

INDEPENDENT AUDITORS' REPORT



THE BOARD OF TRUSTEES
TUFTS UNIVERSITY:

We have audited the accompanying statement of financial position of Tufts University (the "University") as of June 30, 2002 and the related statements of unrestricted activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the University for the year ended June 30, 2001 were audited by other auditors whose report, dated September 14, 2001 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the University at June 30, 2002, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Boston, Massachusetts
August 22, 2002

TUFTS UNIVERSITY

Statements of Financial Position

AS OF JUNE 30, 2002 AND 2001 *(in thousands)*

	2002	2001
ASSETS		
Cash and cash equivalents	\$32,625	45,678
Receivables, net, and other assets (note 3)	22,017	28,019
Contributions receivable, net (note 4)	31,883	52,890
Notes and student loans receivable, net (note 10)	41,454	41,623
Funds held under bond agreements (note 7)	51,255	55,436
Investments, at market value (note 5)	859,146	801,777
Land, buildings and equipment, net (note 6)	396,824	361,842
Total assets	1,435,204	1,387,265
LIABILITIES		
Accounts payable and accrued expenses	74,523	72,462
Current portion of long-term debt (note 7)	40,170	4,121
Deferred revenue and deposits	31,809	28,966
Government advances for student loans	23,061	22,623
Long-term debt, net of current portion (note 7)	236,168	240,198
Total liabilities	405,731	368,370
NET ASSETS (note 8)		
Unrestricted	581,163	566,706
Temporarily restricted	194,669	228,464
Permanently restricted	253,641	223,725
Total net assets	1,029,473	1,018,895
Total liabilities and net assets	\$1,435,204	1,387,265

See accompanying notes to financial statements.

TUFTS UNIVERSITY

Statements of Unrestricted Activities

YEARS ENDED JUNE 30, 2002 AND 2001 *(in thousands)*

	2002	2001
OPERATIONS		
Revenues:		
Tuition and fees	\$222,349	214,109
Less: scholarships and fellowships	(49,167)	(43,823)
Tuition and fees, net	173,182	170,286
Government grants and contracts	91,394	90,441
Clinical and other educational activities	48,485	46,009
Auxiliary enterprises	35,759	34,983
Contributions and grants	35,625	30,488
Investment return utilized	42,232	38,017
Total revenues	426,677	410,224
Expenses:		
Instruction	120,296	114,838
Sponsored programs	91,502	85,824
Clinical and other educational activities	62,538	59,217
Academic and student services	56,886	54,694
Auxiliary enterprises	33,959	32,143
Institutional support	46,155	43,014
Total expenses	411,336	389,730
Increase in unrestricted net assets from operations	15,341	20,494
NON-OPERATING ACTIVITIES		
Investment return reinvested	(17,133)	11,236
Net assets released from restrictions for capital and other purposes	10,215	11,266
Other non-operating activities	6,034	2,887
(Decrease) Increase in unrestricted net assets from non-operating activities	(884)	25,389
Increase in unrestricted net assets	\$14,457	45,883

See accompanying notes to financial statements.

TUFTS UNIVERSITY

Statements of Changes in Net Assets

YEARS ENDED JUNE 30, 2002 AND 2001 (in thousands)

	2002	2001
UNRESTRICTED NET ASSETS		
Total revenues from operations	\$426,677	410,224
Total expenses from operations	(411,336)	(389,730)
Non-operating activities, net	(884)	25,389
Increase in unrestricted net assets	14,457	45,883
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	2,660	3,406
Investment return reinvested	(23,389)	(784)
Net assets released from restrictions due to investment return utilized	(2,851)	(1,607)
Net assets released from restrictions for capital and other purposes	(10,215)	(11,266)
Decrease in temporarily restricted net assets	(33,795)	(10,251)
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	29,294	32,638
Investment return reinvested	622	2,186
Increase in permanently restricted net assets	29,916	34,824
Increase in total net assets	10,578	70,456
Net assets at beginning of year	1,018,895	948,439
Net assets at end of year	\$1,029,473	1,018,895

See accompanying notes to financial statements.

