

UNIVERSITY OF WATERLOO FINANCIAL STATEMENTS

APRIL 30, 1998

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Foreword to the Financial Statements

James Downey, President

Over the past several years of unprecedented fiscal constraint Waterloo has taken measures to ensure that it remained financially sound while beginning the process of academic and administrative renewal. In 1997/98 there were many indications that renewal had begun, with new faculty and staff, new funds for research, and new opportunities.

Research

In 1997/98 fresh sources of targeted research funding had a demonstrably beneficial effect on UW's research enterprise.

Through its Canada Foundation for Innovation (CFI), the federal government is injecting \$800M over five years to stimulate reinvestment and research in universities and teaching hospitals. With the understanding that institutions will find 60% of the costs of projects from other sources, this initiative will infuse approximately \$2B into academic and health-sector research, generally strengthening research infrastructure across the country.

UW has submitted 15 project proposals to the CFI in four strategic areas: information technology, environment, materials and manufacturing, and health. These proposals request \$27.2M from CFI and represent a total project amount of about \$70M. As well we asked CFI for \$2.3M in "new opportunities" funding for 14 proposals for recently appointed

faculty members, and have just learned that 11 of these proposals have been successful.

In May 1997, the provincial government announced the Ontario Research & Development Challenge Fund (ORDCF), an allocation of \$50M annually for 10 years to universities and other research organizations to promote research.

The ORDCF has now approved two major UW projects: Bell Emergis and High Speed Automated Welding. The Bell Emergis partnership with Bell Canada, the University of Toronto, UW and the province (through ORDCF) will help Waterloo realize over \$17 million in new research funds, which will focus on networking and interactive technologies. The federal government is also being approached for infrastructure support under CFI.

The welding project, while more modest in scale, gives proof of UW's leadership in this essential industrial activity, as do the six industrial partners the project has attracted. UW is at the centre of this initiative that will investigate tools and techniques which manufacturers can use to reduce cost and improve quality and productivity.

Labour Relations

Labour relations at UW continue to be characterized by the thoughtful and diligent approach of its employee groups.

This year, notwithstanding increased workloads and financial pressures, Waterloo reached amicable salary and wage settlements with all its employee groups. A two-year settlement with faculty provided a scale salary increase for the first time since 1992 (one percent on May 1, 1997, and one percent on May 1, 1998) and a share in a \$550,000 “anomalies/merit fund.”

Non-union staff agreed to a one-year settlement for 1997/98 and again for 1998/99 which provided a one percent increase in salary scales, distributed through the “all-merit” program. The 1998/99 settlement also includes another one percent to be distributed to recognize meritorious performance—a recognition of the increased workloads since the Special Early Retirement Program.

Members of CUPE local 793 voted to accept a two-year contract for a two percent salary increase (effective May 1, 1997) and an additional lump sum payment on May 1, 1998.

Equally important was faculty ratification and Board approval of an expanded Memorandum of Agreement between UW and the University of Waterloo Faculty Association. The agreement sets new standards and guidelines for many essential areas of UW-faculty relations, notably in grievance procedures.

The Fifth Decade Report

The Commission on Institutional Planning’s final report, released in September 1997, confirmed the importance of UW’s outward-looking perspective and innovative approach to achieving its mission. It confirmed that UW’s success is integrally linked to co-operative education, distance education, technology transfer, and research partnerships and exchanges at local, national and international levels. To address the challenges and opportunities that UW will face in the coming decade, the plan recommended incremental improvement, not radical change, to enhance academic excellence, to strengthen relevance in teaching and research, and to provide an enabling and supportive work/study environment. Action is well under way on more than half the recommendations, including:

- *help for senior graduate students to develop good teaching skills:* A program in post-secondary teaching leading to a certificate in University Teaching, will be offered to interested graduate students.
- *assist junior faculty in establishing their research programs:* In January 1998, UW established a special program which allows new faculty to compete for funds to enable them to initiate research. The program which this year saw 47 junior faculty receiving awards of up to \$6,750 is to help position them so they can successfully compete for external funding sources.

