

University of New Brunswick Board of Governors Members, 2000-2001

Ex-Officio Members (10)

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Elizabeth Parr-Johnston (President)
John D. McLaughlin (V-P Academic)
D. Murray (V-P Finance & Admin.)
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Rick Miner (V-P, Saint John)
Bob Skillen (Director of Alumni Affairs)
Stephen Strople (University Secretary)
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Mayor Shirley McAlary (Saint John)

Appointed by Lieutenant-Governor in Council (10)

DOHERTY, Edward
GANONG, David
IRVING, Sandra
MCCAIN, Kathryn
BOUDREAU, Robert
NOLAN, Roderick
O'BRIEN, David
POND, Gerry
RYAN, Carey
TBA

Appointed by Associated Alumni(ae) (5)

BREWER, Earl
MCALLISTER, Sally
MCGINN-GIBERSON, Jane
MCGRATH, Anne-Marie
NEILL, Marti-Lou

Appointed by Board of Governors (5)

DUNNETT, Freeman
FRAZEE, Rowland
GILLIN, Patrick
MCFADYEN, Nancy
SQUIBB, Wayne

Elected by Faculty Members, Fredericton (4)

FRITZ, Jane
MASON, Gordon
PASSARIS, Constantine
THOMPSON, Gillian

Elected by Faculty Members, Saint John (2)

JOHNSON, John
DONNELLY, Fred

Appointed by the New Brunswick Teachers' Association (1)

GILLET, Diane

Elected by Students, Fredericton (2)

DESCHENES, Scott
GOGUEN, Charles

Elected by Students, Saint John (1)

HUTTGES, Denyse

Governors Emeriti

CONDON, Thomas J.
LYNCH, M. Louise, O.C.
TWEEDDALE, Reginald E.

Board of Governors Committees, 2000-2001

Audit Committee

F. Dunnett – Chair
E. Parr-Johnston
D. Ganong
A.M. McGrath
W. Squibb
C. Callbeck
L. Guitard
D. Murray
S. Strople

Executive Committee

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R. Frazee
J. Johnson
A.M. McGrath
R. Nolan
D. O'Brien
C. Ryan
S. Strople

External Relation Committee

S. Irving – Chair
S. McAllister
K. McCain
R. Nolan
C. Passaris
E. Parr-Johnston
G. Pond
R. Tingley
S. Boudreau
S. Montague

B. Skillen

G. Wilkins
L. Armstrong
J. Morell

Finance Committee

R. Frazee – Chair
J. Fritz
D. Ganong
C. Goguen
J. Johnson
R. Nolan
D. O'Brien
E. Parr-Johnston
J. D. McLaughlin
R. Miner
D. Murray
J. White
C. Callbeck
T. Gonnason
L. Guitard
S. Strople
S. Montague

Investment Committee

D. O'Brien – Chair
S. Deschenes
E. Doherty
F. Dunnett
M. P. Gillin
G. Mason
R. Nolan

E. Parr-Johnston

L. Guitard
D. Murray
W. H. Gerow III
M. Schofield
I.T. Scott
S. Wheatley
S. Strople
S. Montague
E. Ward

Magee Loan Committee

E. Parr-Johnston – Chair
F. Donnelly
D. Huttges
M.-L. Neill
G. Thompson
S. Strople
S. Clayton
L. Guitard
J. McGinn
R. Papenhausen

Nominating and Review Committee

D. O'Brien – Chair
E. Parr-Johnston
E. Doherty
J. Johnson
S. McAllister
R. Nolan
S. Strople

Personnel Policy Committee

A.M. McGrath – Chair
E. Parr-Johnston
D. Murray
R. Miner
J. McLaughlin
R. Frazee
S. Irving
R. Nolan
D. O'Brien
P. McDougall

Properties

G. W. Squibb – Chair
E. Brewer
M. P. Gillin
G. Mason
N. McFadyen
E. Parr-Johnston
R. Miner
D. Murray
M. Ryan
L. Guitard

University Honorary Degrees Committee

E. Parr-Johnston – Chair
E. Doherty
K. McCain
J. McGinn-Giberson

President's Message



The University of New Brunswick is embarking upon the future with a renewed sense of vision and purpose.

In 1997 we initiated an innovative and inclusive Renewal Process to develop a new vision for UNB through broad consultations with members of the university and stakeholders in the broader community. Out of the consultations emerged *The Challenge and the Choice: Renewal Directions for 2000 and Beyond*, a vision statement and an action agenda to move the university into the new century. Building upon a 216-year tradition of excellence, we at UNB have chosen to shape our own future — fostering new initiatives, increased co-operation, a renewed commitment to student success, and a strengthened role in the province and Atlantic Canada.

University-wide highlights for 2000-01 include:

- attracting the National Research Council Institute for Information Technology – e-Business
- receiving the highest number of Canada Research Chairs in Atlantic Canada in the first round of competition
- establishing the Canadian Rivers Institute
- officially opening the Planetary and Space Science Center
- establishing a University Awards Program to recognize outstanding faculty and staff
- swimmer Carla Guerts winning individual gold, silver and bronze medals at the CIAU championships
- establishing the offices of Student Recruitment & Integrated Marketing in Fredericton and Advancement, Communication & Recognition in Saint John
- reorganizing support units to enhance student services and integrated technology services
- introducing an e-Services Web-portal for faculty and staff
- enhancing classroom technology in support of teaching and learning
- opening the Advanced Computational Research Laboratory for high-speed computing
- offering Canada's first undergraduate course in biocomputing and drug design

I am proud to serve as president of one of Canada's oldest universities and believe strongly that the University of New Brunswick is well positioned to face the challenges and meet the opportunities ahead.

A handwritten signature in black ink that reads "Elizabeth Parr-Johnston". The signature is written in a cursive, flowing style.

Elizabeth Parr-Johnston, PhD
President and Vice-Chancellor

QUALITY OF STUDENTS, STAFF, PROGRAMS AND RESEARCH

The high calibre of UNB's faculty, staff, students and programs continues to be nationally and internationally recognized.

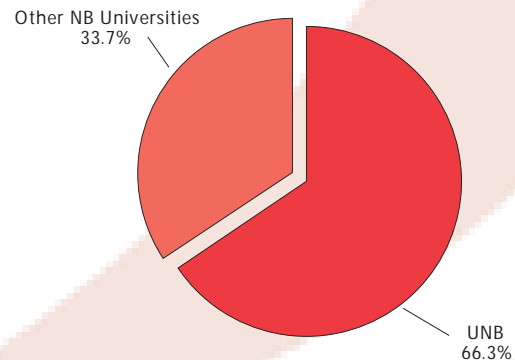
- Recent business graduate Kimberley Anne Langille earned the highest mark in a field of 2,567 on the 2000 Canadian Institute of Chartered Accountants Uniform Final Exam
- Criminologist Dr. Paul Gendreau received the Canadian Psychological Association Professional Award
- Dr. J. Douglas Willms, director of the Canadian Research Institute for Social Policy, won the 2000 Canadian Policy Research Award
- UNB received three Canada Research Chairs in the first round of competition — more than any other institution in Atlantic Canada
- Six new researchers — from chemical engineering, computer science, geodesy and geomatics engineering, and geology — received Canada Foundation for Innovation (CFI) new opportunities grants
- A UNB humanities and languages professor, Dr. Charles Stewart-Robertson, became the first non-American to receive a Noel Foundation Fellowship to conduct research at the Noel Memorial Library
- A three-year research fellowship with the Court of Justice of the European Communities in Luxembourg was awarded to Dr. Patrick Cavalier of the department of history and politics

• UNB offered the first engineering course in Canada in 1854 and today our faculty of engineering is ranked in the top 20 per cent of engineering faculties in North America

