



Memorial
University of Newfoundland



Consolidated Financial Statements with Supplementary Schedules of
MEMORIAL UNIVERSITY OF NEWFOUNDLAND

Year ended March 31, 2004

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND
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FOR THE YEAR ENDED MARCH 31, 2004**

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AUDITORS' REPORT

To The Board of Regents of
Memorial University of Newfoundland

We have audited the consolidated statement of financial position of **Memorial University of Newfoundland** (the "University") as at March 31, 2004, the consolidated statements of operations, statements of changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

St. John's, Canada,
June 11, 2004.

Chartered Accountants

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
Consolidated Statement of Financial Position

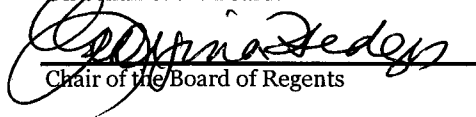
March 31, 2004, with comparative figures for 2003

(thousands of dollars)

	2004	2003
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 46,073	\$ 32,150
Accounts receivable	27,418	33,147
Inventory and prepaids	4,683	3,688
Accrued interest receivable	534	517
	<u>78,708</u>	<u>69,502</u>
Capital assets (note 3)	142,053	140,818
Investments (note 7)	42,997	38,177
Mortgage receivable	591	655
	<u>\$ 264,349</u>	<u>\$ 249,152</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 36,260	\$ 25,142
Bank indebtedness (note 6)	5,792	6,106
Short term debt (note 5)	1,515	1,275
	<u>43,567</u>	<u>32,523</u>
Long-term liabilities:		
Employee benefits obligation (note 12)	70,830	47,033
Other (note 5)	5,328	6,234
	<u>76,158</u>	<u>53,267</u>
Deferred contributions (note 4)	166,605	164,319
Net Assets:		
Net assets restricted for endowment purposes (note 10)	46,844	44,274
Net assets invested in capital assets	(1,096)	(26)
Unrestricted net assets	(67,729)	(45,205)
	<u>(21,981)</u>	<u>(957)</u>
	<u>\$ 264,349</u>	<u>\$ 249,152</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:


 Chair of the Board of Regents


 Chair of the Finance Committee

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
Consolidated Statement of Operations

Year ended March 31, 2004, with comparative figures for 2003

(thousands of dollars)

	2004	2003
Revenue:		
Government grants	\$ 210,914	\$ 184,760
Student fees	50,096	48,534
Other income	26,172	24,910
Amortization of deferred capital contributions	18,428	18,047
Sales and services	14,067	13,368
Investment income	2,923	2,050
	<u>322,600</u>	<u>291,669</u>
Expenditures:		
Salaries	183,948	170,127
Employee benefits	26,816	24,729
Employee future benefits	24,819	3,555
Materials and supplies	27,044	27,254
Amortization	19,391	19,496
Utilities	14,581	14,878
Scholarships and bursaries	14,260	13,959
Externally contracted services	12,942	13,456
Renovations	10,796	6,199
Travel and hosting	10,291	10,750
Other	7,025	2,579
Professional fees	6,815	4,249
Equipment rentals	1,966	1,687
Books	677	698
External cost recoveries	(13,951)	(14,927)
	<u>347,420</u>	<u>298,689</u>
Deficiency of revenue over expenditures for the year	\$ (24,820)	\$ (7,020)

See accompanying notes to consolidated financial statements.

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
Consolidated Statement of Changes in Net Assets

Year ended March 31, 2004, with comparative figures for 2003

(thousands of dollars)

	Invested in Capital Assets	Restricted for Endowment	Unrestricted	2004 Total	2003 Total
Balance, beginning of year	\$ (26)	\$ 44,274	\$ (45,205)	\$ (957)	\$ 3,900
Deficiency of revenue over expenditures	(963)	(1,226)	(22,631)	(24,820)	(7,020)
Endowment contributions	-	3,796	-	3,796	2,163
Increase to invested in capital assets	(107)	-	107	-	-
Balance, end of year	\$ (1,096)	\$ 46,844	\$ (67,729)	\$ (21,981)	\$ (957)

See accompanying notes to consolidated financial statements.

