

UNIVERSITY OF NEW BRUNSWICK

PRESIDENT'S REPORT 2001-2002

MISSION STATEMENT

The University of New Brunswick, with campuses in Fredericton and Saint John, and with its diverse programs and varied activities, strives:

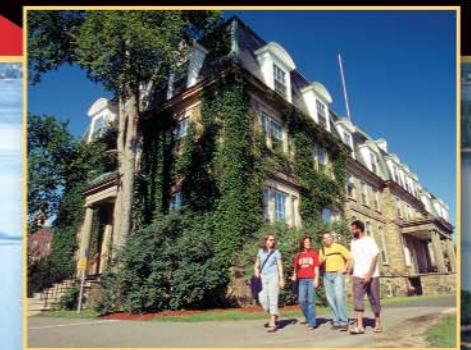
- to be known for its excellence in teaching by providing students with the highest possible quality instruction, library, and laboratory resources which are appropriate for both undergraduate and graduate learning, and an environment conducive to the development of the whole person;
- to achieve national and, in selected areas, international recognition for its research programs by capitalizing on its comparative advantages and by maximizing the benefits to be derived from its two-campus structure through reinforcement and enhancement of their individual strengths;
- to serve New Brunswick, the Atlantic Region, and the Nation through the provision of broadly educated graduates, and through the development of applied programs involving the private sector and government agencies;
- to co-operate with governments and post-secondary institutions in developing a coherent system of advanced education, and to recognize the need for long-term financial stability and accountability;
- to serve as a source of information and expertise to help society understand and deal with the major issues and opportunities of our time;
- to encourage the development of a network of international co-operation in teaching, research, and community development;
- to be a responsible and responsive employer.

MAKING A SIGNIFICANT DIFFERENCE

UNB is a leading, national university that is fundamentally important to New Brunswick and New Brunswickers. We believe that:

- **New Brunswick students deserve a first-rate education**, and it should be equal to that offered anywhere in Canada. To this end, we are striving to maintain the high quality of education our students receive.
- **Our graduates must be prepared to compete internationally.** Opportunities know no boundaries, so our graduates must be able to hold their own with the best and brightest anywhere.
- **We must provide knowledge and skills on par with the rest of the world** if we are to be effective partners with government and business in creating greater prosperity for the people of New Brunswick and Canada.
- **Knowledge and innovation are the cornerstones of today's economy.** When UNB's knowledge, research, and capacity for innovation are on the leading edge, we all prosper.
- **UNB can help attract and retain those who will help transform our economy and our society.** By maintaining our reputation and national rank, UNB is a talent magnet able to compete for researchers and professors who will make a significant difference in New Brunswick.
- **UNB secures New Brunswick's place in a national community of ideas.** We have a responsibility to be this Province's voice on issues relating to innovation, culture, human resource development, technology, and the knowledge-based economy.

To learn more about UNB's commitment to making a significant difference, visit www.unb.ca/unbdifference.



Office of the President and Vice-Chancellor
University of New Brunswick
www.unb.ca

Fredericton Campus
P.O. Box 4400
Fredericton, NB E3B 5A3

Saint John Campus
P.O. Box 5050
Saint John, NB E2L 4L5



MAKING A SIGNIFICANT
DIFFERENCE

UNIVERSITY OF NEW BRUNSWICK BOARD OF GOVERNORS MEMBERS, 2001-2002

Ex-Officio Members (10)

Fredrik S. Eaton, O.C. (Chancellor)
Elizabeth Parr-Johnston (President)
John D. McLaughlin (V-P Academic)
Daniel Murray (V-P Finance & Admin.)
Gregory S. Kealey (V-P Research)
Thomas Condon, (Acting V-P, Saint John)
Mark Hazlett (Director of Alumni Affairs)
Stephen Strople (University Secretary)
Mayor L.I. (Les) Hull (Fredericton)
Mayor Shirley McAlary (Saint John)

Appointed by Lieutenant-Governor in Council (10)

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DOHERTY, Edward
IRVING, Sandra
MCCAIN, Kathryn
NOLAN, Roderick
O'BRIEN, David
POND, Gerry
ROY, Georges
RYAN, Carey
STEVENSON, David

Appointed by Associated Alumni(ae) (5)

BREWER, Earl
MCALLISTER, Sally
MCGINN-GIBERSON, Jane
NEILL, Marti-Lou
RATCLIFF, Kevin

Appointed by Board of Governors (5)

DUNNETT, Freeman
GANONG, David
MCFADYEN, Nancy
MCGRATH, Anne Marie
SQUIBB, Wayne

Elected by Faculty Members, Fredericton (4)

FRITZ, Jane
MASON, Gordon
THOMPSON, Gillian
TRYPHONOPOULOS, Demetres

Elected by Faculty Members, Saint John (2)

DONNELLY, Fred
JOHNSON, John

Appointed by the New Brunswick Teachers' Association (1)

WILSON, Mary

Elected by Students, Fredericton (2)

CROTHERS, Brian
DUGUAY, Scott

Elected by Students, Saint John (1)

PATINO, Sacha

Governors Emeriti (4)

CONDON, Thomas J.
GILLIN, M. Patrick
LYNCH, M. Louise, Q.C.
TWEEDDALE, Reginald E.

BOARD OF GOVERNORS COMMITTEES, 2001-2002

Audit Committee

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

M. Hazlett

G. Roy
E. Parr-Johnston
G. Pond
R. Tingley
S. Boudreau
S. Montague
M.L. Neil
G. Wilkins
L. Armstrong
J. Morell

S. Strople

G. Roy

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K. Ratcliff
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

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J. Fritz
D. Ganong
T. Condon
J. Johnson
R. Nolan
E. Doherty
E. Parr-Johnston
J. D. McLaughlin
S. Duguay
D. Murray
G. Kealey
C. Callbeck
T. Gonnason
L. Guitard

Magee Loan Committee

E. Parr-Johnston – Chair
F. Donnelly
S. Patino
M.L. Neill
G. Thompson
S. Strople

External Relations Committee

S. Irving – Chair
S. McAllister
K. McCain
R. Nolan
E. Brewer

Finance Committee

D. O'Brien – Chair
J. Fritz
D. Ganong
T. Condon
J. Johnson
R. Nolan
E. Doherty
E. Parr-Johnston
J. D. McLaughlin
S. Duguay
D. Murray
G. Kealey
C. Callbeck
T. Gonnason
L. Guitard

Magee Loan Committee

E. Parr-Johnston – Chair
F. Donnelly
S. Patino
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

Nominations to Office of Chair & Vice-Chair of the Board

G. Mason
S. McAllister
R. Nolan
S. Patino
S. Strople

Personnel Policy Committee

A. M. McGrath – Chair
E. Parr-Johnston
D. Murray

T. Condon

J. McLaughlin
D. Ganong
S. Irving
R. Nolan
M.L. Neil
D. O'Brien
P. McDougall

Properties

G. W. Squibb – Chair
M. P. Gillin
G. Mason
N. McFadyen
E. Parr-Johnston
T. Condon
D. Murray
M. Ryan
L. Guitard
G. Pond
G. Roy
T. Kuttner

University Honorary Degrees Committee

E. Parr-Johnston – Chair
C. Ryan
K. McCain
G. Thompson

PRESIDENTS' MESSAGES



Having completed my term as UNB's President and Vice-Chancellor, I reflect upon the extraordinary privilege and pleasure that post afforded me. My intention has always been to make a positive difference to a very important institution, UNB, and to our community.