TUFTS UNIVERSITY

Statements of Cash Flows

YEARS ENDED JUNE 30, 2002 AND 2001 *(in thousands)*

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in total net assets	\$10,578	70,456
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Net realized and unrealized investment losses (gains)	31,948	(13,860)
Depreciation and other noncash transactions	26,207	25,398
Net change in working capital assets and liabilities	13,240	8,597
Decrease (increase) in contributions receivable for long-term purposes	18,937	(10,662)
Contributions received for long-term investments	(54,443)	(13,768)
Investment income restricted for long-term investments	(3,111)	(2,697)
Net cash provided by operating activities	43,356	63,464
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans granted	(5,463)	(6,380)
Student loans repaid	5,449	4,038
Purchases of investments	(885,321)	(733,190)
Proceeds from sale of investments	796,005	718,657
Additions to land, buildings and equipment	(61,218)	(58,872)
Net cash used by investing activities	(150,548)	(75,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in government advances for student loans	438	445
Proceeds from issuance of notes and bonds	35,988	76,148
Repayments of bonds and notes	(4,021)	(3,555)
Changes in funds held under bond agreements	4,180	(50,977)
Contributions received for long-term investments	54,443	13,768
Investment income restricted for long-term investments	3,111	2,697
Net cash provided by financing activities	94,139	38,526
Net (decrease) increase in cash and cash equivalents	(13,053)	26,243
Cash and cash equivalents at beginning of year	45,678	19,435
Cash and cash equivalents at end of year	\$32,625	45,678
SUPPLEMENTAL DATA		
Interest paid	\$11,241	8,753
Gifts of property	\$ 351	1,547

Notes to Financial Statements

JUNE 30, 2002 AND 2001

(1) ORGANIZATION

Tufts University, founded in 1852, is a not-for-profit institution committed to education and research. The University is a complex independent nonsectarian university of high quality, with approximately 8,500 students and three campuses, in Boston, Medford/Somerville and Grafton, Massachusetts. The University provides degree programs at both undergraduate and graduate levels in a variety of liberal arts and professional areas. The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Code.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis with net assets and revenues, expenses, gains and losses classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University are classified and reported as follows:

- Permanently restricted—Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the University. Such net assets consist primarily of donor-restricted endowment funds.
- Temporarily restricted—Net assets subject to donor-imposed stipulations that may be satisfied by actions of the University that expire with the passage of time.
- Unrestricted—Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the Board of Trustees.

CLASSIFICATIONS

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Contributions and investment return for operating activities subject to donor-imposed stipulations that are met in the same period are reported as unrestricted revenues. Investment return subject to donor-imposed stipulations not utilized in the current period are released from temporarily restricted net assets when spent and shown as investment return utilized. Expirations of all other temporarily restricted net assets are reported as reclassifications between the applicable classes of net assets.

Notes to Financial Statements

CONTRIBUTIONS

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions restricted for the acquisition of land, buildings and equipment are reported as increases in temporarily restricted net assets. These contributions are reclassified to unrestricted net assets as the funds are expended. Promises to give subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value at the date of gift. Contributions scheduled to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contributions in the appropriate net asset class.

INVESTMENTS

Investments are reported at fair value. Dividends, interest and net gains on investments are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment or loan fund;
- as increases in temporarily restricted net assets if the terms of the gift or relevant state law impose restrictions on the current use of the income or net gains. The University has relied on the Massachusetts Attorney General's interpretation of relevant state law that unappropriated endowment gains (\$166,176,000 in 2002 and \$191,273,000 in 2001) should generally be classified as temporarily restricted; and
- as increases in unrestricted net assets in all other cases.

OPERATIONS AND NON-OPERATING ACTIVITIES

The statements of unrestricted activities report changes in unrestricted net assets from operations and non-operating activities. Operations does not include the release from restrictions of contributions restricted to the acquisition of land, buildings and equipment; investment return in excess of the University's operating needs as defined by its spending policy; or unrestricted bequests and gifts of property. The University's current spending policy on investments in the Total Return Pool for endowment and funds functioning as endowment provides for an annual increase in spending of 5% adjusted for additions and withdrawals. For other investments, the spending policy represents the yield earned.

Tuition revenues are reported net of the discount attributable to reductions in amounts charged to students, whether as unrestricted University financial aid, distributions from endowment funds or government aid awarded to students by the University.

Notes to Financial Statements

Revenues associated with research and other grants and contracts are recognized when related expenses are incurred. Indirect cost recovery by the University is recorded as unrestricted revenues of \$23,228,000 in 2002 and \$21,510,000 in 2001.

Interest, depreciation and operations and maintenance expenses have been allocated to functional expense classifications based on square footage utilized.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, short-term investments with maturities at the dates of purchase of three months or less are classified as cash and cash equivalents.