• UNB established the first faculty of computer science in Canada and offered the first bachelor's, master's, PhD and co-op computer science programs in Atlantic Canada

• UNB is a national leader in electronic commerce education and research and has a nationally recognized E-Commerce Centre

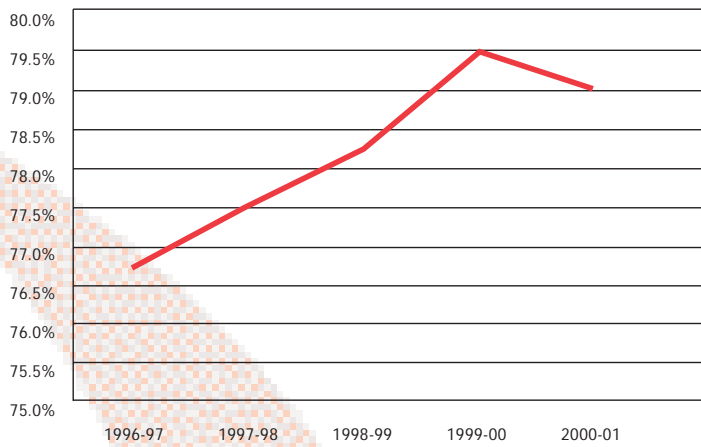
Total National Research Grants (NSERC, SSHRC, MRC)



Source: 2000 Maclean's Survey - 1999 Data as provided by the Association of Universities and Colleges



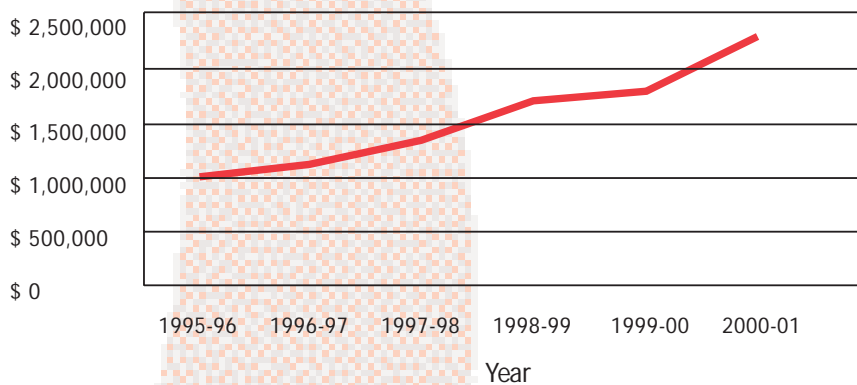
Entering Grade Average of Year-1 Full-Time Students



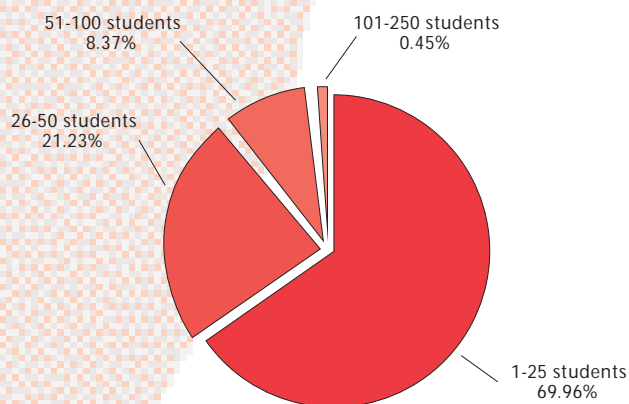
Source: Based on Maclean's historical survey data, 1997-2001



Total Entrance/Undergraduate Scholarships at UNB

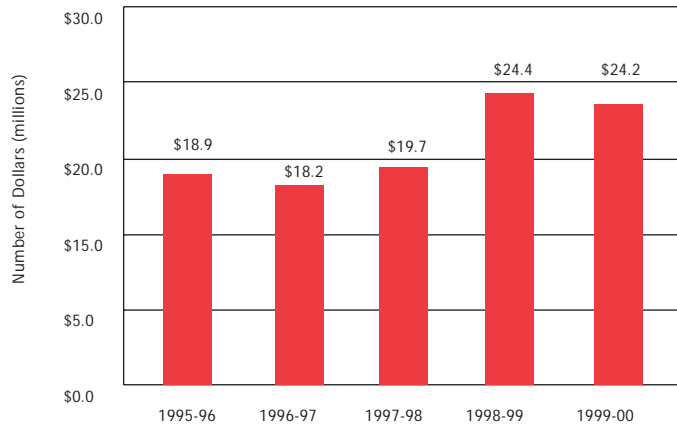


Undergraduate Class Sizes - 2000-01



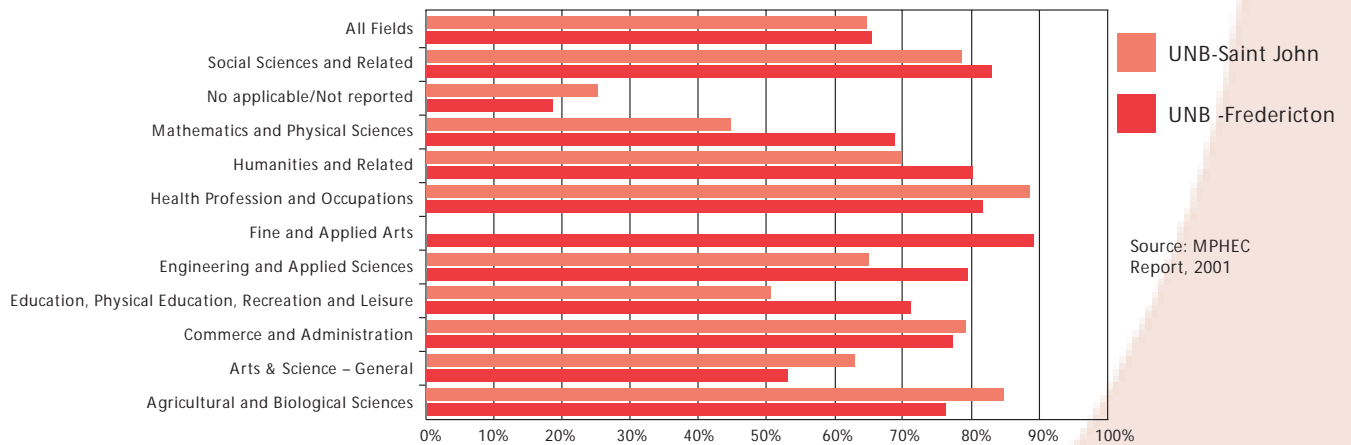
Source: 2001 Maclean's Survey - 2000 data

UNB Sponsored Research Income: 1995-96 to 1999-00



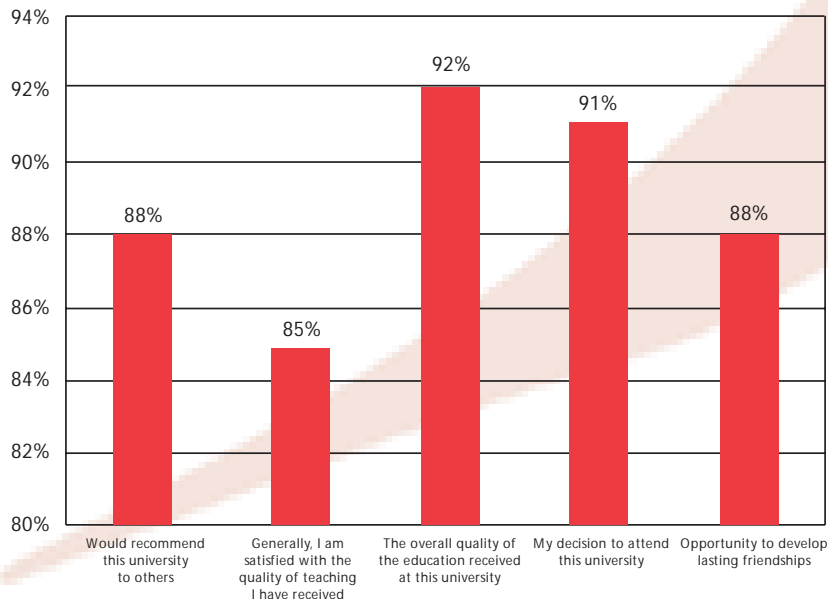
Source: CAUBO Financial Statistics 1995-1996 to 1999-2000

Retention Rate: Percent of Students First Enrolled in 1999 Remaining at the Same Institution in 2000



Source: MPHEC Report, 2001

Instructional and University Satisfaction



Note: A 4-point scale was used, where 1 means Very Dissatisfied or Strongly Disagree and 4 means Very Satisfied or Strongly Agree. Here 3, 4 = Satisfied.