Accordingly, I am proud of the many accomplishments of the past six years — among them the momentum of the Renewal Process, the establishment of several new chairs and centres, the creation of Renaissance College, the completion of new buildings on our Fredericton and Saint John campuses, attracting the National Research Centre (NRC) Institute for Information Technology — e-Business, and more than doubling scholarship support for our students. As an increasingly recognized national calibre institution, we appointed many highly qualified vice-presidents and deans, reorganized the academic administration to strengthen key areas, included students in key

Board committees, and vastly improved our financial planning and control structure, all the while maintaining a fiscally responsible financial situation.

I am also proud to be the first woman to serve as president of Canada's oldest English-language university. UNB is an exceptional institution made remarkable by its outstanding students, faculty, and staff. The years ahead will be challenging for the University, but I am confident that it is well positioned to provide critical leadership in support of our Province, Region and Nation.

Elizabeth Parr-Johnston
President and Vice-Chancellor



The beginning of a presidency seems an appropriate time to lay out one's hopes and dreams for the future of UNB. It is fair to say that I have rather ambitious plans for the University, both in terms of its role as a national centre for teaching and scholarship, and as a key instrument for the economic and social transformation of Atlantic Canada.

I have set out three overarching goals for the next five years:

- to sustain and further UNB's role as a national university,
- to advance UNB's role as a learning institution, and
- to promote UNB's fundamental role in the economic, social and cultural well-being of the Province and Atlantic Canada.

To realize these goals will require a level of commitment, from both within and outside UNB, of the highest order. The challenges will be immense, but I look forward to meeting them with you.

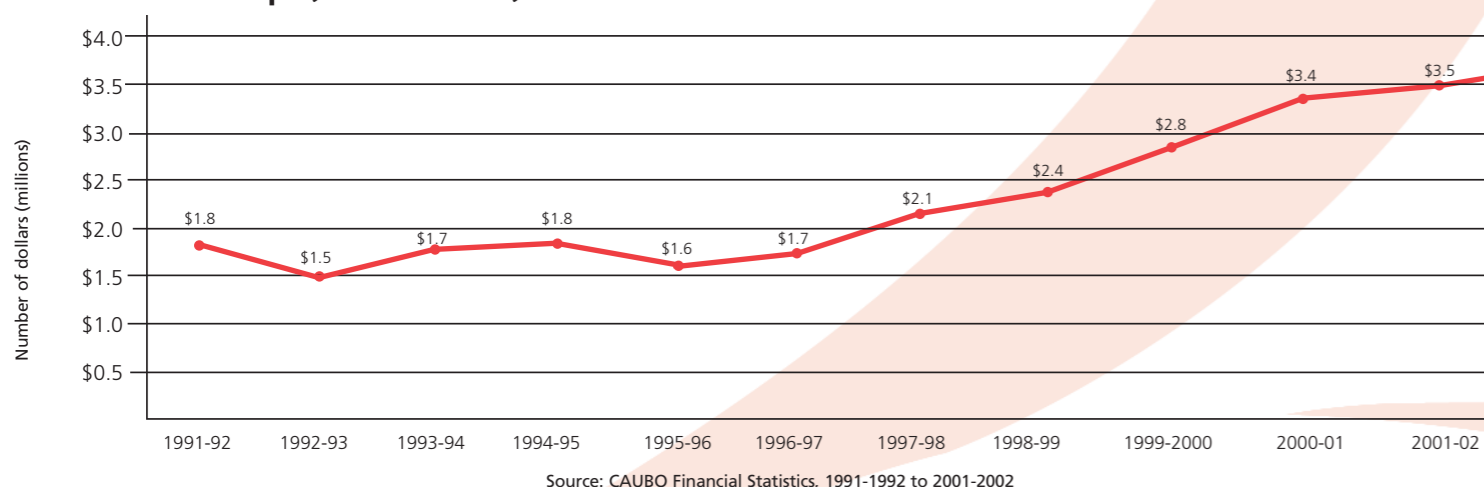
John D. McLaughlin
President and Vice-Chancellor

QUALITY OF STUDENTS, FACULTY, STAFF, PROGRAMS AND RESEARCH

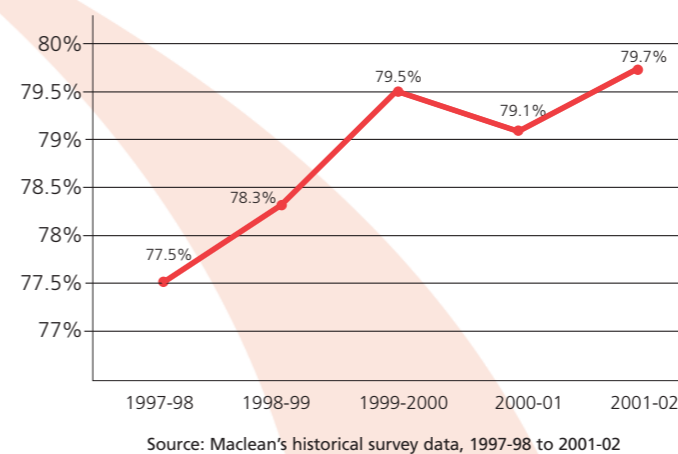
UNB is a leading, national university with nationally and internationally acclaimed programs, educators, researchers, staff, and students.