- *review the co-op placement process:* A new Co-operative Education and Career Services web-based computer system is being developed to provide more responsive interaction between students and employers, an improved job placement process and less stress and fewer costs for students.
- *improve student recruitment strategies and materials:* Undergraduate student recruitment received focussed attention in the past year with excellent results. A new director of undergraduate recruitment and publications was hired and, with the agreement of the faculties, the Registrar's Office assumed responsibility for coordinating recruitment and high school visits. Three new high school liaison officers (all recent UW grads) were hired, and a dynamic suite of publications was designed promoting UW student life and academic offerings.

These efforts contributed to a 15% increase in applications to UW—the biggest increase in the province—and have ensured a solid, high-quality pool of first-year registrants in September 1998.

- *boost communications to external audiences and stakeholder groups:* Complementing the student recruitment initiatives is the launch of the Publications Office. Located within the Information and Public Affairs Department, the unit will run on a fee-for-service basis and have responsibility for creating more professional, externally-oriented publications, including a new UW annual report, periodic community reports, college newsletters and an improved, upgraded UW Magazine.

- *improve accountability:* Part of the new Publications Office's mandate will be to enhance University accountability through better reporting—an important goal as universities are required to report more fully for academic and financial decisions to their governing boards, governments and the public.

Fundraising

Last November, the University officially completed Campaign Waterloo, an unprecedented five-year fund-raising campaign that generated over \$86 million. Through the generosity of many corporations, alumni, private individuals, faculty, staff and retirees, the Campaign provided UW with resources for: new scholarships, better library facilities, new wings on the School of Optometry and Burt Matthews Hall, new research chairs and world-class research initiatives in areas such as Canadian Studies, Jewish Studies, wireless communications, groundwater studies, Alzheimer's disease and computing.

With the arrival of a new Vice-President University Relations, planning was begun on a comprehensive, integrated fundraising campaign targeting private and corporate sources. Structural and administrative changes have been effected to respond to this focus including a presidential mandate to the UW Foundation for oversight of all fundraising programs.

Technology Park

Progress continues on the development of a world-class technology park on the North Campus. During the summer of 1998 both UW and the Watpark Consortium carried out the required due diligence as they moved forward on a memorandum of understanding for the development of the first phase of the Park.

The Consortium consists principally of Euromart International Bancorp Inc. of Toronto, and Co-operators Development Corp., headquartered in Guelph. Other consortium members are: IBM Canada (technology integrator); Infonology Corp. (technology planner); Adamson Associates (architect); The Evergreen Foundation (environmental consultant); and Marshall Macklin Monaghan (planner and engineering consultant).

The letter of intent is consistent with the provisions of UW's Campus Master Plan as well as the "Guidance Statement for Development of the North Campus."

The guidance statement provides that development of UW land is "to encourage activity with potential for transfer of knowledge between university research activities and the private sector, and for formal linkages to established enterprises where there are clearly defined benefits for UW."

For more detail on University activity, its mission, Fifth Decade Report and financial plans, access the UW home page, www.uwaterloo.ca (look under documents).

Among the potential benefits for the University are: enhanced opportunities for researchers, co-op jobs for students, graduate placements, and long-term revenue stream. There will also, of course, be many benefits to the region.

Conclusion

Though we continue to labour under the effects of the severe underfunding that afflicts all Ontario universities, Waterloo turned a corner in 1997/98. There is a new vitality on campus born of the reinvestment that governments are starting to make in higher education, and especially in academic research. The benefits of the new investment will not be evenly distributed, and the challenges it will pose to leadership at all levels will be formidable. But the essential spirit of the University of Waterloo is one of adventure, and the next few years promise to be ripe with that.

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management of the University of Waterloo is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

The financial statements have been prepared by management in accordance with generally accepted accounting principles recommended by the Canadian Institute of Chartered Accountants. Management believes the financial statements present fairly the University's financial position as at April 30, 1998 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management 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 is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board and its members are not officers or employees of the University. The Committee meets periodically with management, as well as the internal auditors and the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' reports. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance. The Committee also considers, for approval by the Board, the engagement or reappointment of the external auditors.

Financial statements for the year ended April 30, 1998 have been audited by Ernst & Young. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

AUDITORS' REPORT

To the Governors of the
University of Waterloo:

We have examined the Balance Sheet [Statement 1] of the University of Waterloo as at April 30, 1998 and the following statements for the year then ended:

Statement 2 - Statement of Operations
Statement 3 - Statement of Changes in Net Assets
Statement 4 - Statement of Cash Flows

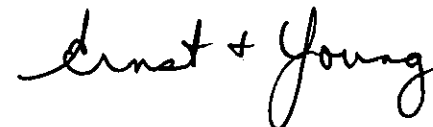
These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

We have also audited the supplementary Schedules 1 and 2 which are presented for purposes of additional analysis and are not a required part of the basic financial statements. In our opinion, these schedules present fairly the information contained therein in all respects material to the financial statements.