Source: The Canadian Undergraduate Survey Consortium, Graduating Students Survey 2000, June 2000. UNB Graduating Students.



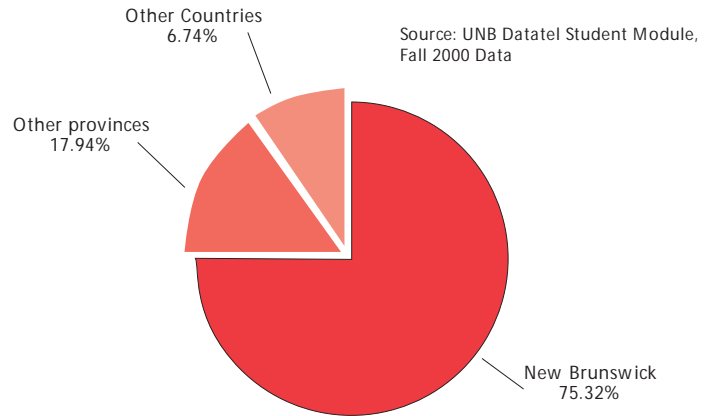
ENROLMENT AND DIVERSITY OF STUDENT BODY

Attracted by world-renowned programs and researchers, students come to UNB from across Canada and around the globe. With over 70 countries represented, UNB has one of the largest and most diverse populations of international students in Atlantic Canada.

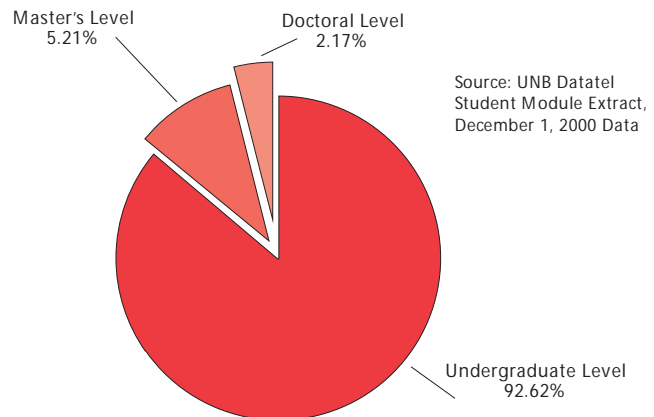
An aggressive international student recruitment strategy led by the Saint John campus was highly successful, resulting in a four-fold increase in international student enrolment in 2000-01 over the previous year. At Dec. 1, 2000, UNB enrolled over 6,700 students full time and 1,000 part time in undergraduate programs in Fredericton and over 2,000 full-time and nearly 490 part-time undergraduates in Saint John. The total graduate student enrolment on both campuses exceeded 950 students.

To further enhance recruiting, UNB reorganized in 2000-01. The new offices of Student Recruitment and Integrated Marketing in Fredericton and Advancement, Communication and Recognition in Saint John are responsible for domestic recruiting for their respective campuses and share responsibility for international recruiting.

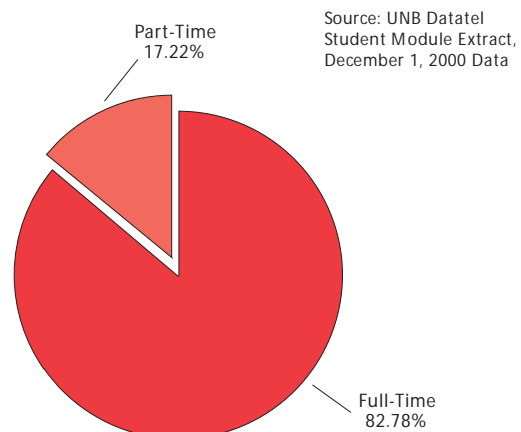
UNB Full-time Undergraduate and Graduate Student Enrolment by Geographic Origin



UNB Total Student Enrolment by Level, 2000-2001



UNB Total Student Enrolment by Status, 2000-2001



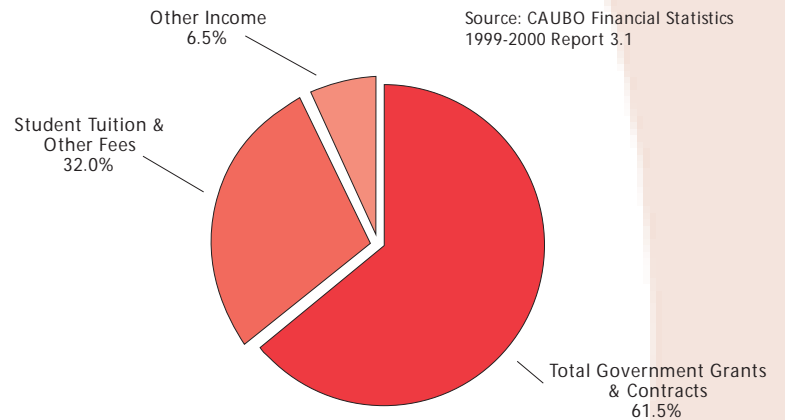
FUNDING

UNB, with campuses in Fredericton and Saint John and sites in Bathurst and Moncton, has an annual operating budget of \$130 million. About 66 per cent of its revenues come from government grants, with the balance from tuition and fees paid by students.

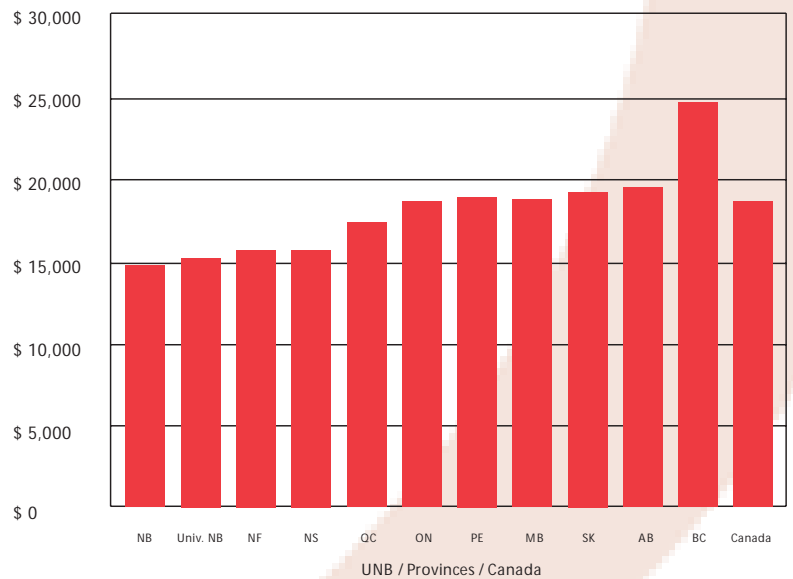
Over the past decade, the proportion of the costs paid by students has steadily increased, while the government component has steadily decreased from a high of 78 per cent in 1987-88.