- UNB has produced more Rhodes Scholars in the last 10 years than any other university in Atlantic Canada.
- Prof. Barbara Trenholm received the National Post Leaders in Management Education Award.
- Drs. Donald Desserud and Joanna Everitt received UNB's largest Social Sciences and Humanities Research Council of Canada Grant for 2002, nearly \$98,000. They are using New Brunswick as a test case for their research on how societies work and how citizens relate to each other, their communities, and their governments.
- UNB received three more prestigious Canada Research Chairs in the last year — bringing our total to six.
- Seven UNB business professors are the first Canadian university faculty members to earn the designation Certified E-Commerce Consultant from the International Institute of Certified E-Commerce Consultants.
- Researchers at the Institute of Biomedical Engineering received a 2001 Award of Excellence for their work on advanced control systems for artificial limbs at the ninth annual Canadian Information Productivity Awards.
- Liuchen Chang, of the Department of Electrical and Computer Engineering, was awarded one of five engineering design chairs in Canada by the Natural Sciences and Engineering Research Council.
- Susan Montague, Director of Development and Donor Relations, received the 2002 Eleanor Collier Award for Outstanding Career Performance and Professional Service from the Council for the Advancement and Support of Education.
- Adrian Chan, a PhD candidate in Biomedical Engineering, took first prize at an international student paper competition for his research on an automatic speech recognition system based on myoelectric signals. Mr. Chan received top marks from all seven judges to best 238 competitors from 36 countries.
- Paulette Kaley, a third-year BBA student, earned a \$5,000 Futures Fund Scholarship for Outstanding Leadership sponsored by The Caldwell Partners, National Post, CTV, and RBC Dominion Securities.
- Kimberly Brewer, a second-year Biophysics student, was one of 25 students chosen by the National Research Council to participate in its Women in Engineering and Science Program.
- PhD student Gordon Osinski, the recipient of an international research award, is conducting research in preparation for the first manned mission to Mars in 2009. His work with the NASA-led Houghton-Mars Project has involved testing space suits and pressurized rovers, and mapping the geology of the Houghton crater in the high Arctic.
- Judy Wuest, a Professor of Nursing, is the first New Brunswick researcher to receive a Canadian Institutes of Health Research Investigator Award. She also won the 2001 Canadian Association of Nursing Research Award of Excellence.

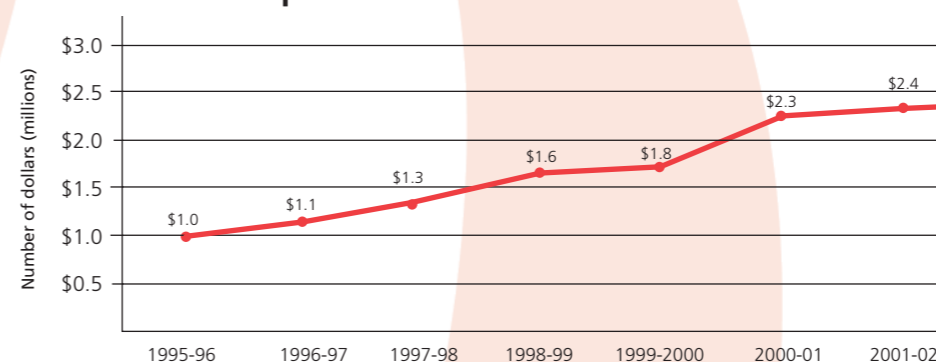
Scholarships, Bursaries, and Prizes - Total Funds



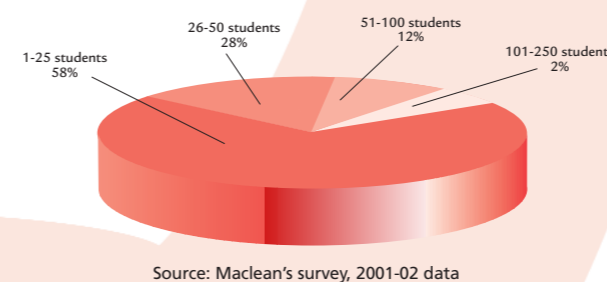
Entering Grade Average of Year-1 Full-time Students



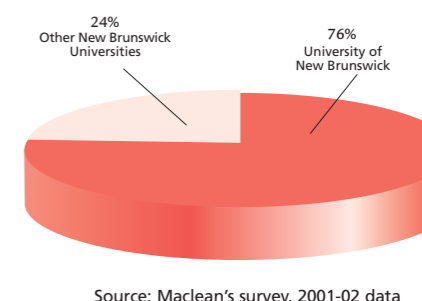
Total Entrance/Undergraduate Scholarships at UNB



Undergraduate Class Sizes: 2001-02



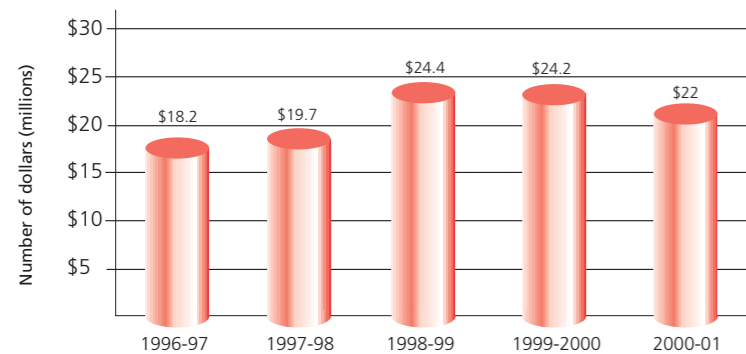
Total National Research Grants



Innovative programs

- Renaissance College, with its focus on experiential learning, offers the only program of its kind in Canada — a Bachelor of Philosophy in Interdisciplinary Leadership Studies
- A leader in E-Commerce, UNB graduated Canada's first Bachelor of Business Administration students with a major in E-Commerce and offered the first MBA in Electronic Commerce in the world
- UNB is known for its innovative articulated programs, such as Applied Arts, which is offered in conjunction with the New Brunswick College of Craft and Design, or Respiratory Therapy and Nuclear Medicine which are delivered in partnership with community colleges and hospitals
- A new Bachelor of Science in Software Engineering Degree Program, offered jointly by the Faculties of Computer Science and Engineering, is responding to the growing demand for software engineers

UNB-Sponsored Research Income: 1996-97 to 2000-01



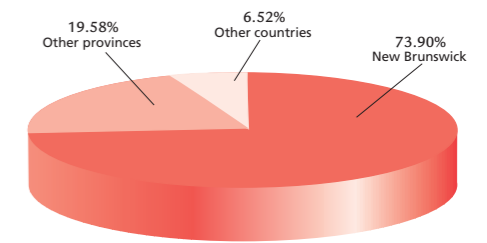
Source: CAUBO Financial Statistics 1996-1997 to 2000-01

Attracted by world-renowned programs and researchers, students come to UNB from across Canada and around the globe. With 74 countries represented, UNB has one of the largest and most diverse populations of international students in Atlantic Canada.

UNB's aggressive international student recruitment strategy, implemented in 1999, exceeded its five-year objective by 21 per cent in the first two years. A concentrated recruiting effort in Ontario has also paid off with a 200 per cent increase in the number of Ontario students between 1999 and 2001.