Kitchener, Canada,
August 20, 1998.



Chartered Accountants

UNIVERSITY OF WATERLOO
BALANCE SHEET
APRIL 30, 1998
(with comparative figures as at April 30, 1997)
(thousands of dollars)

STATEMENT 1

| | <u>1998</u> | <u>1997</u> <i>(restated- note 3)</i> |
|---|-------------------|--|
| ASSETS | | |
| <u>Current</u> | | |
| Cash and short-term investments | \$ 17,644 | \$ 22,776 |
| Accounts receivable | 12,415 | 13,272 |
| Inventories | 3,354 | 3,131 |
| Prepaid expenses | <u>3,556</u> | <u>2,517</u> |
| Total current assets | <u>36,969</u> | <u>41,696</u> |
| Investments (note 4) | 53,313 | 46,121 |
| Capital assets, net (note 5) | <u>135,556</u> | <u>139,392</u> |
| | <u>225,838</u> | <u>227,209</u> |
| LIABILITIES AND NET ASSETS | | |
| <u>Current</u> | | |
| Accounts payable and accrued liabilities | 19,525 | 20,824 |
| Unearned income | 6,204 | 7,697 |
| Current portion of long term debt (note 6) | <u>779</u> | <u>633</u> |
| Total current liabilities | <u>26,508</u> | <u>29,154</u> |
| Long term debt (note 6) | <u>23,181</u> | <u>25,424</u> |
| Deferred contributions (note 7) | 28,116 | 28,205 |
| Deferred capital contributions (note 8) | <u>71,274</u> | <u>74,083</u> |
| | <u>99,390</u> | <u>102,288</u> |
| Total liabilities | <u>149,079</u> | <u>156,866</u> |
| NET ASSETS | | |
| Deficit | (17,791) | (21,048) |
| Internally restricted (note 9) | 15,377 | 19,256 |
| Invested in capital assets (note 10) | 40,322 | 39,252 |
| Restricted for endowment purposes (note 11) | <u>38,851</u> | <u>32,883</u> |
| | <u>76,759</u> | <u>70,343</u> |
| | <u>\$ 225,838</u> | <u>\$ 227,209</u> |

(See accompanying notes to financial statements)

UNIVERSITY OF WATERLOO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 1998
(with comparative figures for the year ended April 30, 1997)
(thousands of dollars)

STATEMENT 2

| | <u>1998</u> | <u>1997</u> <i>(restated- note 3)</i> |
|---|-----------------|--|
| INCOME | | |
| Academic fees | \$ 64,386 | \$ 58,665 |
| Donations | 6,754 | 8,938 |
| Grants and contracts | 147,768 | 149,389 |
| Sales, services and other income | 55,058 | 58,082 |
| Income from investments (note 4) | 7,504 | 7,545 |
| Amortization of deferred capital contributions (note 8) | <u>6,593</u> | <u>6,529</u> |
| | <u>288,063</u> | <u>289,148</u> |
| EXPENSES | | |
| Salaries | 156,648 | 152,193 |
| Employee benefits | 20,906 | 23,171 |
| Cost of goods sold | 15,898 | 15,572 |
| Supplies and expenses | 45,012 | 39,183 |
| Travel | 7,120 | 7,104 |
| Expendable equipment, maintenance and rentals | 8,724 | 8,524 |
| Scholarships and bursaries | 7,275 | 5,734 |
| Municipal taxes and utilities | 8,084 | 8,395 |
| Amortization of capital assets (note 5) | <u>15,183</u> | <u>15,738</u> |
| | <u>284,850</u> | <u>275,614</u> |
| Excess income over expenses | <u>\$ 3,213</u> | <u>\$ 13,534</u> |

(See accompanying notes to financial statements)

UNIVERSITY OF WATERLOO
 STATEMENT OF CHANGES IN NET ASSETS
 for the year ended April 30, 1998
 (with comparative figures for the year ended April 30, 1997)
 (thousands of dollars)