However, UNB's tuition fees remain among the lowest in the region. In 2000-01, UNB's undergraduate tuition was \$429 below the Maritime average.

General Operating Income by Source, UNB 1999-2000

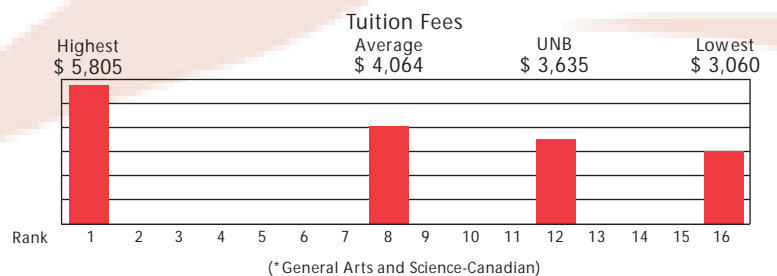


Total University Income Per Full-time Equivalent (FTE) Student 1998-99



Source: CAUBO Financial Statistics, 1998-1999; Statistics Canada for student enrolment data

Undergraduate Tuition Fees Maritime Universities 2000-2001



Source: Association of Atlantic Universities, 2000-2001 Tuition Fees.

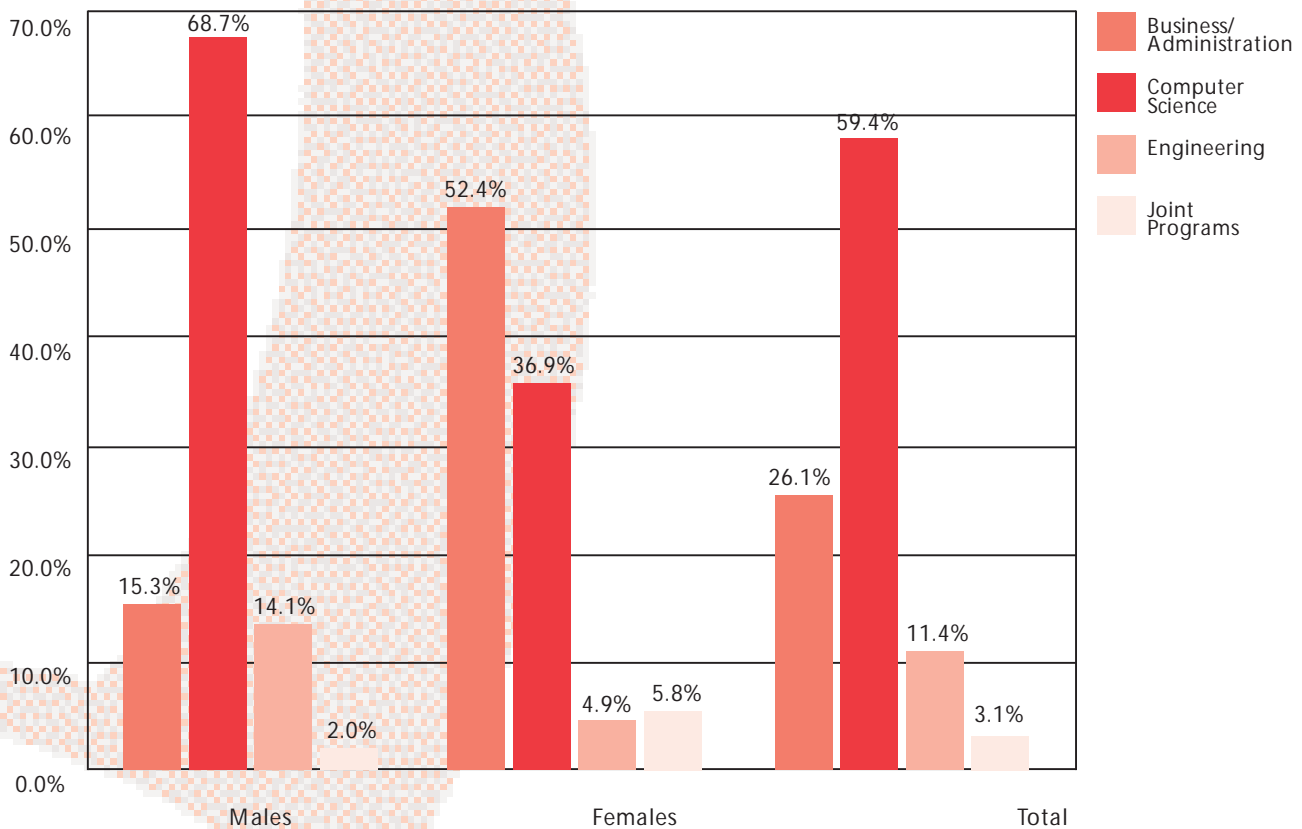
- UNB has the oldest undergraduate forestry program in Canada
- UNB offers a unique series of courses in biocomputing and drug design
- UNB's bachelor of science in forest engineering is the only accredited program of its kind in Canada
- UNB was the first university in Canada to establish a Web site, provide students with an e-mail account, enable students to apply online and offer students the first year of their degree program online
- UNB was the first university in Canada to offer a bachelor of health sciences degree
- UNB maintains more CIAU-recognized sports than any other AUS university.

WORKFORCE CONNECTION

- UNB alumni comprise the vast majority of professionals working in New Brunswick in the fields of engineering, law, education and forestry.
- For the 19th year in a row, the computer science co-op program saw nearly 100 per cent of its senior students hired before graduation. For employers, co-op students provide a regular infusion of fresh perspective and new skills.
- Building on the tremendous success of our well established co-op programs in business and computer science, UNB introduced new co-op programs in administration, civil engineering, and forestry and environmental management during 2000-01. Renaissance College also placed its first internship students.
- UNB is committed to expanding experiential learning opportunities for students on both campuses through professional experience, co-op and internship programs.
- UNB's own Work-study Program provides part-time, on-campus employment for many undergraduate and graduate students. The program helps students obtain practical, relevant workplace experience.
- Student employment offices on both campuses offer a suite of services to students, recent graduates and employers.



Cooperative Program Enrolment by Major Field of Study and by Gender



Source: UNB Datatel Student Module, Fall 2000 Data

Commentary on Financial Operations by Daniel V. Murray, Vice-President (Finance and Administration)

2000-01 Financial Results

The Board of Governors of the University of New Brunswick approved a balanced operating budget for the 2000-01 fiscal year. Important budget priorities were established enabling strategically focused investments supporting academic quality and strengthening competitiveness. These investments included a scholarship guarantee program, improvements to student lab facilities and enhanced student recruitment activities. The final operating results for the year illustrate the overall financial objective was achieved with \$88,000 being applied towards reducing the accumulated operating account deficit to \$3,343,000 as at April 30, 2001.

During the year, the university experienced both favourable and unfavourable budget outcomes. Favourable outcomes came from student fee income and overall salary costs. The fee income results stem from enrolment levels exceeding budget targets. While the Fredericton campus experienced a slight enrolment decline, the Saint John campus experienced growth, mostly driven by international markets. One-time salary savings accrued to the university mainly as a result of unfilled faculty positions arising out of recent early retirement programs. The majority of the planned faculty replacements were made either late in 2000-01 or early into the 2001-02 fiscal year. The university budget was adversely affected by the recent rise in world fuel oil prices with heating costs on both campuses significantly exceeding budget.

The basic financial strategy was to offset unfavourable outcomes with budget savings and to redeploy remaining balances to important capital improvements and operational needs.

