxes, institutional membership fees, insurance, meals, advertising and promotion, and doubtful accounts.
- Space rental includes the cost of renting space and land on a long-term basis.
- Property taxes include all taxes paid directly to municipalities by the institution, whether assessed on property values or based on student population.

## 20. Internal Cost Allocations

This object is intended only for internal transfers of costs between funds and *not* between functions within a fund. Wherever possible or feasible, direct allocation of expenses should be reported in the appropriate fund. Reductions in the objects of expense of one fund should be offset by corresponding increases in those same expense objects in the other fund. *This object should not be used for reporting expediency*

The total of internal cost recoveries must cross-add to zero.

## 21. External Cost Recoveries

The guidelines require gross reporting of revenue, expenses and cost recoveries because it better reflects the financial results of the major operations of the institution. Except for ancillary enterprises, where revenue from external sales and services is reported as revenue, external cost recoveries include:

- (i) Revenue from services to outside organizations, e.g. selling of steam, computer time, lab tests, space rental to external organizations, etc,
- (ii) Incidental charges such as income from various medical clinics, athletic gate receipts, payments for medical services under Student Services.
- (iii) Revenue derived from external sources from sales, rentals or the provision of services, while shown as revenue in the ancillary fund, is included in external cost recoveries in the other funds.

Note: Payments received by an institution from another institution for services rendered should be included in miscellaneous revenue.

*Netting of revenue against expense* - The netting of revenue against expenses is appropriate in certain circumstances. For example:

- a) Treatment and Rehabilitation Program payments from the Ontario Ministry of Health for the salary cost of medical school faculty are netted against salary expense rather than shown in external cost recovery.

- b) Revenue in ancillary enterprises from departments from the sale of goods and services (for example the bookstore selling stationery to departments) is netted against expenses in the Ancillary fund and shown as expense in the other funds or functions.

## **IV TABLES**

### **Table 1 - Summary of Revenue, Expense and Fund Balances**

This table brings together in summary form, for each fund, total revenues and expenses, the resulting net revenue and expense, before and after interfund transfers and appropriations, and changes in fund balances.

Line 1 - Total Revenue - Represents the total of the revenues reported on Table 2.

Line 2 - Total Expense - Reflects the totals of all expenses reported on Table 4.

Line 3 - Lump Sum Payments - The cost associated with lump sum payments on termination of employment is not included with expense on the tables where expense is reported. Rather, it is reported on a separate line Lump Sum Payments on Table 1. While this presentation deviates from generally accepted accounting principles followed by universities, it enhances comparability of information between universities.

Line 4 - Net Revenue (Expense) - Reflects the difference between Total Revenue and Total Expense.

Line 5 - Interfund Transfers - Reflects transfers between funds where expenditures in one fund are funded by the revenue of another fund. The transfers represent the reallocation of revenues to the funds where the expenses are reported. Interfund Transfers aggregate to zero. Further information is provided on a separate Table 9.

Line 6 - Net Variation in Appropriations - Reflects the net amount of increases and decreases in the institution's appropriations as defined by the Guidelines and is further detailed on a separate Table 8.

Line 7 - Net Increase (Decrease) for the Year per COFO-UO Report - Reflects the net revenue (expense) after interfund transfers and changes in appropriations.

Line 8 - Net Reconciling Items - Reflects the adjustments required to agree the Net Revenue (Expense) per COFO-UO Report with the Net Revenue (Expense) per Financial Statements. The reconciling items must be further detailed on Table 14.

Line 9 - Balance - Beginning of Year as per prior year's COFO report – This line must be identical to Line 10 of Table 1, Balance – End of Year of the previous year's COFO report. If there is a difference between the closing balance per COFO previous year and the opening balance current year as a result of a restatement of the audited financial

statements, the item should appear as a reconciling item on Table 14. The beginning balance per the COFO report for the current year should not be restated.

Line 10 - Balance - End of Year - Reflects the institution's total net assets per Financial Statements.