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
Consolidated Statement of Cash Flows

Year ended March 31, 2004, with comparative figures for 2003

(thousands of dollars)

	2004	2003
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditure for the year	\$ (24,820)	\$ (7,020)
Items not involving cash:		
Amortization of capital assets	19,391	19,239
Net increase in deferred contributions related to expenses of future periods	2,909	1,049
Amortization of deferred capital contributions	(18,428)	(18,047)
Change in non-cash working capital	15,761	(3,612)
	<u>(5,187)</u>	<u>(8,391)</u>
Financing and investing activities:		
Endowment contributions	3,796	2,163
Addition to deferred capital contributions	17,805	13,638
Capital assets acquired	(20,626)	(14,459)
(Increase) decrease in pooled investments	(4,820)	7,611
Decrease in short-term investments	-	9,845
(Decrease) increase in long-term liabilities	(906)	3,630
Increase in employee benefit obligations	23,797	2,760
Reduction in mortgage receivable	64	60
	<u>19,110</u>	<u>25,248</u>
Increase in cash and cash equivalents	13,923	16,857
Cash and cash equivalents, beginning of year	32,150	15,293
Cash and cash equivalents, end of year	<u>\$ 46,073</u>	<u>\$ 32,150</u>

See accompanying notes to consolidated financial statements.

Memorial University of Newfoundland

Notes to Consolidated Financial Statements

Year ended March 31, 2004

(thousands of dollars)

1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland (the "University") is a corporation operating under the authority of the *Memorial University Act*. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a not-for-profit entity, governed by a Board of Regents, the majority of whom are appointed by the Province of Newfoundland and Labrador. The University is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant Accounting Policies

General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting principles are summarized as follows:

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

(b) Consolidated statements

These financial statements have been prepared on a consolidated basis, reporting the operations and financial position of the University and the following related not-for-profit organization:

- ⇒ C-CORE
- ⇒ The Canadian Centre for Marine Communications (CCMC)
- ⇒ The Canadian Centre for Fisheries Innovation (CCFI)
- ⇒ Genesis Group Inc.
- ⇒ The Memorial University of Newfoundland Botanical Garden Incorporated
- ⇒ Memorial University Recreation Complex (MURC)
- ⇒ Newfoundland Quarterly Foundation

Memorial University of Newfoundland
Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

2. Significant Accounting Policies (cont'd)

(c) Cash equivalents and short term investments

Cash equivalents and short term investments consist primarily of cash, treasury bills and bankers' acceptances. Investments with original maturities less than three months past year end are classified as cash equivalents. Investments with maturities beyond three months to one year past year end are classified as short term investments. Short term investments are carried at cost, which approximates market value.

(d) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are recognized. Contributions of capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related asset. Endowment contributions are recognized as direct increases in the net assets in the year in which they are received. Revenues from contracts and sales are recognized when the services are provided or the goods are sold.

(e) Contributed services

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The costs that would otherwise be associated with these contributed services is not recognized in these financial statements.

(f) Investments

Investments are carried at cost. Fair values have been determined on the basis described in note 7 and are considered to approximate market values.

Memorial University of Newfoundland
Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

2. Significant Accounting Policies (cont'd)

(g) Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance charges are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

The University's permanent art collection is expensed as incurred and the value of donated art is not recognized in these financial statements.

Capital assets are amortized using the following rates. One-half year's amortization is taken in the year of acquisition and no amortization in the year of disposal.

⇒ Buildings	8% declining balance
⇒ Furniture and equipment	20% declining balance
⇒ Computers	30% declining balance
⇒ Vehicles	30% declining balance
⇒ Campus network	20% declining balance
⇒ Library collection	10 years straight line

(h) Employee future benefits

(i) Pension costs and obligations

The employees of the University participate in a defined benefit pension plan administered under the Memorial University (Pensions) Act with any deficiencies being guaranteed by the Province of Newfoundland and Labrador. Payments to the pension plan consist of contributions from employees and contributions from the University as prescribed in the Pensions Benefit Act (1997). In addition, where the plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the deficiency within 5 years of the solvency valuation date. The University's contributions to the Pension Plan are recorded as expenditure in the Statement of Operations.

(ii) Other post employment benefits

The University accrues its obligations for employee benefit plans. The employee future benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and administration's best estimate of salary escalation, retirement ages of employees and escalation in covered benefit expense outlays.

The University recognizes the cost of the Supplemental Retirement Income Plan (SRIP), the Voluntary Early Retirement Income Plan (VERIP) and the cost of future employee benefits which include severance, accrued vacation, group life insurance and health care benefits.

Memorial University of Newfoundland

Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

2. Significant Accounting Policies (cont'd)

(i) Agency Obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are recorded as decreases to these liabilities.

3. Capital assets

	Cost	Accumulated Depreciation	2004 Net Book Value	2003 Net Book Value
Buildings	\$170,443	\$86,328	\$84,115	\$86,690
Furniture & Equipment	37,309	18,827	18,482	14,417
Computers	23,451	15,234	8,217	8,070
Vehicles	1,199	683	516	521
Campus network	3,283	1,634	1,649	2,309
Library collection	94,083	65,009	29,074	28,811
	\$329,768	\$187,715	\$142,053	\$140,818

Capital assets include certain assets under capital lease with a net book value of \$5.840 million (2003 – \$6.386 million).