Financial Challenge

New Brunswick universities operate with the lowest level of per student operating and total source funding in Canada and are approximately 10 per cent and 20 per cent below the Canadian averages in these respective categories. This places a significant financial challenge on the University of New Brunswick with a mandate to offer nationally competitive comprehensive programs and services.

The university has responded to this challenge through cost reduction and containment strategies, including reductions in the number of faculty through early retirement programs, operating budget cuts and freezes and through continued budget discipline.

In order to remain competitive and to maintain a viable financial position, appropriate and sustained levels of funding will be vital for the University of New Brunswick.

Alumni support

During 2000-01, the UNB Associated Alumni put to work a \$1-million gift from entrepreneur alumnus W. Anderson (Andy) Devereaux. His wish, to see alumni play a more active role in the life of the university, is being realized through several initiatives, including:

- an alumni-driven student recruitment program aimed specifically at Ontario,
- a revamped alumni Web site that provides information and services to alumni around the world, and
- the implementation of a strategic planning process.

In October 2000, the Associated Alumni unveiled Energized and Involved: Five New Directions for UNB's Associated Alumni. This action blueprint for helping the university outlines five key results areas where alumni can provide the most benefit to UNB: advice, advocacy, fund-raising, student recruitment and school-to-work transitions.

UNB alumni returned in record numbers in 2000 to mark two reunion milestones: Homecoming 2000, the largest and most successful reunion ever held at UNB Fredericton, and Celebration 2000, UNB Saint John's first all-class reunion.

- UNB's Law School consistently ranks as one of the top five in Canada in independent evaluations by Maclean's and Canadian Lawyer
- UNB's Renaissance College is the only undergraduate interdisciplinary leadership program in Canada

THE UNIVERSITY OF NEW BRUNSWICK

for the year ended April 30, 2001
(in thousands of dollars)

Statement of Management Responsibility

The University is responsible for the preparation of the financial statements and has prepared them in accordance with accounting principles generally accepted for Universities in accordance with guidelines developed by the Canadian Association of University Business Officers and the Canadian Institute of Chartered Accountants. The financial statements present fairly the financial position of the University as at April 30, 2001, and the results of its operations and its cash flows for the year then ended.

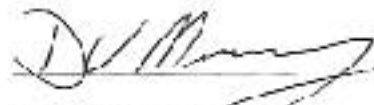
In fulfilling its responsibility and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors carries out its responsibility for review of the financial statements principally through the work of its Audit Committee. The Audit Committee meets with management and the external auditors to discuss the results of audit examination and financial reporting matters. The external auditors have full access to the Audit Committee, with and without the presence of management.

The financial statements for the year ended April 30, 2001 have been reported on by Deloitte & Touche, Chartered Accountants. The auditors are appointed by the Board of Governors. The auditors' report outlines the scope of their audit and their opinion on the fairness of presentation of the information in the financial statements.



Elizabeth Parr-Johnston, Ph.D.
President & Vice-Chancellor



D. V. Murray, C.A.
Vice-President
Finance and Administration

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Saint John, New Brunswick
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Fax: (506) 637-2460 (with lines)

**Deloitte
& Touche**

AUDITORS' REPORT

The Board of Governors,
The University of New Brunswick

We have audited the balance sheet of The University of New Brunswick as at April 30, 2001 and the statements of operations, 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2001, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants

Saint John, New Brunswick
September 4, 2001

**Deloitte
Touche
Tohmatsu**

THE UNIVERSITY OF NEW BRUNSWICK BALANCE SHEET

as at April 30, 2001
(in thousands of dollars)

	2001	2000 (As restated) (Note 3)
ASSETS		
Current assets		
Cash and short-term deposits	\$ 24,547	\$ 19,542
Accounts receivable	12,449	13,080
Inventories (Note 5)	1,468	1,284
Prepaid expenses and deferred charges	<u>1,870</u>	<u>1,456</u>
	<u>40,334</u>	<u>35,362</u>
Long-term investments (Note 6)	95,979	84,621
Capital assets (Note 7)	<u>78,606</u>	<u>75,107</u>
	<u>174,585</u>	<u>159,728</u>
	<u>\$ 214,919</u>	<u>\$ 195,090</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,023	\$ 14,215
Unearned revenue	3,332	2,123
Current portion of long-term debt (Note 9)	<u>465</u>	<u>160</u>
	<u>17,820</u>	<u>16,498</u>
Long-term liabilities		
Deferred contributions (Note 8)	38,505	33,959
Long-term debt (Note 9)	6,609	5,344
Early retirement and employee benefit plans (Note 10)	34,603	34,579
Unamortized deferred capital contributions (Note 11)	<u>58,987</u>	<u>57,816</u>
	<u>138,704</u>	<u>131,698</u>
Net assets		
Accumulated operating deficit	(3,343)	(3,431)
Restricted for specific purposes (Note 12)	(6,818)	(12,015)
Invested in capital assets (Note 13)	12,545	11,787
Endowed (Note 14)	<u>56,011</u>	<u>50,553</u>
	<u>58,395</u>	<u>46,894</u>
	<u>\$ 214,919</u>	<u>\$ 195,090</u>

The accompanying notes are an integral part of these financial statements.

Approved:



Roderick Nolan, BScE, MScE
Chair, Board of Governors



Elizabeth Parr-Johnston, Ph.D.
President & Vice-Chancellor

THE UNIVERSITY OF NEW BRUNSWICK STATEMENT OF OPERATIONS

for the year ended April 30, 2001
(in thousands of dollars)

	2001	2000 (As restated) (Note 3)
Revenues:		
Government grants	\$ 76,345	\$ 75,352
Tuition and related fees	40,991	38,024
Research grants, contracts, and donations	21,177	22,048
Ancillaries	11,236	12,133
Services and other income	8,656	8,822
Investment income	8,702	5,701
Amortization of deferred capital contributions (Note 11)	<u>8,095</u>	<u>7,707</u>
	<u>175,202</u>	<u>169,787</u>
Expenses:		
Instruction and non-sponsored research	69,756	65,281
Non-credit instruction	3,430	3,324
Student services	4,410	4,193
Plant operations	14,195	13,920
Administration and general	12,978	11,822
Library	8,443	7,921
Central computing	4,544	4,429
Research grants and contracts	21,965	19,930
Scholarships and bursaries	3,194	2,590
Ancillaries	10,294	11,626
Amortization of capital assets	11,249	10,838
Early retirement plan and retiring allowances	1,568	2,949
Other	<u>2,911</u>	<u>3,037</u>
	<u>168,937</u>	<u>161,860</u>
Excess of revenues over expenses before changes in net assets	<u>6,265</u>	<u>7,927</u>
Changes in:		
Net assets restricted for specific purposes	(5,419)	(6,565)
Net assets invested in capital assets (Note 13)	(758)	(1,245)
Internally endowed net assets	<u>-</u>	<u>(15)</u>
Decrease in accumulated operating deficit	<u>\$ 88</u>	<u>\$ 102</u>

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF NEW BRUNSWICK STATEMENT OF CHANGES IN NET ASSETS

for the year ended April 30, 2001
(in thousands of dollars)

	2001					2000
	Accumulated Operating Deficit	Restricted for Specific Purposes	Invested in Capital Assets	Endowed	Total	(As restated) Total
Net assets, beginning of year, as restated (Note 3)	<u>\$ (3,431)</u>	<u>\$ (12,015)</u>	<u>\$ 11,787</u>	<u>\$ 50,553</u>	<u>\$ 46,894</u>	<u>\$ 35,179</u>
Changes during the year						
Excess of revenues over expenses for the year	88	5,419	758	-	6,265	7,927
Capitalized income and other transfers	-	(222)	-	1,679	1,457	1,336
Endowment contributions	-	-	-	3,779	3,779	2,452
Net change during the year	<u>88</u>	<u>5,197</u>	<u>758</u>	<u>5,458</u>	<u>11,501</u>	<u>11,715</u>
Net assets, end of year	<u>\$ (3,343)</u>	<u>\$ (6,818)</u>	<u>\$ 12,545</u>	<u>\$ 56,011</u>	<u>\$ 58,395</u>	<u>\$ 46,894</u>