Lines 11, 12, 13 and 14 - In these lines the institution is required to distribute the closing balances at end of year between Unrestricted, Internally Restricted, Investment in Capital Assets and Externally Restricted. Line 11 – the total of *Unrestricted* reflects the institution's surplus/deficit per Financial Statements. Line 12 – the total of *Internally Restricted* reflects the sum of Internally Restricted (appropriations) and Internal Endowments per Financial Statements. Line 13 – the total of *Investment in Capital Assets* reflects the institution's investment in Capital Assets per Financial Statements. Line 14 – the total of *Externally Restricted* reflects the institution's External Endowments per Financial Statements.

#### **Table 2 – Revenue**

This table reports the institution's total revenue by type of fund and source for the current fiscal year. The sum of revenues of each fund is carried forward to the appropriate line item on Table 1.

#### **Table 3 - Summary of Expense by Fund and Functional Area**

This table summarizes expense by fund and function. It presents a consolidated summary of the institution's activities in each fund by major functional areas.

#### **Table 4 - Summary of Expense by Fund and Object of Expense**

This table reports the institution's total expenses for all expendable funds by object and type of fund for the current fiscal year. The sum of expenses of each fund is carried forward to the appropriate line item on Table 1.

#### **Table 5 - Summary of Expense for All Funds By Functional Area and By Object of Expense**

This table reports the institution's total expenses for the current fiscal year for all expendable funds by object and functional area.

Tables 5(a) to 5(d) - Expense for Other (Non-Credit), Sponsored Research – Entities Consolidated, Sponsored Research – Entities Not Consolidated, Capital. These tables are prepared to facilitate the preparation of Table 5. They will not be published in the COFO-UO Financial Report.

### **Table 6 - Expense – Operating**

This table reflects, in further detail, the objects of expense reported for the Operating fund by individual functional areas.

### **Table 7 - Expense - Trust**

This table reflects, in further detail, the objects of expense as reported for the Expendable Trust Fund by individual functional areas which benefit from these activities. Note that scholarships should be reported under the Student Services functional area.

### **Table 8 - Changes in Appropriated Fund Balances - Operating and Ancillary Only**

This table further details changes in appropriations in Operating and Ancillary.

An increase in appropriated funds is caused by an appropriation of current funds for use in future years. A decrease in appropriated funds is caused by expending funds which were appropriated during a previous year.

The table shows appropriations of operating funds into the following six categories:

1. Provision for repairs, renovations and replacement of physical assets in future years.
2. Purchase order commitments representing funds set aside to pay for materials and services ordered but not received in the current year.
3. Budget appropriations carried forward for specific budgetary purposes in subsequent years. These can arise from commitments, to various budget centres, to allow the complete or partial carry-forward of budgeted funds where it is determined that it would be in the best interests of the university to defer a particular expenditure to the following year.
4. Funds set up for self-insurance to protect against uninsured losses, for example to cover the deductible amounts under fire and theft insurance policies.
5. Unexpended pension contributions which arise from compliance with the Handbook of the Canadian Institute of Chartered Accountants.

6. Finally, an "Other" category is employed to report various types of appropriations which are not defined in the preceding categories. Examples include provisions for pension liabilities, library or instructional development.

The first two categories, as well as the final "Other" category, are also reported for ancillary enterprises.

## **SUPPLEMENTARY TABLES GUIDELINES**

Tables 10, 11, 12 and 13 are utilized to collect information which is not published in Volumes I or II of the *Financial Report on Ontario Universities*.

### **Table 10 - Federal Government Grants and Contracts**

This table reflects, in detail, the institution's revenue from grants and contracts from the federal government by type of fund and source for the current fiscal year, as reported in Revenue Table 2. The Table identifies seven main sources: the Social Sciences and Humanities Research Council (SSHRC), Health and Welfare Canada, the Natural Sciences and Engineering Research Council (NSERC), the Canadian Institutes for Health Research (CIHR), the Canada Foundation for Innovation (CFI), Canada Research Chairs, and Indirect Costs of University Research. Other sources which, in aggregate, each exceed \$100,000 should be listed separately under "Other" sources. Grants and contracts not from one of the seven main sources and which in aggregate do not exceed \$100,000 should be combined and reported on the line "Other Grant Categories under \$100,000".