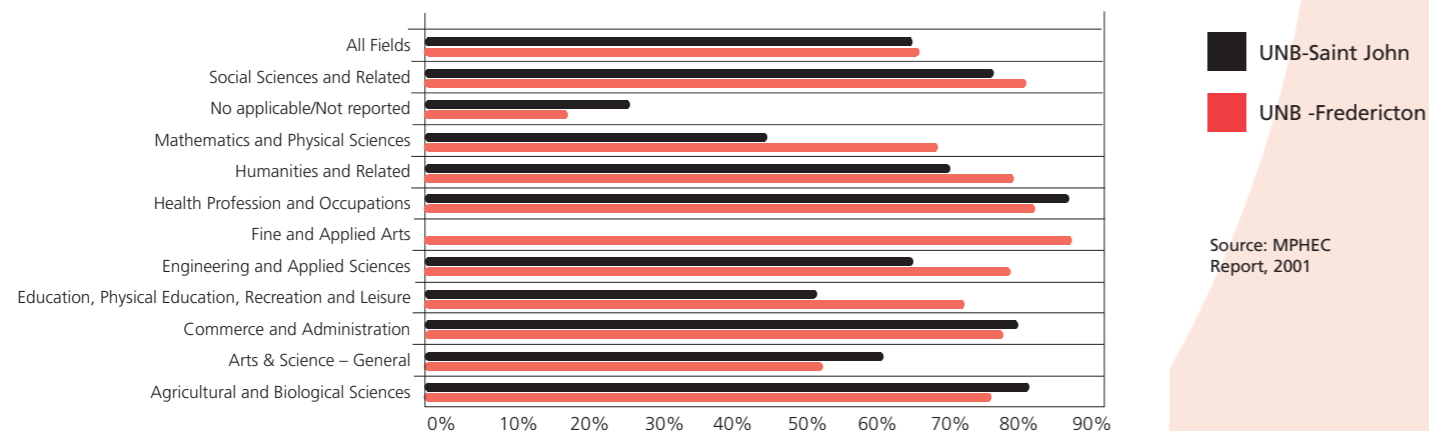
At December 1, 2001, UNB enrolled over 6,600 students full time and 1,100 part time in undergraduate programs in Fredericton; and over 2,200 full-time and 535 part-time undergraduates in Saint John. The total graduate student enrolment on both campuses was 1,040 students. These figures represent a total enrolment increase of 3.5 per cent over the previous year. If enrolment at UNB's off-shore and outreach sites is taken into consideration, the increase is 4.7 per cent.

UNB Total Student Enrolment by Geographic Origin



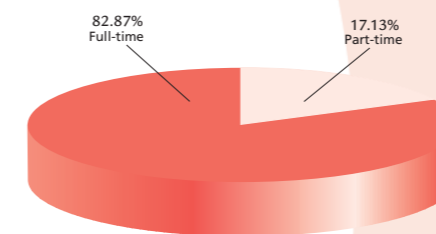
Source: UNB Datatel Student Module Extracts, December 1, 2001, data

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



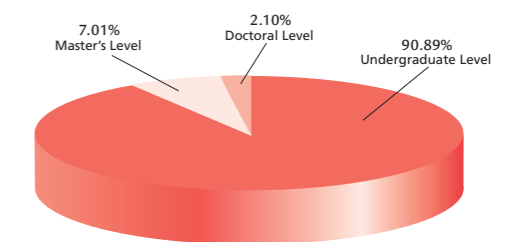
Source: MPHEC Report, 2001

UNB Total Student Enrolment by Status, 2001-2002

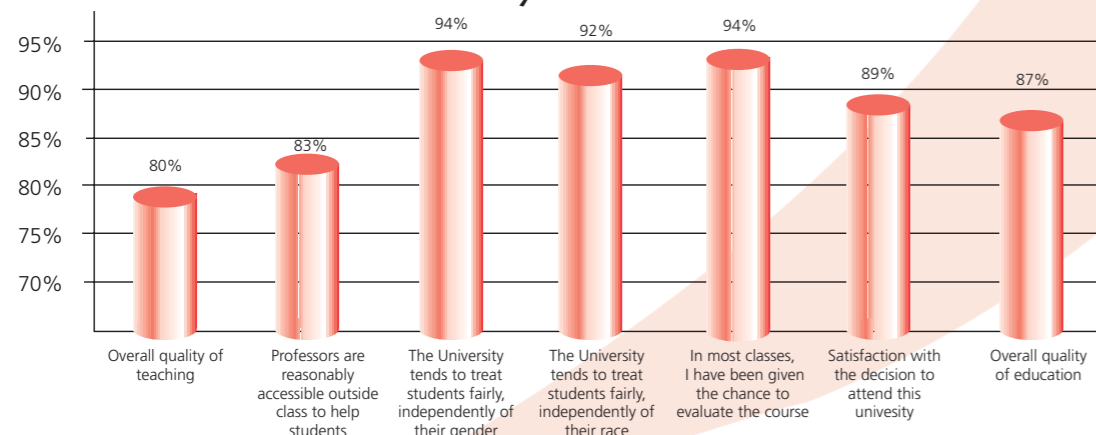


Source: UNB Datatel Student Module Extracts, December 1, 2001, data

UNB Total Student Enrolment by Level, 2001-2002



Instructional and University Satisfaction



Note: A 4-point scale was used, where 1 means "Very Dissatisfied" or "Strongly Dissagree" and 4 means "Very Satisfied" or "Strongly Agree". Here 3 & 4 = Satisfied. Source: The Canadian Undergraduate Survey Consortium, Survey of Undergraduate University Students, May 2002.

Athletics

- Joyce Slipp, Coach of the Varsity Reds women's basketball team, is a member of four Halls of Fame, holds countless records, and was Captain of the Canadian team that competed at the Montreal Olympics
- Sam Assembe of the Seawolves soccer and basketball teams is the first athlete to be named an Academic All-Canadian in two sports by the Canadian Colleges Athletic Association
- Graduate student Carla Geurts won three gold medals and set two CIS records at the Canadian Interuniversity Sport (CIS) Swimming Championships in 2002
- Varsity Reds wrestler Jonathan Rioux won two gold medals and was named tournament MVP at the 2002 Canadian Junior Championships
- The Women's Coxed-Four Crew of the fledgling UNB Saint John Rowing Club captured gold at the Eastern McGill Invitational Regatta in the fall of 2001
- In the past 10 years, the Varsity Reds Program has produced 400 Academic All-Canadians
- UNB has won 194 Maritime or Atlantic championship trophies, cups, and banners since the first Maritime University championship in 1912 — more than any other university in Atlantic University Sport
- UNB maintains more CIS-recognized sports than any other AUS university

UNB, with campuses in Fredericton and Saint John, and sites in Bathurst and Moncton, has an annual operating budget of approximately \$130 million. For 2001-2002, about 64 per cent of its revenue came from government grants, contracts, and other income, while the balance was derived from tuition and fees paid by students. Over the past decade, the proportion 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 continue to be among the lowest in the Region. Of the 16 colleges and universities in the Maritimes, there are only four with lower tuition than UNB. The University's endowment increased 1.5 per cent over the previous year to a market value of more than \$98,000,000 at April 30, 2002. As the endowment fund increases, so does UNB's stability, ensuring its ability to maintain standards of excellence in education and research.