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF NEW BRUNSWICK STATEMENT OF CASH FLOWS

for the year ended April 30, 2001
(in thousands of dollars)

	2001	2000 (As restated) (Note 3)
Operating activities		
Excess of revenues over expenses	\$ 6,265	\$ 7,927
Add (deduct) non-cash items		
Amortization of capital assets	11,249	10,838
Amortization of deferred capital contributions	(8,095)	(7,707)
Early retirement plan expense	26	1,372
Retiring allowance expense	1,542	1,577
Net change in non-cash working capital balances (Note 16)	<u>1,355</u>	<u>1,680</u>
	<u>12,342</u>	<u>15,687</u>
Investing activities		
Net increase in long-term investments	(11,358)	(3,466)
Capital asset acquisitions	<u>(14,749)</u>	<u>(14,877)</u>
	<u>(26,107)</u>	<u>(18,343)</u>
Financing activities		
Net increase in long-term debt	1,265	657
Early retirement benefit and retiring allowance payments	(2,651)	(4,188)
Capital contributions received	9,266	9,818
Net increase (decrease) in deferred contributions	4,546	(1,719)
Endowment contributions	3,779	2,452
Endowment income capitalized	1,399	1,336
Other	<u>1,166</u>	<u>375</u>
	<u>18,770</u>	<u>8,731</u>
Net increase in cash and short-term deposits	5,005	6,075
Cash and short-term deposits, beginning of year	<u>19,542</u>	<u>13,467</u>
Cash and short-term deposits, end of year	<u>\$ 24,547</u>	<u>\$ 19,542</u>

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2001 (in thousands of dollars)

1. Authority and Purpose

The University of New Brunswick ("the University") operates under the authority of the University of New Brunswick Act. It is a Board-governed, comprehensive university offering undergraduate and graduate degree programs, a broad range of research, and continuing education programs and activities. The University is a registered charity and is therefore exempt from the payment of income tax under Section 149 of the Income Tax Act.

2. Summary of Significant Accounting Policies and Reporting Practices

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates.

A summary of significant accounting policies is as follows:

a) Accounting Method

The financial statements are prepared on a non-fund basis as the operations for the entire University have been combined for reporting purposes.

b) Accrual Basis

(i) Expense Recognition

The University uses the accrual basis of accounting for expenses with the following exception:

- Amounts payable in respect of goods and services related to research projects and service contracts are accrued in the accounts only to the extent of billings received by the year end date.

(ii) Revenue Recognition

Tuition and Other Fees, and Sales of Goods and Services

Amounts received or receivable for tuition fees and sales of goods and services are recognized as revenue at the time the goods are delivered or the services are provided. Otherwise, these amounts are classified as unearned revenue.

Grants and Donations

The University receives grants and donations from a number of different sources to cover operating, research and capital expenditures. Operating grants are recognized in the period when receivable. Operating grants received for a future period are deferred until that future period and are reported as deferred contributions.

Externally restricted capital contributions are recorded as deferred contributions until invested to acquire capital assets. Amounts invested in externally funded capital assets with limited useful lives are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Endowment donations are recognized as direct increases in endowed net assets in the year in which they are received. The University has a policy to protect the economic value of the endowments from the impact of inflation whereby a portion of the income earned on endowments is reserved by the Board for capital preservation. Such amounts are recorded as increases in endowed net assets

Externally restricted contributions for purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributors.

Unrestricted contributions are recognized as revenue when received or receivable.

Pledged amounts are not recorded in the accounts.

Investment Income

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

c) Inventories

Bookstore inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at cost. The cost of inventories is determined using the average cost method of inventory valuation.

d) Investments

Short-term and long-term investments are recorded at cost or, where donated, at fair market value at the date of donation. Management periodically compares the carrying value of investments with the quoted market value. Where there has been a loss in value on a total portfolio basis that is considered other than a temporary decline, investments are written down to recognize the loss. Gains and losses on sales of investments are recognized in the year of disposal and are included in investment income.

e) Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. Capital assets disposed of are removed from the accounts at their net book value. Repairs and maintenance costs are charged to operating expense. Betterments which extend the estimated life of an asset, increase its service capacity, or lower future costs, are capitalized.

Capital assets are amortized on a straight line basis over their estimated useful lives, as per the schedule below:

Buildings	40 years
Roads and Tunnels	20 years
Furniture and Equipment	10 years
Computer Hardware and Software	5 years

f) Early Retirement Plans, Retiring Allowances, and Post-Retirement Benefits

The total present value cost of early retirement plans and post-retirement benefits is recorded as an expense in the year the employee retires irrespective of when payments are actually made. The present value is updated each year by a further charge against operations. Equivalent amounts are recorded as adjustments to the balance of net assets restricted for specific purposes.

Retiring allowances are recorded on an accrual basis. Each year, an amount equivalent to the net change in the retiring allowance liability is recorded as an adjustment to the balance of net assets restricted for specific purposes.

Details of the cost of such plans, and the related liability, are disclosed in Note 10.

g) Pension Plans

Defined benefit pension plan expense is based on the actuary's assessment of the University's share of current service costs and the amount, if any, required to amortize an unfunded liability. The University's contributions to the pension funds are also made on this basis.

h) Internal Restrictions

Portions of operating net assets restricted by the University's Board of Governors for specific purposes are recorded as internal restrictions of operating net assets. Details of net assets restricted for specific purposes are disclosed in Note 12.

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2001 (in thousands of dollars)

3. Change in Accounting for Retiring Allowances

The Canadian Institute of Chartered Accountants (CICA) has issued new requirements for accounting for employee retirement and post-retirement benefits. These new requirements are set out in CICA Handbook Section 3461 and are effective for fiscal years commencing on or after January 2, 2000. The new standards require employers to account for these benefits on an accrual basis. In previous years, the University has used accrual accounting for all retirement and post-retirement benefits other than retiring allowances. Retiring allowances have been accounted for on a cash basis, with retiring allowances recorded as an expense in the fiscal year of payment. The change in the method of accounting for retiring allowances has been effected by the University on a retroactive basis. On the statement of operations, the change had the effect of increasing (decreasing) reported expenses by \$604 (2000-\$848). On the balance sheet, the change had the effect of increasing liabilities by \$11,651 (2000-\$10,957), with an equivalent adjustment in each year to net assets restricted for specific purposes.

4. Fund Accounting Results

The following schedule summarizes the financial results for the University's operating accounts for 2000-2001 by campus, with comparative information for 1999-2000 for the two campuses combined. To facilitate a comparison of actual operating results with the University's unrestricted operating budget, early retirement plan expense and retiring allowance expense are reported on a cash basis.