4. Deferred Contributions

(a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

Memorial University of Newfoundland
Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

4. Deferred Contributions (cont'd)

	2004	2003
Balance, beginning of year	\$34,535	\$33,486
Revenue received during the year	43,013	39,875
Expenses incurred during the year	46,286	38,826
	\$31,262	\$34,535

(b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets.

The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2004	2003
Balance, beginning of year	\$129,784	\$134,193
Additional contributions received	23,987	13,638
Less amounts amortized to revenue	(18,428)	(18,047)
	\$135,343	\$129,784

The balance of deferred capital contributions related to capital assets consists of the following:

	2004	2003
Unamortized deferred capital contributions	\$130,601	\$127,160
Unspent capital contributions	4,742	2,624
	\$135,343	\$129,784

Memorial University of Newfoundland
Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

4. Deferred Contributions (cont'd)

(c) Total deferred contributions

	2004	2003
Expenses of future periods	\$31,262	\$34,535
Capital assets	135,343	129,784
	\$166,605	\$164,319

5. Long term debt

	2004	2003
CHMC, 5.875% interest, repayable in equal payments of \$29,095 semi-annually, which commenced on December 1, 1994	\$563	\$587
Harlow Development Corporation, 7.38% interest repayable in semi-annual installments of \$3,883, which commenced March 1974	-	8
Capital leases negotiated through the Royal Bank, interest rates vary, payable in equal annual installments, secured by assets under lease	3,568	4,050
RBC Royal Bank, fixed term loan, 3.4% interest, repayable in equal annual of payments of \$300,000	2,712	2,864
	\$6,843	\$7,509
<i>Less Short Term Portion</i>	<i>1,515</i>	<i>1,275</i>
	\$5,328	\$6,234

Annual repayments of long term debt over the next five years are as follows:

⇒ 2005	\$1,515
⇒ 2006	\$1,505
⇒ 2007	\$604
⇒ 2008	\$448
⇒ 2009	\$165

Memorial University of Newfoundland
Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

6. Bank indebtedness

Pursuant to Section 41 of the Memorial University Act, the University has received approval from the Lieutenant-Governor in Council to borrow to finance three capital projects. The projects involve the development of a training facility on the Southside for the Marine Institute, construction of a new residence complex for Sir Wilfred Grenfell College and renovations to the campus at Harlow, England. Currently the debt has been negotiated using bankers' acceptances at rates of 3.24% to 3.55% which matures during 2004. Management expects to refinance these loans through bankers' acceptance for the balance of the term of the loans.

7. Financial instruments

The carrying values of cash, accounts receivable, mortgage receivable, accounts payable, accrued liabilities, short term debt and other long term liabilities approximate their market value due to the relatively short periods to maturity of the instruments.

Long term investments are recorded at cost. The carrying amounts and fair values of investments are summarized as follows:

	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed Income	\$22,690	\$23,812	\$15,259	\$15,825
Equities	20,307	21,356	22,918	18,942
	\$42,997	\$45,168	\$38,177	\$34,767

Cash in the amount of \$3.758 million is being carried in the pooled investment fund but for financial statements presentation, it is classified as cash and cash equivalents. Fair values are considered to approximate market values.

Memorial University of Newfoundland

Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

7. Financial instruments (cont'd)

Details of significant terms and considerations, exposures to interest rate and credit risks on 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. No significant weightings exist within the corporate bond category that would pose any material credit rate risk to the University.
- (ii) Interest rates on fixed income securities range from 3.11% to 7.60% with maturities ranging from 2004 to 2016.
- (iii) The income earned on the securities is used to pay scholarships and fund endowed chairs. Expenditure levels on these activities are determined based on the performance of the investments.

8. Memorial University Act

In accordance with the Memorial University Act, the University is normally prohibited from recording a deficit on their financial statements. During 1996, pursuant to Section 36 of the *Memorial University Act*, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to \$5 million in 1996 and an additional \$10 million in 1997 as a result of the recognition of the liabilities related to Voluntary Early Retirement Plans for faculty and staff. During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the definition of a deficit, pursuant to Section 36 of the *Memorial University Act*, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and any other post employment benefits.

9. Contingencies

(a) Reciprocal exchange of insurance risks

The University, in association with fifty-six Canadian universities, participates in a reciprocal exchange (CURIE) of insurance risks. The self-insurance cooperative involves a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

The projected cost of claims will be funded through members' premiums based on actuarial projections. As of December 31, 2003, CURIE has a surplus of \$100 thousand, of which the University's prorata share is approximately 3% on an ongoing basis. In addition, the reciprocal has obtained \$645 million re-insurance with commercial insurers to cover major property claims in excess of \$5 million per occurrence.