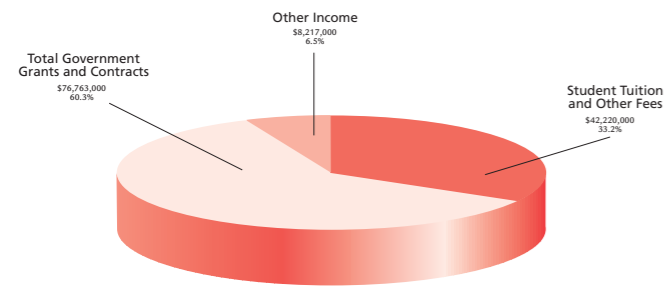


THAT'S SIGNIFICANT!

• The business schools on UNB's Fredericton and Saint John campuses were both ranked in the top 10 in the country by *Canadian Business* magazine in its Nov. 12, 2001, issue

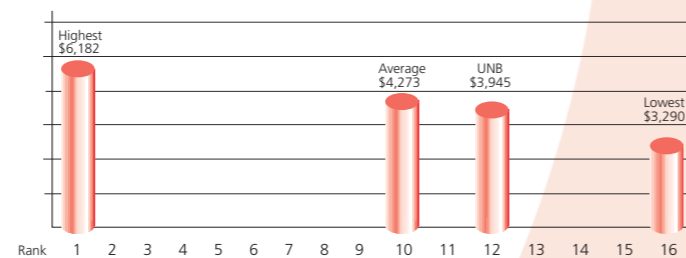
• Begun in 1908, UNB's undergraduate Forestry Program is the longest running in Canada

General Operating Income by Source, UNB 2000-01



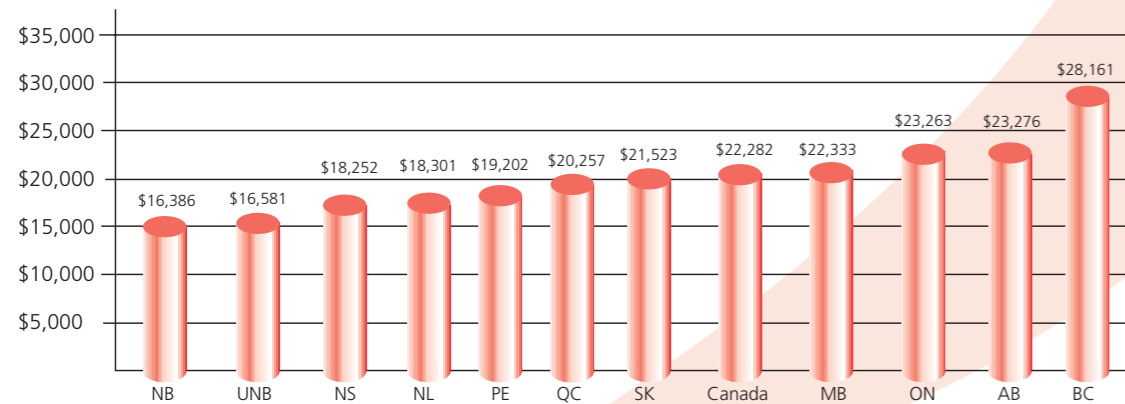
Source: CAUBO Financial Statistics, 2000-01, Table 3.1

Undergraduate Tuition Fees* Maritime Universities, 2001-02



*General Arts and Science
Source: Association of Atlantic Universities, 2001-02 Tuition Fees

Total University Income Per Full-time Equivalent (FTE) Student 1999-2000 – UNB/Provinces and Canada

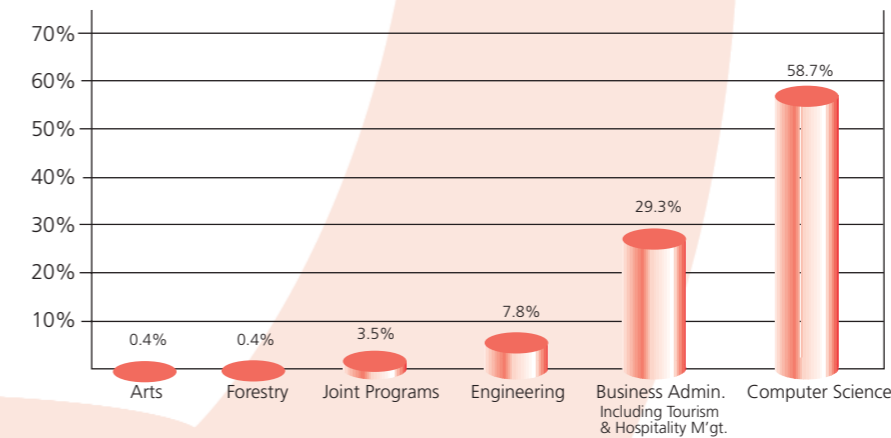


Source: CAUBO Financial Statistics 1999-2000, Statistics Canada for Students Enrolment data

Beyond academics, UNB has a significant impact on the communities in which it is located, and on the Province as a whole.

- Over 26,500 UNB graduates reside in New Brunswick and contribute to the economy and life of the Province. Many are volunteers, fundraisers, and community leaders
- UNB alumni comprise the vast majority of professionals working in New Brunswick in the fields of engineering, education and forestry. For example, nearly 87 per cent of the engineers employed in New Brunswick graduated from UNB
- More than 70 per cent of UNB's nursing graduates choose to work and live in New Brunswick
- For every \$1 it spends, UNB has an economic impact of \$1.68 in the Province
- In 2000-01 alone, UNB contributed more than \$291 million to the Province's gross domestic product, created or maintained over 3,500 jobs, and produced \$77 million worth of wages and salaries
- Technology transfer and partnership programs are just two more ways in which UNB contributes to the prosperity of the business and industrial sectors
- UNB's co-op and internship students provide employers with a regular infusion of fresh perspective and new skills
- UNB students contribute thousands of volunteer hours off campus each year helping school children, youth with mental challenges, victims of abuse, and the needy, to name a few
- Charity fundraising by UNB students supports community food banks, hospitals, women's shelters, Child Find, and agencies such as the Canadian Cancer Society
- The College of Extended Learning is the outreach arm of the University, offering management development training, professional programs, distance education, part-time degree studies, and adult learner services
- UNB also contributes to the cultural life of the Province through its art galleries and programs, dramatic presentations, readings and lecture series, musicians-in-residence, and concerts

Co-operative Program Enrolment by Major Field of Study



Source: UNB Datatel Student Module Extracts, December 2001, data

Alumni support

UNB alumni continue to be among the University's most enthusiastic ambassadors and supporters.