	2001			2000
	Fredericton Campus	Saint John Campus	Total	(As restated) Total
Revenues				
Provincial operating grant	\$ 62,847	\$ 11,589	\$ 74,436	\$ 73,018
Tuition and related fees	31,268	9,723	40,991	37,819
Ancillary operations	10,796	2,376	13,172	13,093
Services and other	8,378	940	9,318	8,098
Transfers from (to) other funds	3,923	(87)	3,836	3,676
	<u>117,212</u>	<u>24,541</u>	<u>141,753</u>	<u>135,704</u>
Expenses				
Operating	101,981	20,352	122,333	113,405
Ancillary operations	10,780	2,318	13,098	13,176
Early retirement / retiring allowances	2,202	298	2,500	4,188
	<u>114,963</u>	<u>22,968</u>	<u>\$ 137,931</u>	<u>130,769</u>
Excess of revenue over expenses	2,249	1,573	3,822	4,935
Changes in internal restrictions	(2,196)	(1,538)	(3,734)	(4,833)
Net change in unrestricted fund balance	<u>\$ 53</u>	<u>\$ 35</u>	<u>\$ 88</u>	<u>\$ 102</u>
Budgeted change in unrestricted fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

5. Inventories

	2001	2000
Bookstores	\$ 817	\$ 644
Physical Plant	542	545
Chemistry Department	109	95
	<u>\$ 1,468</u>	<u>\$ 1,284</u>

6. Long-Term Investments

The carrying amounts (cost values) and fair values of investments are summarized as follows:

	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 1,290	\$ 1,290	\$ 5,015	\$ 5,015
Fixed income securities	36,198	36,053	37,608	36,628
Equity securities	58,491	60,126	41,998	52,167
	<u>\$ 95,979</u>	<u>\$ 97,469</u>	<u>\$ 84,621</u>	<u>\$ 93,810</u>

Fair values have been determined on the basis described in Note 17 and are considered to approximate market values.

Investments are managed in accordance with a Board approved Statement of Investment Objectives and Policy. The Statement includes guidelines for portfolio risk management including diversification policies, asset mix guidelines and rate of return expectations.

Details of significant terms and considerations, exposures to interest rate and credit risks on fixed income investments are as follows:

- (i) The quality of fixed income securities is supported by federal, provincial and municipal government guarantees or high quality corporate bonds. Investments are only made in fixed income securities with a credit rating of "A" or higher.
- (ii) Interest rates on the fixed income securities range from 4.25% to 13.5% with maturities that range from 2002 to 2031.

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2001 (in thousands of dollars)

7. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 772	\$ -	\$ 772	\$ 772
Buildings	173,172	119,065	54,107	51,797
Roads and Tunnels	3,169	3,111	58	62
Furniture and Equipment	42,036	27,494	14,542	13,380
Computer Hardware and Software	<u>36,433</u>	<u>27,306</u>	<u>9,127</u>	<u>9,096</u>
	<u>\$ 255,582</u>	<u>\$ 176,976</u>	<u>\$ 78,606</u>	<u>\$ 75,107</u>

8. Deferred Contributions

Deferred contributions represent unexpended amounts which are subject to externally imposed restrictions.

Changes in the balance of deferred contributions are as follows:

	2001	2000
Balance, beginning of year	\$ 33,959	\$ 35,678
Contributions received during the year	43,545	37,017
Transferred to unamortized deferred capital contributions	(9,266)	(9,626)
Recognized as revenue during the year	<u>(29,733)</u>	<u>(29,110)</u>
Balance, end of year	<u>\$ 38,505</u>	<u>\$ 33,959</u>

The balance is made up of the following:

Sponsored research	\$ 16,613	\$ 14,293
Unexpended restricted donations	16,697	16,419
Unexpended endowment income	<u>5,195</u>	<u>3,247</u>
	<u>\$ 38,505</u>	<u>\$ 33,959</u>

9. Long-Term Debt

Details of this liability are as follows:

	2001	2000
Mortgages payable	\$ 4,544	\$ 4,686
Bank loans	<u>2,530</u>	<u>818</u>
	7,074	5,504
Less: Current portion	<u>465</u>	<u>160</u>
	<u>\$ 6,609</u>	<u>\$ 5,344</u>

(a) (i) Central Mortgage and Housing Corporation mortgages on University-operated student residences are repayable with equal semi-annual blended instalments of principal and interest.

Interest Rate	Semi-Annual Instalment	Maturity Date	2001	2000
5 3/8 %	\$ 52	2013	\$ 911	\$ 964
5 3/8 %	20	2016	409	426
6 7/8 %	95	2020	2,002	2,052
7 7/8 %	60	2022	<u>1,222</u>	<u>1,244</u>
			<u>\$ 4,544</u>	<u>\$ 4,686</u>

(ii) Interest paid on mortgages amounted to \$409 for the year ended April 30, 2001 (2000- \$320).

(iii) Principal payments required on mortgages in each of the next five years are as follows:

2002	2003	2004	2005	2006
\$ 151	\$ 161	\$ 171	\$ 182	\$ 194

(b) The bank loan includes the first two of five annual advances under a Fixed Rate Term Loan Agreement to finance residence building improvements on the Fredericton Campus. The Agreement provides for total borrowing of \$4.8 million to be implemented at the rate of \$960 thousand per year for five years. The loan is at a fixed interest rate of 6.64% per year. Repayment is to be made from the annual residence system operating budget over a period of fourteen years through monthly blended payments of principal and interest.

The bank loan also includes \$975 thousand borrowed in 2001 to partially finance an expansion to the Student Union Building on the Fredericton campus. This loan is at a fixed interest rate of 6.9% per year. Repayment is to be made over a period of 7.7 years through monthly blended payments of principal and interest. The loan payments are to be funded from a \$25 per student annual Student Union Building Expansion Fee levied by the Student Union on all full-time students on the Fredericton campus.

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2001 (in thousands of dollars)

10. Early Retirement and Employee Benefit Plans

Details of this liability are as follows:

	2001	2000 (As restated) (Note 3)
Early retirement plan	\$ 20,139	\$ 21,055
Retiring allowance	11,561	10,957
Other employee benefit plans	<u>2,903</u>	<u>2,567</u>
	<u>\$ 34,603</u>	<u>\$ 34,579</u>

(a) Early Retirement Plan

Academic employees who have retired under the terms of a supplementary early retirement plan are entitled to receive supplementary retirement benefits payable by the University. As well, for faculty who retire prior to the age of 65 the University pays for one half the cost of group life insurance and supplementary health and dental benefits until the person reaches the age of 65.

Changes in the early retirement pension plan liability are as follows:

	2001	2000
Balance, beginning of year	\$ 21,055	\$ 21,217
Add: Cost of retirements during the year	-	45
Interest on liability	1,541	1,556
Less: Benefits paid during the year	(1,713)	(1,763)
Less: Actuarial gain	<u>(744)</u>	<u>-</u>
Balance, end of year	<u>\$ 20,139</u>	<u>\$ 21,055</u>

Details of early retirement pension plan expense are as follows:

	2001	2000
Cost of retirements during the year	\$ -	\$ 45
Interest on liability	1,541	1,556
Less: Interest earned on internal fund	(771)	(229)
Less: Actuarial gain	<u>(744)</u>	<u>-</u>
	<u>\$ 26</u>	<u>\$ 1,372</u>

The estimated amount of early retirement benefit payments which will be made in 2002 is \$1,558.

(b) Retiring Allowances

Calculated at the rate of one week's final pay per year of service to a maximum of twenty-five years, retiring allowances are paid to retiring employees, laid off employees, and the estates of deceased employees who had at least five years of service and who were active employees at the time of death.

Changes in the retiring allowance liability are as follows:

	2001	2000
Liability, beginning of year	\$ 10,957	\$ 11,805
Add: Current service cost	749	725
Interest on benefit obligation	793	852
Less: Retiring allowance payments	<u>(938)</u>	<u>(2,425)</u>
Liability, end of year	<u>\$ 11,561</u>	<u>\$ 10,957</u>

Details of retiring allowance expense are as follows:

	2001	2000
Current service cost	\$ 749	\$ 725
Interest on benefit obligation	<u>793</u>	<u>852</u>
	<u>\$ 1,542</u>	<u>\$ 1,577</u>

The estimated amount of retiring allowance payments which will be made in 2002 is \$516.