In respect of general liability, the limit is \$20 million per occurrence. Re-insurance for liability coverage in the amount of \$15 million in excess of a \$5 million per occurrence retention is in place.

In the event that premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation.

Memorial University of Newfoundland
Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

9. Contingencies (cont'd)

(b) Guarantee of loan for The Memorial University of Newfoundland Students' Union

In 1994, the Board of Regents, with the authorization of the Province of Newfoundland and Labrador, guaranteed a loan in the amount of \$1.2 million for the Memorial University of Newfoundland Students' Union. The current balance outstanding on the loan is \$1.173 million.

10. Net assets

The University has total restricted net assets for endowment purposes as follows:

	2004	2003
Restricted Assets subject to externally imposed restrictions requiring the principal to be maintained	\$38,248	\$35,570
Restricted assets subject to externally imposed restrictions requiring the principal be loaned to students	1,221	1,205
General University Endowment Fund is an internally restricted endowment	7,375	7,499
	\$46,844	\$44,274

Investment income on the various funds is restricted as stipulated in the terms and conditions of the individual funds. Investment income on the internally restricted fund and any other unrestricted funds is recorded in the Statement of Operations.

Memorial University of Newfoundland

Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

10. Net assets (cont'd)

The University has unrestricted operating net assets calculated as follows:

	2004	2003
Total net assets	(\$21,981)	(\$957)
Less:		
Net assets restricted for endowment purposes	46,844	44,274
Net assets invested in capital assets	(1,096)	(26)
Net assets internally restricted for specific purposes	3,185	2,977
Net assets invested in separately incorporated entities	5,813	5,892
Net assets invested in future employee benefits	(71,611)	(47,804)
Net assets invested in accrued vacation benefits	(8,537)	(7,815)
Unrestricted operating net assets	\$3,421	\$1,545

11. Opportunity fund

On March 25, 1997, the University launched a fund raising campaign with a goal to raise a combined total of \$50 million. The five-year campaign has raised \$28 million in private sector pledges to date and the Government of Newfoundland and Labrador has agreed to match donor contributions on a dollar-for-dollar basis up to \$28 million. As at March 31, 2004, the Government has contributed \$27.4 million toward their matching contributions. The balance of uncollected pledges and matching funds has not been reflected in the financial accounts of the University.

12. Employee Future Benefits

The University has a number of defined benefit and defined contribution plans providing group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays a severance payment, to certain employee groups, upon termination provided they meet certain eligibility criteria.

In May 1996, the Board of Regents approved a Supplemental Retirement Income Plan to provide benefits to employees of the University whose salaries exceed the Canada Customs and Revenue Agency maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefits payable from the Plan.

In February and May 1996, the University offered faculty and staff, who reached the age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the Voluntary Early Retirement Incentive Program.

Memorial University of Newfoundland

Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

12. Employee Future Benefits (cont'd)

Subject to eligibility criteria, the Program provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is being funded from operations.

The significant actuarial assumptions used in measuring the University's accrued benefit obligation under each plan are as follows:

Future employee benefits

Include a discount rate of 6% and an average rate of compensation increase of 5%. In addition, in determining the expected cost of health care benefits, it was assumed that health care costs will increase by 8% in year one and decrease gradually to 3% in 2011 and remain level thereafter.

Supplemental retirement income plan (SRIP)

Include a discount rate of 7% and an average compensation increase of 5%.

Voluntary early retirement income plan (VERIP)

Include a discount rate of 8%.

	SRIP		VERIP		Other benefits	
	2004	2003	2004	2003	2004	2003
Accrued Benefit Obligation						
Balance, beginning of year	\$3,376	\$3,136	\$6,153	\$6,250	\$38,275	\$35,595
Current service cost	172	181	-	-	1,346	1,609
Interest cost	251	220	492	476	2,629	2,465
Benefits paid	(85)	(45)	(629)	(605)	(1,556)	(1,394)
Actuarial (gain) loss	(68)	(116)	(15)	32	21,270	-
	\$3,646	\$3,376	\$6,001	\$6,153	\$61,964	\$38,275
Current Plan Expense						
Current service expense	\$172	\$181	\$ -	\$ -	\$1,346	\$1,609
Interest cost	251	220	492	476	2,629	2,465
Actuarial (Gain) loss	(68)	(116)	(15)	32	21,270	-
	\$355	\$285	\$477	\$508	\$25,245	\$4,074

Memorial University of Newfoundland
Notes to Consolidated Financial Statements

Year ended March 31, 2004
(thousands of dollars)

12. Employee Future Benefits (cont'd)

A summary of these accrued benefit obligations are as follows:

	2004	2003
Future employee benefits	\$61,964	\$38,275
Supplemental retirement income plan	3,646	3,376
Voluntary early retirement income plan	6,001	6,153
Sub Total	\$71,611	\$47,804
Less current portion	781	771
Long term benefit obligation	\$70,830	\$47,033

13. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2004.