FINANCIAL INSTRUMENTS

The University has estimated, where practicable, the fair values of its financial instruments by using appropriate valuation methodologies. Using discounted cash flow analysis, the University determined that the estimated fair value of its total long-term indebtedness is substantially equivalent to its carrying value. The University further determined that the differences between the carrying values and the estimated fair values of its other financial assets and liabilities are not material.

LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are stated at cost at date of purchase or fair value at date of donation in the case of gifts. Depreciation is provided using the straight-line method over the assets' estimated useful lives, which range from 20 years for land improvements, 5 to 50 years for buildings and 3 to 25 years for equipment and furnishings.

LIFE INCOME AND ANNUITY AGREEMENTS

Life income agreements with donors consist primarily of irrevocable charitable remainder trusts. Assets held in these trusts and annuities are included in investments. Contribution revenues are recognized at the date the trusts or annuity funds are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts or annuities for changes in the value of the assets, accretion of the discount and other changes in the estimates of future payments.

USE OF ESTIMATES

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

2001 PRESENTATION

Certain 2001 amounts have been reclassified to conform with the 2002 presentation.

Notes to Financial Statements

(3) RECEIVABLES AND OTHER ASSETS

Receivables, net, and other assets consisted of the following at June 30 *(in thousands)*:

	2002	2001
Gross receivables	\$19,454	26,459
Less: allowance for uncollectible amounts	<u>(2,193)</u>	<u>(2,866)</u>
Receivables, net	17,261	23,593
Other assets	4,756	4,426
Total	\$22,017	28,019

Receivables include amounts due from students, grants and contracts, clinics and other. Other assets include deferred charges, prepaid expenses and inventories.

(4) CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30 *(in thousands)*:

	2002	2001
Unconditional promises scheduled to be collected in:		
Less than one year	\$7,204	15,115
One year to five years	28,283	48,323
More than five years	3,586	3,981
Less: allowance for uncollectible amounts	(3,100)	(5,436)
unamortized discount to present value	<u>(4,090)</u>	<u>(9,093)</u>
Total	\$31,883	52,890

Notes to Financial Statements

(5) INVESTMENTS

Investments included commingled assets from the various net asset classes and consisted of the following market values at June 30 (*in thousands*):

	2002	2001
Cash and cash equivalents	\$34,203	21,457
Equity securities	271,499	280,646
Fixed income securities	234,072	313,781
Hedge funds	304,049	170,950
Private equities	18,787	21,511
Net payable for unsettled trades	(3,464)	(6,568)
Total	\$859,146	801,777

Fair values for marketable equity securities and fixed income securities are based on published market values. The University invests in hedge fund and private equity investments through various limited partnerships and similar vehicles. Hedge funds utilize a variety of investment strategies incorporating marketable securities and, in some cases, derivative instruments, all of which are reported at fair value. Private equity investments consist of long-term private investment securities and have been valued based on estimates reported by fund managers. Such estimates may differ significantly from values that would have been used had a ready market for the investments existed.

The total return on investments for the years ended June 30 (*in thousands*) is as follows:

	2002			2001		
	Endowment and funds functioning as endowment	Other funds	Total	Endowment and funds functioning as endowment	Other funds	Total
Dividends and interest	\$17,749	16,531	34,280	16,303	18,885	35,188
Net realized and unrealized gains	(29,234)	(2,714)	(31,948)	4,568	9,292	13,860
Total return on investments	(11,485)	13,817	2,332	20,871	28,177	49,048
Investment return utilized	(26,133)	(16,099)	(42,232)	(22,111)	(15,906)	(38,017)
Investment return reinvested	\$(37,618)	(2,282)	(39,900)	(1,240)	12,271	11,031

TUFTS UNIVERSITY

Notes to Financial Statements

(6) LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following at June 30 *(in thousands)*:

	2002	2001
Land and land improvements	\$26,058	24,588
Buildings	440,558	411,005
Construction in progress	73,368	54,741
Equipment and furnishings	115,086	110,097
	655,070	600,431
Less: accumulated depreciation	(258,246)	(238,589)
Total	\$396,824	361,842

Depreciation expense charged to operations was \$23,991,000 and \$22,651,000 in 2002 and 2001, respectively. Net capitalized interest cost included in construction in progress was \$1,689,400 for the year ended June 30, 2002.