In 2001-02, the Associated Alumni moved forward with *Energized and Involved*, its action blueprint for helping the University. Under the plan, alumni are providing their support and expertise in five key areas: advice, advocacy, fundraising, student recruitment, and school-to-work transition.

A major component of the plan was instituted in October 2001 when the Alumni Council adopted a Made-in-Saint John action plan. Developed by a task force of Saint John alumni, this plan is energizing graduates of the Saint John campus and increasing their involvement with the Alumni Association and the University.

Financial support from alumni is also on the rise. In 2001-02, alumni contributions accounted for 28 per cent of the total donations to UNB.

In September 2001, Mark Hazlett, a two-time graduate of UNB, was appointed Executive Director of the UNB Associated Alumni. The Association represents more than 50,000 alumni worldwide.



THAT'S SIGNIFICANT!

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

• UNB's Bachelor of Science in Forest Engineering is the only accredited program of its kind in Canada

2001-02 Financial Results

The Board of Governors of the University of New Brunswick approved a balanced operating budget for the 2001-02 fiscal year. The operating budget reflected many initiatives aimed towards sustaining and improving UNB's position as a national-calibre, comprehensive university. These investments included additional funding for student services, graduate studies, and scholarships, as well as recognizing the increasingly competitive environment for attracting and retaining top-quality faculty. The final operating results for the year illustrate that the overall financial objective was achieved as \$108,000 was applied towards reducing the accumulated operating account deficit to \$3,235,000 as at April 30, 2002.

During the year, the financial results were buoyed by increases in undergraduate enrolments on the Saint John campus and graduate enrolments on the Fredericton campus. There were unplanned costs associated with the collective agreements that were finalized for all bargaining groups during the fiscal year. Overall costs and position vacancies were managed in order to provide financial offsets to these increases.

Financial Planning

Annual short- and long-term financial outlooks are prepared for each campus and are consolidated for the overall University. These forecasts illustrate that financial challenges exist that will require careful management and adequate levels of future funding. These challenges relate to the increasingly costly nature of providing top-calibre programs and services, including faculty, laboratories, library materials, and research support services for a national-calibre university.

In order to remain competitive and to sustain a quality of operations, the University will require appropriate levels of funding and continued fiscal diligence.



THAT'S SIGNIFICANT!

- UNB offers a unique series of courses in biocomputing and drug design
- UNB students have access to one of the most advanced computing networks 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 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's Law School consistently ranks as one of the top five in Canada, in independent evaluations by *Maclean's* and *Canadian Lawyer*

THE UNIVERSITY OF NEW BRUNSWICK

for the year ended April 30, 2002

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, 2002, and the results of its operations and its cash flows for the year then ended.

In fulfilling its responsibilities 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, 2002, have been reported on by Deloitte & Touche, LLP, 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.

John D. McLaughlin, Ph.D.
President & Vice-Chancellor

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

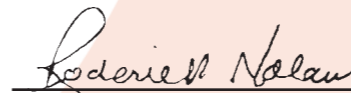
THE UNIVERSITY OF NEW BRUNSWICK BALANCE SHEET

as at April 30, 2002
(in thousands of dollars)

	2002	2001
ASSETS		
Current assets		
Cash and short-term deposits	\$ 27,116	\$ 24,547
Accounts receivable	15,025	12,449
Inventories (Note 4)	1,515	1,468
Prepaid expenses and deferred charges	2,120	1,870
	<u>45,776</u>	<u>40,334</u>
Long-term investments (Note 5)	100,808	95,979
Capital assets (Note 6)	<u>77,536</u>	<u>78,606</u>
	<u>178,344</u>	<u>174,585</u>
	<u>\$ 224,120</u>	<u>\$ 214,919</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,027	\$ 14,023
Unearned revenue	2,625	3,332
Current portion of long-term debt (Note 8)	567	465
	<u>21,219</u>	<u>17,820</u>
Long-term liabilities		
Deferred contributions (Note 7)	35,796	38,505
Long-term debt (Note 8)	6,971	6,609
Early retirement and employee benefit plans (Note 9)	33,633	34,603
Unamortized deferred capital contributions (Note 10)	55,955	58,987
	<u>132,355</u>	<u>138,704</u>
Net assets		
Accumulated operating deficit	(3,235)	(3,343)
Restricted for specific purposes (Note 11)	1,864	(6,818)
Invested in capital assets (Note 12)	14,043	12,545
Endowed (Note 13)	57,874	56,011
	<u>70,546</u>	<u>58,395</u>
	<u>\$ 224,120</u>	<u>\$ 214,919</u>

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

Approved:



Roderick Nolan, BScE, MScE
Chair, Board of Governors



John D. McLaughlin, Ph.D.
President & Vice-Chancellor

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& Touche**

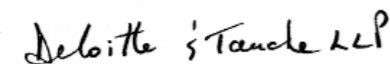
AUDITORS' REPORT

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, 2002, 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, 2002, 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
Chartered Accountants

Saint John, New Brunswick
August 21, 2002

**Deloitte
Touche
Tohmatsu**

THE UNIVERSITY OF NEW BRUNSWICK STATEMENT OF OPERATIONS

for the year ended April 30, 2002
(in thousands of dollars)

	2002	2001
Revenues:		
Government grants	\$ 79,765	\$ 76,345
Tuition and related fees	47,468	40,991
Research grants and contracts	25,031	21,116
Ancillaries	13,032	11,236
Services and other income	8,849	8,656
Donations	7,004	61
Investment income	5,783	8,702
Amortization of deferred capital contributions (Note 10)	8,015	8,095
	<u>194,947</u>	<u>175,202</u>
Expenses:		
Instruction and non-sponsored research	76,685	69,756
Non-credit instruction	3,549	3,430
Research grants and contracts	23,912	21,965
Plant operations	13,875	14,195
Administration and general	13,755	12,978
Ancillaries	11,925	10,294
Library	8,988	8,443
Central computing	5,104	4,544
Student services	4,800	4,410
Scholarships and bursaries	3,542	3,194
Early retirement plan and retiring allowances (Note 9)	2,356	1,568
Property taxes (Note 15)	1,973	-
Amortization of capital assets	11,275	11,249
Other	2,871	2,911
	<u>184,610</u>	<u>168,937</u>
Excess of revenues over expenses before changes in net assets	<u>10,337</u>	<u>6,265</u>
Changes in:		
Net assets restricted for specific purposes	(8,731)	(5,419)
Net assets invested in capital assets (Note 12)	<u>(1,498)</u>	<u>(758)</u>
Decrease in accumulated operating deficit	<u>\$ 108</u>	<u>\$ 88</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, 2002
(in thousands of dollars)