**AUDITORS' REPORT TO THE BOARD OF REGENTS
MEMORIAL UNIVERSITY OF NEWFOUNDLAND
ON SUPPLEMENTARY INFORMATION**

To The Board of Regents of
Memorial University of Newfoundland

We have audited and reported separately herein on the consolidated financial statements of **Memorial University of Newfoundland** (the "University") as at and for the year ended March 31, 2004.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of the University taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subject to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated all material respects in relation to the basic consolidated financial statements taken as whole.

Ernst + Young LLP

St. John's, Canada,
June 11, 2004.

Chartered Accountants

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION
AS AT MARCH 31, 2004
(thousands of dollars)

SCHEDULE 1

	OPERATING		ANCILLARY ENTERPRISES		PLANT		SPONSORED RESEARCH		SPECIAL PURPOSE AND TRUST		TOTAL	
	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:												
Cash and cash equivalents	2,132	(11,419)	1,969	1,442	4,922	1,185	16,011	21,851	21,039	19,091	46,073	32,150
Accounts receivable	11,905	20,565	67	135	64	195	12,752	9,313	2,630	2,939	27,418	33,147
Accrued interest receivable	304	69							230	448	534	517
Inventory and prepaid expense	2,789	1,902	1,701	1,707			178	37	15	42	4,683	3,688
Interfund accounts	2,213	2,328	(2,213)	(2,328)							0	0
	19,343	13,445	1,524	956	4,986	1,380	28,941	31,201	23,914	22,520	78,708	69,502
Mortgage receivable												
Investments					591	655	300	300	42,697	37,877	591	655
Capital assets			868	949	138,777	137,118	2,242	2,530	166	221	142,053	140,818
Total assets	19,343	13,445	2,392	1,905	144,354	139,153	31,483	34,031	66,777	60,618	264,349	249,152
Current liabilities:												
Short term debt					1,515	1,275					1,515	1,275
Bank indebtedness					5,792	6,106					5,792	6,106
Accounts payable and accrued liabilities	25,556	20,383	129	(36)	1,222	350	9,074	4,171	279	274	36,260	25,142
	25,556	20,383	129	(36)	8,529	7,731	9,074	4,171	279	274	43,567	32,523
Long-term liabilities:												
Other					5,328	6,234					5,328	6,234
Accrued benefits obligation	70,009	46,171	238	159	5,328	6,234	513	495	70	208	70,830	47,033
	70,009	46,171	238	159	5,328	6,234	513	495	70	208	76,158	53,267
Deferred contributions					132,977	127,062	21,161	28,523	12,467	8,734	166,605	164,319
Net assets:												
Net assets invested in capital assets			868	949	(1,977)	(1,003)		8	13	20	(1,096)	(26)
Net assets restricted for endowment purposes	(76,222)	(53,109)	1,157	833	(503)	(871)	735	834	46,844	44,274	46,844	44,274
Unrestricted net assets	(76,222)	(53,109)	2,025	1,782	(2,480)	(1,874)	735	842	7,104	7,108	(67,729)	(45,205)
	19,343	13,445	2,392	1,905	144,354	139,153	31,483	34,031	66,777	60,618	264,349	249,152
Total liabilities, deferred contributions and net assets												

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
 CONSOLIDATED SCHEDULE OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2004
 (thousands of dollars)