(7) LONG-TERM DEBT

Long-term debt consisted of the following at June 30 *(in thousands)*:

	2002	2001
Massachusetts Industrial Finance Agency (MIFA):		
Series H, fixed rate bonds at 4.75%–5.50%, due through 2028	\$98,360	100,550
Massachusetts Health and Educational Facilities Authority (MHEFA):		
Series G, variable rate bonds, 2.155% average rate for 2002, due 2024–2026	43,200	44,300
Series F, fixed rate bonds at 5.15%–5.95%, due through 2018	34,200	34,375
Series I, fixed rate bonds at 5.25%–5.50%, due 2029–2036	50,000	50,000
Series J, fixed rate bonds at 3.00%–5.50%, due 2003–2018	33,280	–
Department of Education (DOE):		
Fixed rate bonds, 3.00%–3.625%, due through 2018	4,604	5,006
Fixed rate bonds, 3.00%, due through 2021	2,420	2,528
Secured note, 5.50%, due through 2020	1,515	1,561
Citizens Bank:		
Note, rate fixed at 6.135% until 2005; rate at 7-year Eurodollar rate plus 1.00% from 2005 to maturity in 2006	7,500	7,500
	275,079	245,820
Less: net unamortized bond premium (discount)	1,259	(1,501)
Less: current portion	(40,170)	(4,121)
Long-term debt, net of current portion	\$236,168	240,198

TUFTS UNIVERSITY

Notes to Financial Statements

The University issued \$50,000,000 of Revenue Bonds, Series I, on April 3, 2001 and \$25,000,000 of Revenue Bonds, Series G, Tranche Two, on June 7, 2001. The proceeds of both issues are being used to finance the construction and renovation of various educational facilities. As of June 30, 2002 and 2001, respectively, \$11,469,000 and \$51,509,000 of the aggregate proceeds from these issues remain unexpended. These balances are included in funds held under bond agreements in the accompanying statements of financial position.

The MHEFA Series F bonds are collateralized by pledged tuition revenues. The DOE fixed rate bonds are collateralized by certain dormitories and other buildings. The DOE secured note is collateralized by funds held under bond agreements.

On May 21, 2002, the University issued \$33,280,000 of Series J Revenue Bonds. The proceeds of this issue will be used to refinance outstanding Series F Bonds. The Series F Bonds were not legally defeased and will be called for redemption on August 15, 2002.

Scheduled aggregate principal repayments on long-term indebtedness are as follows
(in thousands):

Fiscal Year	
2003	\$40,170
2004	3,101
2005	3,403
2006	3,442
2007	11,260
Thereafter	213,703
Total	\$275,079

A refunding trust was established in 1989 to retire Series A bonds. Trust funds will be applied to outstanding principal and interest through 2008. Because the refunded bonds are no longer deemed to be outstanding for financial reporting purposes, neither the debt nor the irrevocable trust assets are included in the statements of financial position.

Interest expense charged to operations was \$8,540,000 and \$9,527,000 in 2002 and 2001, respectively.

TUFTS UNIVERSITY

Notes to Financial Statements

(8) NET ASSETS

Net assets consisted of the following at June 30 *(in thousands)*:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2002	Total 2001
Operating funds:					
Undesignated	\$30,828			30,828	46,496
Donor restricted		18,402	14,556	32,958	40,809
Specific programs	48,099			48,099	42,325
Designated for facilities	67,551			67,551	121,886
Net investment in plant	172,739			172,739	175,345
Endowment and funds functioning as endowment	261,946	176,267	239,085	677,298	592,034
Total	\$581,163	194,669	253,641	1,029,473	1,018,895

(9) BENEFIT PLANS

Retirement benefits are available to eligible faculty and administrative staff. All retirement benefits are funded and vested under a defined contribution plan. The University's contributions to the plan amounted to approximately \$14,548,000 and \$13,468,000 in 2002 and 2001, respectively.

The University provides postretirement health care benefits to eligible retired employees and their eligible spouses. Retirees share in the cost of their health care benefits through copayments and deductibles related to years of service and date of retirement. Employees who were hired after December 31, 1993 must pay for the entire cost of their benefit when they retire. The University has established a trust to fund the postretirement benefits for most of the eligible employees. The trust qualifies as a "voluntary employees' beneficiary association" under the provisions of Section 501(c)(9) of the Internal Revenue Code in order that the trust be exempt from certain taxes. The University funded the trust in 2002 and 2001 with \$1,768,000 and \$1,593,000, respectively.