	2002				2001	
	Accumulated Operating Deficit	Restricted for Specific Purposes	Invested in Capital Assets	Endowed	Total	Total
Net assets, beginning of year	\$ (3,343)	\$ (6,818)	\$ 12,545	\$ 56,011	\$ 58,395	\$ 46,894
Changes during the year						
Excess of revenues over expenses for the year	108	8,731	1,498	-	10,337	6,265
Capitalized income and other transfers	-	(49)	-	305	256	1,457
Endowment contributions	-	-	-	1,558	1,558	3,779
Net change during the year	<u>108</u>	<u>8,682</u>	<u>1,498</u>	<u>1,863</u>	<u>12,151</u>	<u>11,501</u>
Net assets, end of year	<u>\$ (3,235)</u>	<u>\$ 1,864</u>	<u>\$ 14,043</u>	<u>\$ 57,874</u>	<u>\$ 70,546</u>	<u>\$ 58,395</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, 2002
(in thousands of dollars)

	2002	2001
Operating activities		
Excess of revenues over expenses	\$ 10,337	\$ 6,265
Add (deduct) non-cash items		
Amortization of capital assets	11,275	11,249
Amortization of deferred capital contributions	(8,015)	(8,095)
Early retirement plan and retiring allowances	2,356	1,568
Net increase (decrease) in employee benefit plan liability	(1,448)	335
Net change in non-cash working capital balances (Note 16)	<u>424</u>	<u>1,050</u>
	<u>14,929</u>	<u>12,372</u>
Investing activities		
Net increase in long-term investments	(4,829)	(11,358)
Capital asset acquisitions	<u>(11,301)</u>	<u>(14,749)</u>
	<u>(16,130)</u>	<u>(26,107)</u>
Financing activities		
Net increase in long-term debt	464	1,570
Early retirement benefit and retiring allowance payments	(2,133)	(2,651)
Capital contributions received	6,079	9,266
Net increase (decrease) in deferred contributions	(2,709)	4,546
Endowment contributions	1,558	3,779
Endowment income capitalized	305	1,399
Other	<u>206</u>	<u>831</u>
	<u>3,770</u>	<u>18,740</u>
Net increase in cash and short-term deposits	2,569	5,005
Cash and short-term deposits, beginning of year	<u>24,547</u>	<u>19,542</u>
Cash and short-term deposits, end of year	<u>\$ 27,116</u>	<u>\$ 24,547</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, 2002
(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 9.

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 11.

3. Fund Accounting Results

The following schedule summarizes the financial results for the University's operating accounts for 2001-2002 by campus, with comparative information for 2000-2001 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.

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2002
(in thousands of dollars)

	2002			2001
	Fredericton Campus	Saint John Campus	Total	Total
Revenues				
Provincial operating grant	\$ 64,435	\$ 11,829	\$ 76,264	\$ 74,436
Tuition and related fees	34,980	12,488	47,468	40,991
Ancillary operations	11,434	2,559	13,993	13,172
Services and other	9,357	946	10,303	9,318
Transfers from other funds	3,616	382	3,998	3,836
	<u>123,822</u>	<u>28,204</u>	<u>152,026</u>	<u>141,753</u>
Expenses				
Operating	108,266	23,001	131,267	122,333
Ancillary operations	11,674	2,525	14,199	13,098
Early retirement and retiring allowances	1,908	290	2,198	2,500
	<u>121,848</u>	<u>25,816</u>	<u>\$ 147,664</u>	<u>137,931</u>
Excess of revenues over expenses	1,974	2,388	4,362	3,822
Changes in internal restrictions	(1,916)	(2,338)	(4,254)	(3,734)
Net change in unrestricted fund balance	<u>\$ 58</u>	<u>\$ 50</u>	<u>\$ 108</u>	<u>\$ 88</u>
Budgeted change in unrestricted fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

4. Inventories

	2002	2001
Bookstores	\$ 851	\$ 817
Physical Plant	567	542
Chemistry Department	97	109
	<u>\$ 1,515</u>	<u>\$ 1,468</u>

5. Long-term Investments

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

	2002		2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 992	\$ 992	\$ 1,290	\$ 1,290
Fixed income securities	39,598	39,118	36,198	36,053
Equity securities	60,218	58,877	58,491	60,126
	<u>\$ 100,808</u>	<u>\$ 98,987</u>	<u>\$ 95,979</u>	<u>\$ 97,469</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. Direct investments are made only in fixed income securities with a credit rating of "A" or higher. Indirect investments in "BBB" bonds may be made through a pooled fund which includes holdings of such bonds, provided that the fund's total investment in "BBB" bonds cannot exceed 5% of the assets invested in fixed income securities.

(ii) Interest rates on the fixed income securities range from 3.50% to 10.125% with maturities that range from 2002 to 2032.

6. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 772	\$ -	\$ 772	\$ 772
Buildings	176,016	122,759	53,257	54,107
Roads and Tunnels	3,310	3,122	188	58
Furniture and Equipment	45,098	30,422	14,676	14,542
Computer Hardware and Software	40,316	31,673	8,643	9,127
	<u>\$ 265,512</u>	<u>\$ 187,976</u>	<u>\$ 77,536</u>	<u>\$ 78,606</u>

7. Deferred Contributions

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

Changes in the balance of deferred contributions are as follows:

	2002	2001
Balance, beginning of year	\$ 38,505	\$ 33,959
Contributions received during the year	35,999	43,545
Transferred to unamortized deferred capital contributions	(6,079)	(9,266)
Recognized as revenue during the year	(32,629)	(29,733)
Balance, end of year	<u>\$ 35,796</u>	<u>\$ 38,505</u>

The balance is made up of the following:

	2002	2001
Sponsored research	\$ 16,397	\$ 16,613
Unexpended restricted donations	14,840	16,697
Unexpended endowment income	4,559	5,195
	<u>\$ 35,796</u>	<u>\$ 38,505</u>

8. Long-term Debt

Details of this liability are as follows:

	2002	2001
Mortgages payable	\$ 4,393	\$ 4,544
Bank loans	3,145	2,530
	7,538	7,074
Less: Current portion	(567)	(465)
	<u>\$ 6,971</u>	<u>\$ 6,609</u>

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

Interest Rate	Semi-Annual Installment	Maturity Date	2002	2001
5 3/8 %	\$ 52	2013	\$ 855	\$ 911
5 3/8 %	20	2016	392	409
6 7/8 %	95	2020	1,948	2,002
7 7/8 %	60	2022	1,198	1,222
			<u>\$ 4,393</u>	<u>\$ 4,544</u>

Subsequent to year-end, on May 1, 2002, the 6 7/8% and 7 7/8% mortgages were paid out using the proceeds of two floating rate term loans negotiated with a Canadian chartered bank. The floating rate loans have the same term to maturity as the original mortgages. For hedging purposes, the University entered into two interest rate swap transactions with the bank to effectively change its interest rate exposure from a floating-rate to a fixed-rate basis. The swaps involve the exchange of one-month bankers acceptance floating interest rates for fixed interest rates of 6.45% and 6.50% respectively.