	OPERATING		ANCILLARY ENTERPRISES		2003		PLANT		2003		SPONSORED RESEARCH		2003		SPECIAL PURPOSE AND TRUST		TOTAL		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue:																			
Government grants	165,991	148,086	150	150	150	150	18,110	17,610	42,072	32,256	2,701	4,268	210,914	184,760					
Amortization of deferred capital contributions																			
Student fees	49,984	48,348		13,368					301	411	17	26	18,428	18,047					
Sales and services											112	186	50,096	48,534					
Investment income	1,519	1,043							104	65	1,300	942	2,923	2,050					
Other income	13,566	13,496	853	822			2,905	269	3,626	6,594	5,222	3,729	26,172	24,910					
Total revenue	231,060	210,973	15,070	14,340	14,340	14,340	21,015	17,879	46,103	39,326	9,352	9,151	322,600	291,669					
Expenditures:																			
Salaries	158,106	145,711	5,640	4,786	4,786	4,786	141	48	16,629	15,619	3,432	3,963	183,948	170,127					
Employee benefits	24,193	22,318	548	562	562	562	2	3	1,658	1,352	415	494	26,816	24,729					
Employee future benefits	24,713	3,512	78	21	21	21			26	9	2	13	24,819	3,555					
Travel and housing	5,273	5,458	43	85	85	85	5	3	3,577	3,785	1,393	1,419	10,291	10,750					
Materials and supplies	10,626	10,046	6,973	6,630	6,630	6,630	200	17	8,410	9,642	835	919	27,044	27,254					
Renovations	3,160	2,611	613	763	763	763	5,944	2,349	952	318	127	158	10,796	6,199					
Books	556	567		1	1	1			82	89	39	41	677	698					
Scholarships and bursaries	4,632	4,867		1	1	1			5,689	5,047	3,939	4,044	14,260	13,959					
Utilities	12,352	12,580	1,318	1,051	1,051	1,051	28	9	303	413	580	825	14,581	14,878					
Equipment rentals	1,483	1,331	122	57	57	57	56	32	228	136	77	131	1,966	1,687					
Amortization			210	205	205	205	18,713	18,590	449	670	19	31	19,391	19,496					
Externally contracted service	7,624	8,810	745	858	858	858	349	187	2,967	2,346	1,257	1,255	12,942	13,456					
Professional fees	3,556	2,913	22	15	15	15	47	6	2,621	830	569	485	6,815	4,249					
Other	2,252	1,933	466	422	422	422	34	37	4,132	76	141	111	7,025	2,579					
External cost recoveries	(12,602)	(12,898)	(81)	8	8	8	(52)	5	(35)	(124)	(1,181)	(1,918)	(13,951)	(14,927)					
Total expenditures	245,924	209,759	16,697	15,465	15,465	15,465	25,467	21,286	47,688	40,208	11,644	11,971	347,420	298,689					
Increase (decrease) for the year before the following	(14,864)	1,214	(1,627)	(1,125)	(1,125)	(1,125)	(4,452)	(3,407)	(1,685)	(882)	(2,292)	(2,820)	(24,820)	(7,020)					
Interfund transfers	(8,249)	(5,489)	1,870	1,655	1,655	1,655	3,846	2,440	1,478	998	1,055	396	0	0					
Net increase (decrease) in net assets for the year	(23,113)	(4,275)	243	530	530	530	(606)	(967)	(107)	116	(1,237)	(2,424)	(24,820)	(7,020)					

UNAUDITED SUPPLEMENTARY SCHEDULES

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND
SCHEDULE OF OPERATING REVENUE
FOR THE YEAR ENDED MARCH 31, 2004**

SCHEDULE A

(thousands of dollars)

	2004	2003
Government grants:		
Province of Newfoundland and Labrador:		
Department of Education	\$141,447	\$125,476
Department of Health	20,723	19,062
Other	194	265
Government of Canada	3,627	3,283
	<hr/>	<hr/>
	165,991	148,086
Student fees:		
Semester tuition:		
Undergraduates	\$35,700	\$35,673
Graduates	3,764	3,330
Non-credit courses:		
Continuing Studies	577	606
Sir Wilfred Grenfell College	255	244
Marine Institute	6,498	5,732
Other fees	3,190	2,763
	<hr/>	<hr/>
	49,984	48,348
Investment income	<hr/>	<hr/>
	1,519	1,043
Other income:		
Rental income	\$537	\$575
Miscellaneous income	12,143	12,089
Medical Practice Associates	886	832
	<hr/>	<hr/>
	13,566	13,496
	<hr/>	<hr/>
	\$231,060	\$210,973

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
 OPERATING FUND EXPENDITURES BY FUNCTION
 FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

SCHEDULE B

	2004	2003
Academic:		
Faculty of Arts	\$23,364	\$21,841
Faculty of Business Administration	7,953	7,169
Faculty of Education	7,478	6,847
Faculty of Engineering and Applied Science	7,970	7,337
Faculty of Medicine	25,523	23,795
Faculty of Science	31,237	29,555
School of Life Long Learning	1,125	1,299
School of Graduate Studies	3,579	3,412
School of Music	2,004	1,941
School of Nursing	3,667	3,116
School of Pharmacy	1,541	1,370
School of Human Kinetics	2,584	2,397
School of Social Work	2,014	1,985
Sir Wilfred Grenfell College	14,247	13,402
Labrador Institute	373	287
School of Continuing Education	3,460	3,454
Animal Care	664	502
Fisheries and Marine Institute	26,411	23,248
Technical Services	2,795	2,524
Oil and Gas Development Partnership	511	175
Centre of Regional Development Studies	49	
	168,549	155,656
Support services:		
Administrative departments	\$16,106	\$15,589
Computing and Communications	9,983	9,370
Library	12,226	11,616
Student Services	5,955	5,459
Facilities Management	17,044	16,235
	61,314	58,269
	\$229,863	\$213,925