The Indirect Costs of University Research grant is reported under Sponsored Research – Entities Consolidated; the related expenses are reported as "internal cost allocations" back to the Operating fund and can be to any or all functional areas, based on institutional decisions.

### **Table 11 - Donations, Non-Government Grants and Contracts**

This table provides details of donations and non-government grants and contracts reported in Revenue Table 2. Information is reported by source, type of donation, and fund.

Source of Funds:

Corporations and Businesses - organizations operated for a profit.

Foundations - an entity that can be either a corporation or trust constituted and operated exclusively for charitable purposes.

Individuals - persons whose donations are reportable on their individual tax returns.

Associations and Societies - a not-for-profit organization comprised of more than one individual.

Type of Donations:

Donations - a voluntary transfer of cash or negotiable instruments. The donation is made without expectation of return or benefits of any kind to the donor. It includes gifts-in-kind (defined as a voluntary and gratuitous transfer of real or personal property. There must be

a donor, who gratuitously disposes of the property, and there must be a donee, who receives the property given. No right, privilege, material benefit or advantage may accrue to the donor.)

Types of Non-Government Grants and Contracts:

Non-government grants includes amounts received for which no tax receipts are provided and which are not considered as charitable donations for tax purposes.

Contracts provide financial support under certain specific stipulations and conditions, including the provision of a deliverable product, such as a piece of equipment, provision of a service, or a report.

### **Table 12 – Ontario Government Grants and Contracts**

This table reflects, in detail, the institution's revenue from grants and contracts from the provincial government by type of fund and source for the current fiscal year, as reported in Revenue Table 2.

The Ontario Research Performance Fund grant is reported under Sponsored Research – Entities Consolidated; the related expenses are reported as “internal cost allocations” back to the Operating fund and can be to any or all functional areas, based on institutional decisions.

### **Table 12a – Other Ontario Government Grants and Contracts – Other**

This table reflects, in detail, the institution's revenue from grants and contracts from Ontario government sources by type of fund and source for the current fiscal year, as reported on Table 12 in the row Other Ontario Government Grants and Contracts - Other. The Table identifies four main sources: the Ministry of Agriculture, the Ministry of Energy, Science and Technology, the Ministry of Health, and the Ministry of Natural Resources. Other sources which, in aggregate, each exceed \$100,000 should be listed separately under "Other Grant Categories Exceeding \$100,000". Grants and contracts not from one of the four main sources and which in aggregate do not exceed \$100,000 should be combined and reported on the line "Other Grant Categories Under \$100,000".

### **Table 13 - Employee Benefits**

This table reflects, in further detail, for each fund the institution's contribution to employee benefits, for the current fiscal year, as reported on the Summary of Expense By Fund and Object of Expense Table 4.

Universities may complete this table in the following two ways:

- If detailed information by benefit category is not available for each fund, the total costs by benefit category may be shown in Operating only. An allocation of

total expense may be made from Operating to each individual fund in line 12 of the Table.

- If detailed information is available for each benefit category for each fund, then the information is provided as laid out on the Table.

The employee benefits are categorized as follows:

1. Pension plan - cost of the employer contributions for employees who are members of a pension plan.
2. Group Life Insurance - the cost of the employer's contribution concerning employees' life insurance; benefits of which are paid to a beneficiary in the event of employee death before and after retirement.
3. Long Term Disability Insurance - the cost of the employer's contribution for employees who are absent and unable to work because of illness or disability.
4. Dental Insurance - the cost of the employer's contribution to insurance covering employees' and dependants' dental care expenses.
5. Employer Health Tax - an Ontario government tax on employers equal to a percentage of gross annual payroll.
6. Canada Pension Plan - the cost of the employer's contribution for employees who benefit from the Canada Pension on or after their date of retirement.
7. Workers' Compensation - the cost of the employer's contribution for benefits provided by the workers' compensation plan in the event of on the job injury or employee death due to occupational illness.
8. Employment Insurance - the cost of the employer's contribution for employees eligible to receive money from this plan in case of unemployment.
9. Extended Health Care Plan - the cost of the employer's contribution for employees eligible for expenses such as professional ambulance services and prescription drugs.
10. Tuition Remission - the rebates on tuition fees received by employees and dependants. For employees, these rebates may be for courses taken at other institutions.