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2001 (in thousands of dollars)

(c) Other Employee Benefit Plans

The University sponsors a number of insured and self-insured benefit plans for employees. The University's share of the annual premiums for insured plans is recorded as an expense, on an accrual basis. The University's share of the actuarially determined annual cost of self-insured plans is recorded as an expense, and related liability.

Details of the liability related to employee benefit plans are as follows:

	2001	2000
Health and Dental Plan	\$ 178	\$ 158
Long-Term Disability Plan	<u>2,725</u>	<u>2,409</u>
	<u>\$ 2,903</u>	<u>\$ 2,567</u>

11. Unamortized Deferred Capital Contributions

Deferred contributions related to capital assets represent the unamortized amount of donations and grants used for the purchase of capital assets. The changes in the deferred contributions balance for the year are as follows:

	2001	2000
Balance, beginning of year	\$ 57,816	\$ 55,705
Purchase of capital assets externally funded	9,266	9,818
Recognized as revenue	<u>(8,095)</u>	<u>(7,707)</u>
Balance, end of year	<u>\$ 58,987</u>	<u>\$ 57,816</u>

12. Restricted for Specific Purposes

The University restricts the use of portions of its operating net assets for specific purposes. In support of multi-year and specific purpose planning, the University has a policy which permits departments to carry over unspent current non-salary budget amounts to future fiscal periods. This carry forward is effected by an internal restriction of operating net assets.

Net assets restricted for specific purposes also includes certain amounts related to unused vacation pay entitlement for support staff, the unfunded portion of the early retirement plans, and the unfunded retiring allowance liability. This is to reflect the fact that the majority of these payments will be made in years subsequent to the expenditure being incurred.

Other restrictions are recorded to reflect funds that have been internally restricted for specific projects and purposes including one-time non-recurring expenditures and specific contingencies for areas of operational risks, as approved by the University's Board of Governors.

Details of net assets restricted for specific purposes are as follows:

	2001	2000
General Operating		
Departmental non-salary carryovers	\$ 7,793	\$ 6,502
Departmental share of contract overhead income	<u>678</u>	<u>614</u>
	<u>8,471</u>	<u>7,116</u>
Specific Purposes		
Staff unused vacation pay entitlement	(1,152)	(1,273)
Donations restricted by the Board	3,525	3,405
Non-recurring expenditures	250	386
Contingency for energy costs	500	400
Systems and equipment replacement	673	333
Unexpended income on internal endowments	1,548	1,101
Capital requirements	3,133	2,015
Other operational priorities	<u>1,292</u>	<u>740</u>
	<u>9,769</u>	<u>7,107</u>
Unfunded portion of early retirement plans	(13,497)	(15,281)
Unfunded retiring allowance liability	<u>(11,561)</u>	<u>(10,957)</u>
	<u>\$ (6,818)</u>	<u>\$ (12,015)</u>

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2001 (in thousands of dollars)

13. Net Assets Invested In Capital Assets

Net assets invested in capital assets consists of the following:

	2001	2000
Capital assets	\$ 78,606	\$ 75,107
Amounts financed by long-term debt	(7,074)	(5,504)
Unamortized deferred capital contributions (Note 11)	<u>(58,987)</u>	<u>(57,816)</u>
Balance, end of year	<u>\$ 12,545</u>	<u>\$ 11,787</u>

The change in net assets invested in capital assets is calculated as follows:

	2001	2000
Increases in net assets invested in capital assets		
Purchases of capital assets funded from operations	\$ 5,483	\$ 5,059
Less: Purchases funded by long-term debt	(1,935)	(960)
Repayment of long term debt	<u>364</u>	<u>277</u>
	<u>3,912</u>	<u>4,376</u>
Decreases in net assets invested in capital assets		
Amortization expense	(11,249)	(10,838)
Less: Amortization of deferred capital contributions (Note 11)	<u>8,095</u>	<u>7,707</u>
	<u>(3,154)</u>	<u>(3,131)</u>
Net increase in net assets invested in capital assets	<u>\$ 758</u>	<u>\$ 1,245</u>

14. Endowed Net Assets

Endowed net assets consists of restricted donations to the University, the principal of which is required to be maintained intact, as well as funds which have been internally endowed by the University's Board of Governors. The investment income generated from endowments must be used in accordance with the purposes specified by the donors or by the Board.

The income from internally endowed funds is to be used for the payment of scholarships, and to offset specific operating expenses.

Total endowments are as follows:

	2001	2000
Externally endowed	\$ 48,130	\$ 42,911
Internally endowed	<u>7,881</u>	<u>7,642</u>
Total endowments	<u>\$ 56,011</u>	<u>\$ 50,553</u>

15. Contingent Liabilities

The University is a defendant in various legal proceedings. Claims against the University in these proceedings have not been reflected in these financial statements. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of the University and its legal counsel that the resolution of these claims will not have a material effect on the financial position of the University. Any loss or gain that may result from these proceedings will be accounted for in the period in which the settlement occurs.

16. Statement of Cash Flows

a) Cash and short-term deposits includes cash and short-term investments with terms to maturity of 91 days or less.

b) The net change in non-cash working capital balances related to operations consists of the following:

	2001	2000
Account receivable	\$ 631	\$ 97
Inventories	(184)	589
Prepaid expenses and deferred charges	(414)	(237)
Accounts payable and accrued liabilities	(192)	770
Unearned revenue	1,209	434
Current portion of long-term debt	<u>305</u>	<u>27</u>
	<u>\$ 1,355</u>	<u>\$ 1,680</u>

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2001 (in thousands of dollars)

17. Fair Value Disclosures

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

(i) General

For certain of the University's financial instruments, including:

- (a) cash
- (b) accrued interest receivable
- (c) accounts receivable
- (d) accounts payable

The carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments.

(ii) Investments

Fair values of investments are determined as follows:

Cash and cash equivalents maturing within one year are stated at cost which, together with accrued interest income, approximate fair value given the short-term nature of these instruments. Bonds and equities are valued at year-end quoted market prices.

In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant.

(iii) Early Retirement Plan and Retiring Allowance Liability

The carrying value of this long-term liability is calculated based on an actuarial valuation of this liability discounted to present value.

(iv) Mortgages Payable and Bank Loans

Mortgages payable and bank loans are carried at cost. The carrying value of mortgages payable and bank loans approximates fair value based on year end market values of similar instruments.

18. Pension Plans

The University contributes to two separate defined benefit pension plans. For support staff, the University contributes to the Province of New Brunswick Public Service Superannuation Plan (PSSP). This multi-employer plan provides pensions based on length of service and final average earnings. The University's only financial obligation under the Public Service Superannuation Act (PSSA) is to make employer contributions as provided by the Act. The University is not responsible for any unfunded liability that may arise under this plan. The University's contributions to the PSSP during the year amounted to \$1,726 (2000 - \$1,640).

In conjunction with the Association of University of New Brunswick Teachers, the University established a defined benefit pension plan effective January 1, 1993 for academic employees only. The plan is also based on length of service and final average earnings.

As at July 1, 1999 the pension plan had an actuarial liability of \$67,387 and assets on hand of \$56,699 resulting in a plan deficit of \$10,688. The assets and liabilities of the pension plan are not reflected in the financial statements. This plan is funded on a basis such that the University matches contributions made by the plan members. The level of contributions is based on the actuary's assessment of the current service costs plus an amount estimated to amortize over a period of 15 years, the plan deficit as of the latest actuarial valuation, July 1, 1999. The University's contributions during the year amounted to \$3,631 (2000 - \$3,230).

Prior to January 1, 1993, the academic employees of the University were members of the PSSP. As prescribed by the PSSA, no liability exists within the University for any pension benefits which had been earned prior to January 1, 1993 on behalf of the academic employees.

19. Comparative Figures

Prior year's figures have been restated where necessary to conform with the current year's presentation