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
 OPERATING FUND EXPENDITURE BY OBJECT
 FOR THE YEAR ENDED MARCH 31, 2004

SCHEDULE C

(thousands of dollars)

	Academic		Library		Student Services		Facilities Management		Facilities Management		Computing and Communications		Administration		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Academic salaries	83,440	76,305	2,039	1,824	647	508	2	6	133	231	158	133	231	86,259	78,867	
Other instruction and research salaries	1,591	1,450	112	103	867	859			76	98	147	76	98	2,794	2,674	
Other salaries and wages	39,883	36,994	3,539	3,259	2,160	1,755	9,131	8,527	10,071	10,081	3,670	3,555	10,081	69,054	64,170	
Employee benefits	18,405	16,875	930	873	405	348	1,932	1,854	1,918	1,830	602	568	1,830	24,193	22,318	
	143,319	131,624	6,619	6,058	4,079	3,470	11,065	10,357	12,798	4,281	4,419	12,239	12,239	182,299	168,029	
Travel and lodging	3,969	4,045	65	93	228	264	116	136	849	865	48	54	849	5,273	5,458	
Materials and supplies	6,815	6,586	592	484	739	539	839	928	1,440	68	1,389	1,440	68	10,626	10,046	
Renovations	696	858	216	140	78	12	1,801	1,522	150	47	219	3	150	3,160	2,611	
Library acquisitions	1,830	1,774	4,464	4,660	4	4	5	7	30	72	1	2	30	6,335	6,519	
Scholarships and bursaries	4,034	4,108			522	718			76	40			40	4,632	4,867	
Utilities	2,900	3,068	52	47	66	102	8,849	8,874	171	183	314	306	171	12,352	12,580	
Furniture and equipment:																
Rental	803	718	134	99	24	10	38	23	53	42	431	479	42	1,483	1,331	
Purchase	1,543	1,097	12	51	9	10	161	167	184	662	962	510	662	2,872	2,497	
Externally contracted service	2,799	2,666	49	46	73	108	1,661	1,882	322	455	2,719	2,883	455	7,624	8,040	
Professional fees	2,159	1,747	22	1	37	144	111	86	1,313	963	-85	-27	963	3,556	2,913	
Other:																
Institutional memberships	181	168	25	24	40	22	5	2	218	239	7	7	239	477	462	
Property tax	95	100			0		236	240	331	340				331	340	
Insurance	221	178	119	85			371	245	5	4	3	2	4	719	515	
Debt repayments	212	189			58	48	5	7	6	5	152	140	5	432	388	
Space rental	260	194			6	9	12	12	15	13			13	293	228	
External cost recoveries	-3,288	-3,466	-145	-130	-7	0	-8,231	-8,283	-336	-309	-594	-710	-309	-12,602	-12,898	
	25,229	24,031	5,606	5,558	1,877	1,990	5,979	5,878	3,308	3,350	5,564	5,089	3,350	47,563	45,896	
	168,549	155,655	12,226	11,616	5,955	5,459	17,044	16,235	16,106	15,589	9,983	9,370	15,589	229,863	213,925	

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND
SCHEDULE OF RESEARCH REVENUE
FOR THE YEAR ENDED MARCH 31, 2004**

(thousands of dollars)

SCHEDULE D

	2004	2003
Health and Welfare Canada	410	440
Atlantic Canada Opportunities Agency	5,186	2,227
Canada Foundation for Innovation	5,396	2,229
National Research Council	229	188
Environment Canada	207	124
Fisheries and Oceans	315	346
Federal Government Miscellaneous	3,642	3,675
Social Sciences and Humanities Research Council	1,841	1,308
Canadian Institute for Health Research	4,313	4,395
Natural Sciences and Engineering Research Council	8,000	10,157
Newfoundland Provincial Government	822	559
Foreign Sponsors	355	575
Business and Industry	4,602	3,855
Foundations	1,897	1,540
Other Non-Government Agencies	201	168
Other	136	36
Memorial University Internal Awards	535	140
	38,087	31,961
Deferred for capital assets	-7,482	-1,992
Deferred revenue	871	-582
	31,476	29,387

**COMPENSATION PRACTICES AT
MEMORIAL UNIVERSITY OF NEWFOUNDLAND**

Compensation at Memorial University is determined by the duties and responsibilities of respective positions.