If an institution has made lump sum payments or received rebates from its carriers, these amounts should be reported separately so that the institutional comparison for current year benefit costs will not be distorted.

11. Other – any other negotiated items (such as parking, professional development allowance). If these items are not negotiated, they should not be reported as Employee benefits.

#### **Table 14 – Reconciliation Between Fund Balances in COFO-UO Report and Net Assets in Audited Financial Statements**

This table ensures that the information in an institution's report to COFO-UO can be reconciled with the institution's financial statements to reassure the reader that the published report to COFO-UO is based on information audited by the institution's external auditors. The table reports the various items needed to ensure that the Net Revenue (Expense) as reported to COFO-UO, can be reconciled with the Net Revenue (Expense) per financial statements. The sum of these reconciling items is reported on the table on the line entitled Net Total of Reconciling Items and, in turn, is transferred to Table 1 on the line entitled Net Reconciling Items.

Reconciliation items are categorized as follows:

1. Repayment of long-term debt – reflects the repayment of principal used to finance capital expenditures. The COFO-UO report **reflects** the cash amount paid as an expense. **This amount should agree with the borrowing reported on Table 4, row 20, column 10.**
2. Amortization of deferred capital contributions – reflects the amount reported as amortization of deferred capital contributions in the audited financial statements in accordance with generally accepted accounting principles. The revenue used to finance capital expenditures is reported in the COFO-UO report when cash payments are received.
3. Amortization of deferred other contributions – reflects the amount reported in the audited financial statements in accordance with generally accepted accounting principles. The revenue used to finance non-capital expenditures is reported in the COFO-UO report when cash payments are received.
4. Purchase of capital assets – reflects the capital expenditure in the COFO-UO report when cash payments are made which are capitalized in the audited financial statements in accordance with generally accepted accounting principles.
5. Borrowing for long-term debt - reflects the borrowings used to finance capital expenditures, where the university will repay both interest and principal. **This amount should agree with (and should be the inverse of) the borrowing reported on Table 2, row 12, column 9.**
6. Capital contributions – reflects the amount reported as increases to deferred capital contributions in the audited financial statements for capital expenditures in accordance with generally accepted accounting principles. The revenue is reported in the COFO-UO report when cash payments are received but amortized for financial statement purposes.

7. Other contributions – reflects the amount reported as deferred revenue in the audited financial statements in accordance with generally accepted accounting principles. The revenue is reported in the COFO-UO report when cash payments are received.
8. Amortization of capital assets – reflects the amount reported as amortization of capital assets in the audited financial statements in accordance with generally accepted accounting principles. The COFO-UO report does not reflect generally accepted accounting principles surrounding the amortization of capital assets.
9. Vacation pay accrual – reflects the amount determined under generally accepted accounting principles for the cost of vacation pay expensed in the audited financial statements. The expense is reported in the COFO-UO report when cash payments are made.
10. Difference between pension funding contributions and amount expensed – reflects the difference between the amount determined under generally accepted accounting principles for the cost of pension expensed in the audited financial statements and the pension funding contributions made. The expense is reported in the COFO-UO report when cash payments are made for these benefits. The COFO-UO report does not reflect generally accepted accounting principles surrounding the amortization of experience gains or losses on pension assets and liabilities.
11. Post employment benefits – reflects the difference between the amount determined under generally accepted accounting principles for the cost of post employment benefits expensed in the audited financial statements and post employment benefits paid. The expense is reported in the COFO-UO report when cash payments are made for these benefits. The COFO-UO report does not reflect generally accepted accounting principles surrounding the amortization of actuarial gains or losses.
12. Other – this category is employed to report various reconciling items which are not defined in the preceding categories.