Following is the change in the University's benefit obligation for the years ended June 30 *(in thousands)*:

	2002	2001
Change in Benefit Obligation		
Benefit obligation at beginning of year	\$28,114	28,308
Service cost	314	327
Interest cost	2,081	1,943
Benefits paid	(2,062)	(1,644)
Actuarial loss(gain)	1,386	(820)
Benefit obligation at end of year	\$29,833	28,114

Notes to Financial Statements

The funded status of the University's plan and the amounts recognized in the statements of financial position at June 30, 2002 and 2001 were as follows (*in thousands*):

	2002	2001
Change in Plan Assets		
Fair value of plan assets at beginning of year	\$20,651	19,030
Actual return on plan assets	309	1,471
Employer contributions	1,768	1,593
Plan participant contributions	252	201
Benefits paid	(2,062)	(1,644)
Fair value of plan assets at end of year	\$20,918	20,651
Funded status	8,915	7,463
Unrecognized transition obligation	(13,840)	(15,100)
Unrecognized net gain	5,136	7,829
Accrued liability recognized	\$211	192

The 2002 and 2001 postretirement benefit expense included the following components (*in thousands*):

	2002	2001
Interest cost	\$2,081	1,943
Service cost	314	327
Amortization of transition obligation over 20 years	1,260	1,260
Expected return on plan assets	(1,587)	(1,467)
Amortization of gain	(281)	(452)
Net periodic benefit cost	\$1,787	1,611

The 2002 and 2001 postretirement benefit obligation amounts were determined by using a weighted-average discount rate of 7.25%. For both 2002 and 2001, health care costs were assumed to increase 12% grading down to 6% in year 2006 and thereafter. The health care cost trend rate has a significant effect on the amounts reported. A 1% increase in the health care cost trend would have increased the expense and the accumulated postretirement benefit obligation for 2002 by \$197,000 and \$1,217,000, respectively. A 1% decrease in the health care cost trend would have decreased the expense and the accumulated postretirement benefit obligation for 2002 by \$175,000 and \$1,082,000, respectively.

The expected return on plan assets was assumed to be 8% per year for 2002 and 2001.

Notes to Financial Statements

(10) RELATED ORGANIZATIONS

WALNUT HILL PROPERTIES CORPORATION (WALNUT HILL)

Walnut Hill is a not-for-profit corporation established by the University to own and manage certain investment and rental properties. The accounts of Walnut Hill are consolidated in the financial statements of the University.

TUDC, INC. (TUDC)

TUDC is a for-profit real estate corporation created by the University to develop the Tufts International Center (the "Center") with the air rights over South Station in Boston. The Center, when completed, will include an office tower, hotel and conference facilities, retail space and a parking facility. In October 1997, TUDC entered into a development partnership agreement with Hines Interests Limited Partnership to codevelop the air rights. This arrangement was approved by the Boston Redevelopment Authority in July 1998. TUDC has a promissory note payable to the Massachusetts Bay Transportation Authority in the amount of \$10,000,000. The University has no liability for the promissory note. The accounts of TUDC are included in the financial statements of the University using the equity method of accounting.

TUFTS VETERINARY EMERGENCY TREATMENT SERVICES, INC. (TVETS)

TVETS is a not-for-profit corporation organized by the University to provide emergency veterinary services. The veterinary clinic offers animal emergency stabilization and treatment and provides an intern program for residents in the Emergency Treatment program at the University's veterinary school. The accounts of TVETS are consolidated in the financial statements of the University.

TUFTS BIOTECHNOLOGY CORPORATION (TBC)

TBC is a for-profit development corporation created by the University to develop 106 acres designated for commercial use on the veterinary school campus. At this time, there is no development agreement. The accounts of TBC are consolidated in the financial statements of the University.

TUFTS-NEW ENGLAND MEDICAL CENTER, INC. (T-NEMC)

The University and New England Medical Center (the "Medical Center") jointly formed TNEMC, a service corporation. T-NEMC provides parking, laboratory animal housing, and educational media services to the University and the Medical Center. The costs of these services to the University for the years ended June 30, 2002 and 2001 were \$4,086,000 and \$4,243,900, respectively. The administrative board of T-NEMC includes equal representation from the University and the Medical Center. The University holds a mortgage note receivable that bears interest at rates varying from 5.9% to 7%, with principal and interest payable semiannually. The balances of the note at June 30, 2002 and 2001 were \$1,974,000 and \$2,239,000, respectively and are included in notes and student loans receivable on the Statements of Financial Position. The accounts of T-NEMC are not consolidated in the financial statements of the University.

(11) CONTINGENCIES

There are currently several cases pending involving labor relations and other matters related to the normal operation of the University. The University believes that the outcome of these cases will have no significant effect on the financial position of the University.