(ii) Interest paid on mortgages amounted to \$303 for the year ended April 30, 2002 (2001 - \$312).

(b) The bank loan includes the first three 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.

(c) Principal payments required on long-term debt in each of the next five years are as follows:

2003	2004	2005	2006	2007
\$488	\$541	\$552	\$590	\$630

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2002
(in thousands of dollars)

9. Early Retirement and Employee Benefit Plans

Details of this liability are as follows:

	2002	2001
Early retirement plan	\$ 19,641	\$ 20,139
Retiring allowance	12,538	11,561
Other employee benefit plans	1,454	2,903
	<u>\$ 33,633</u>	<u>\$ 34,603</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:

	2002	2001
Balance, beginning of year	\$ 20,139	\$ 21,055
Add: Interest on liability	1,306	1,541
Less: Benefits paid during the year	(1,567)	(1,713)
Less: Actuarial gain	(237)	(744)
Balance, end of year	<u>\$ 19,641</u>	<u>\$ 20,139</u>

Details of early retirement pension plan expenses are as follows:

	2002	2001
Interest on liability	\$ 1,306	\$ 1,541
Less: Interest earned on internal fund	(322)	(771)
Less: Actuarial gain	(237)	(744)
	<u>\$ 747</u>	<u>\$ 26</u>

The estimated amount of early retirement benefit payments which will be made in 2003 is \$1,564.

(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:

	2002	2001
Liability, beginning of year	\$ 11,561	\$ 10,957
Add: Current service cost	773	749
Interest on benefit obligation	836	793
Less: Retiring allowance payments	(632)	(938)
Liability, end of year	<u>\$ 12,538</u>	<u>\$ 11,561</u>

Details of retiring allowance expense are as follows:

	2002	2001
Current service cost	\$ 773	\$ 749
Interest on benefit obligation	836	793
	<u>\$ 1,609</u>	<u>\$ 1,542</u>

The estimated amount of retiring allowance payments which will be made in 2003 is \$804.

(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:

	2002	2001
Health and Dental Plan	\$ 187	\$ 178
Long-Term Disability Plan	1,267	2,725
	<u>\$ 1,454</u>	<u>\$ 2,903</u>

10. 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:

	2002	2001
Balance, beginning of year	\$ 58,987	\$ 57,816
Purchase of capital assets externally funded	6,079	9,266
Recognized as revenue	(8,015)	(8,095)
Disposal of externally funded capital assets	(1,096)	-
Balance, end of year	<u>\$ 55,955</u>	<u>\$ 58,987</u>

11. 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:

	2002	2001
General Operating		
Departmental non-salary carryovers	\$ 9,411	\$ 7,793
Departmental share of contract overhead income	1,875	678
	<u>11,286</u>	<u>8,471</u>
Specific Purposes		
Staff unused vacation pay entitlement	(1,342)	(1,152)
Donations restricted by the Board	4,403	3,525
Indirect research and other non-recurring expenditures	3,164	250
Contingency for energy costs	500	500
Systems and equipment replacement	870	673
Unexpended income on internal endowments	1,495	1,548
Capital requirements	4,098	3,133
Other operational priorities	2,508	1,292
	<u>15,696</u>	<u>9,769</u>
Unfunded portion of early retirement plans	(12,580)	(13,497)
Unfunded retiring allowance liability	(12,538)	(11,561)
	<u>\$ 1,864</u>	<u>\$ (6,818)</u>

THE UNIVERSITY OF NEW BRUNSWICK NOTES TO THE FINANCIAL STATEMENTS

for the year ended April 30, 2002
(in thousands of dollars)

12. Net Assets Invested In Capital Assets

Net assets invested in capital assets consists of the following:

	2002	2001
Capital assets	\$ 77,536	\$ 78,606
Amounts financed by long-term debt	(7,538)	(7,074)
Unamortized deferred capital contributions (Note 10)	<u>(55,955)</u>	<u>(58,987)</u>
Balance, end of year	<u>\$ 14,043</u>	<u>\$ 12,545</u>

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

	2002	2001
Increases in net assets invested in capital assets		
Purchases of capital assets funded from operations	\$ 5,222	\$ 5,483
Less: Purchases funded by long-term debt	(960)	(1,935)
Repayment of long-term debt	<u>496</u>	<u>364</u>
	<u>4,758</u>	<u>3,912</u>
Decreases in net assets invested in capital assets		
Amortization expense	(11,275)	(11,249)
Less: Amortization of deferred capital contributions (Note 10)	<u>8,015</u>	<u>8,095</u>
	<u>(3,260)</u>	<u>(3,154)</u>
Net increase in net assets invested in capital assets	<u>\$ 1,498</u>	<u>\$ 758</u>

13. 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:

	2002	2001
Externally endowed	\$ 49,945	\$ 48,130
Internally endowed	<u>7,929</u>	<u>7,881</u>
Total endowments	<u>\$ 57,874</u>	<u>\$ 56,011</u>

14. 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.

15. Property Tax Contingency

The University has been advised by the Province that effective January 01, 2002, the Province would be changing the approach to financing provincial and municipal property taxes for New Brunswick universities. Prior to January 01, 2002, the Province funded property taxes directly. The Province has advised that subsequent to January 01, 2002, New Brunswick universities will be responsible for the payment of provincial and municipal property taxes.

In May of 2002, the Province provided the University with funding equal to the 2002 tax bills, an amount of \$5,919. It is currently uncertain as to how future changes in tax assessments and tax rates will be financed in subsequent years.

The financial statements include a provision of \$1,973 as accrued property tax expense and accrued Provincial restricted operating grant revenue, to reflect the portion of property taxes applicable to the 2001-2002 fiscal year.

The University has referred the 2002 tax assessments in the first stage of an appeal process.

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:

	2002	2001
Accounts receivable	\$ (2,576)	\$ 631
Inventories	(47)	(184)
Prepaid expenses and deferred charges	(250)	(414)
Accounts payable and accrued liabilities	4,004	(192)
Unearned revenue	<u>(707)</u>	<u>1,209</u>
	<u>\$ 424</u>	<u>\$ 1,050</u>

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 \$2,551 (2001- \$1,726).

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 \$3,872 (2001 - \$3,631). The next actuarial valuation of the Plan will be carried out as at July 1, 2002.

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.