At the executive level, the Board of Regents, on the recommendation of its Executive Compensation Committee, determines the salary levels for the university's president and vice-presidents.

Compensation for deans, academic directors and academic department heads includes a salary on a faculty member's scale, based on experience, rank and highest degree, in accordance with a collective agreement negotiated with the Memorial University of Newfoundland Faculty Association (MUNFA). In addition, there is an administrative stipend, set by the Board of Regents, the level of which is dependent on the size and complexity of the faculty, school or department.

For faculty and staff, compensation is determined through collective bargaining between the university and the various unions representing each employee group; MUNFA, the Canadian Union of Public Employees (CUPE), and the Newfoundland Association of Public Employees (NAPE). Periodic reviews of staff positions, including compensation levels, have been conducted with the assistance of external consultants since 1994.

Compensation for administrative directors and managers is set by the Board of Regents. A review of compensation in these positions was conducted by an external consultant in 1994-95.

The attached tabular information and explanatory notes provide an overview of salary ranges for academic, administrative and executive positions at Memorial University.

Attachment

SCHEDULE E

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND
EXECUTIVE SALARY RANGES
MARCH 31, 2004**

	Salary Range (\$)
President and Vice-Chancellor	156,493 - 220,471
Vice-Presidents:	
> Academic and Pro Vice-Chancellor	130,062 - 171,553
> Admin. & Finance	127,831 - 163,074
> Research	119,066 - 150,315
Executive Director (Marine Institute)	112,799 - 138,023

SCHEDULE E

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND
ACADEMIC SALARY RANGES (note 1)
MARCH 31, 2004**

	Salary Range (\$)	Actual Minimum & Maximum Salaries	Number of Employees
Academic Executive:	note (2)		17
▶ Deans of Faculties/Schools			8
▶ Director of Faculty Relations			1
▶ Directors of Schools			5
▶ Principal (SWGC)			1
▶ University Librarian			1
▶ Associate Vice-President			1
Academic Management:	note (3)		66
▶ Vice Dean (Medicine)			0
▶ Vice-Principal (SWGC)			1
▶ Associate Vice Principal Research (SWGC)			1
▶ Associate Deans			13
▶ Assistant Deans			6
▶ Department Heads			35
▶ Directors			3
▶ Associate Directors			4
▶ Associate University Librarians			3
Academic Staff:	24,609 - 115,415	29,119 - 166,551	1,060
▶ Professors	71,741 - 115,415	73,247 - 166,551	275
▶ Associate Professors	59,693 - 92,825	59,693 - 138,005	293
▶ Assistant Professors	50,657 - 64,211	50,657 - 98,849	205
▶ Lecturers (note 4)	44,633 - 52,163	44,633 - 56,681	69
▶ Co-op Education Coordinators	43,127 - 76,259	53,669 - 75,747	12
▶ Librarians	38,609 - 104,873	41,621 - 101,349	36
▶ Instructors - Marine Institute	24,609 - 85,876	29,119 - 85,876	170

Note 1: Some individuals are in receipt of market differentials which may result in salaries that exceed the maximum levels in their approved salary ranges.

Note 2: Academic Deans and Directors receive a salary depending upon professional rank plus an administrative stipend in the range of \$6,000 to \$25,000 per year depending on the size and complexity of their academic units, and whether they are serving a first or a second term.

Note 3: Academic Departments Heads receive a salary based upon their professional rank plus an administrative stipend in the range of \$3,000 to \$10,000 depending on the size of their academic unit.

Note 4: Lecturers include 28 Visiting Professors paid on the lecturer scale.

SCHEDULE E

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND
ADMINISTRATIVE SALARY RANGES (note 1)
MARCH 31, 2004**

	Salary Range (\$)	Actual Minimum & Maximum Salaries	Number of Employees
Administrative Directors Level 1 to 4:	63,916 - 108,654	72,351 - 133,654	16
Marine Institute Academic and Industrial Response Unit Managers	60,298 - 102,904	60,298 - 102,904	11
Management and Professional Staff (note 2)	22,556 - 87,015	33,516 - 87,015	235
Administrative Staff (note 3)	22,331 - 96,533	22,331 - 56,347	1,820

Note 1: Some individuals are in receipt of market differentials which may result in salaries that exceed the maximum levels in their approved salary ranges.

Note 2: Management and professional staff ranges reflect 15 salary levels developed under the university's Job Evaluation System.

Note 3: Administrative and academic support staff salary ranges reflect salary levels defined by union collective agreements or non-bargaining terms and conditions of employment.