STATEMENT 3

| | <u>Deficit</u> | <u>Internally Restricted</u> | <u>Invested in Capital Assets</u> | <u>Restricted for Endowment</u> | <u>1998 Total</u> | <u>1997 Total</u> <i>(restated- note 3)</i> |
|---|--------------------|----------------------------------|---|---|-----------------------|--|
| Net assets, beginning of year | \$ (21,048) | \$ 19,256 | \$ 39,252 | \$ 32,883 | \$ 70,343 | \$ 53,800 |
| Excess income over expenses for the year | 3,213 | | | | 3,213 | 13,534 |
| Change in internally restricted net assets (note 9) | 3,879 | (3,879) | | | | |
| Change in investment in capital assets (see note 10) | (1,070) | | 1,070 | | | |
| Capital preservation of endowments (note 11) | (2,765) | | | 2,765 | | |
| Endowment contributions (note 11) | <u> </u> | <u> </u> | <u> </u> | <u>3,203</u> | <u>3,203</u> | <u>3,009</u> |
| Net assets, end of year | <u>\$ (17,791)</u> | <u>\$ 15,377</u> | <u>\$ 40,322</u> | <u>\$ 38,851</u> | <u>\$ 76,759</u> | <u>\$ 70,343</u> |

(See accompanying notes to financial statements)

UNIVERSITY OF WATERLOO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 1998
(with comparative figures for the year ended April 30, 1997)
(thousands of dollars)

STATEMENT 4

| | <u>1998</u> | <u>1997</u> <i>(restated- note 3)</i> |
|--|----------------------|--|
| OPERATING ACTIVITIES | | |
| Excess income over expenses for the year | \$ 3,213 | \$ 13,534 |
| Add (deduct) non-cash items: | | |
| Amortization of capital assets | 15,183 | 15,738 |
| Amortization of deferred capital contributions | (6,593) | (6,529) |
| Net change in non-cash working capital balances (Note 16) | <u>(3,286)</u> | <u>(5,258)</u> |
| Cash provided by operating activities | <u>8,517</u> | <u>17,485</u> |
| INVESTING AND FINANCING ACTIVITIES | | |
| Purchase of capital assets (note 5) | (11,386) | (15,345) |
| Disposal of capital assets (note 5) | 39 | |
| Net change in investments | (7,192) | (13,979) |
| Deferred capital contributions (note 8) | 3,784 | 4,692 |
| Repayment of long term debt (note 6) | (2,097) | (633) |
| Endowment contributions (note 11) | <u>3,203</u> | <u>3,009</u> |
| Cash used in investing and financing activities | <u>(13,649)</u> | <u>(22,256)</u> |
| Net change in cash and short-term investment position during the year | (5,132) | (4,771) |
| Cash and short-term investment position, beginning of year | <u>22,776</u> | <u>27,547</u> |
| Cash and short-term investment position, end of year | <u>\$ 17,644</u> | <u>\$ 22,776</u> |

(See accompanying notes to financial statements)

UNIVERSITY OF WATERLOO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 1998
(thousands of dollars)

1. Description

The University of Waterloo was incorporated in 1959 under the terms and provisions of the University of Waterloo Act. A new University of Waterloo Act was passed in 1972 which provided that the University continue as the corporation which was established in 1959.

The objectives of the University of Waterloo are the pursuit of learning through scholarship, teaching and research. The University is a degree granting and research organization offering undergraduate and graduate programs. The University is also a registered charity under Section 149 of the Income Tax Act and is, therefore, exempt from income taxes.

These financial statements reflect the assets, liabilities, net assets, income and expenses of all the operations controlled by the University. Included are the academic, administrative and other operating expenditures funded by academic fees, grants and other general income; restricted purpose funds including endowment funds; and the ancillary enterprises, including Residences, Food Services, Parking, University Club, Graphic Services, Retail Services and Watcard.

The University has control over the University of Waterloo Foundation, a Crown-controlled foundation, and Friends of the University of Waterloo Foundation incorporated in the Commonwealth of Virginia as a nonstock corporation. The principal objectives of the Foundations are to solicit, receive and distribute donations to the University of Waterloo to support education and research. The

Foundations' accounts are not consolidated with the University of Waterloo financial statements because they are not material.

These financial statements do not include the assets, liabilities and operations of the four federated and affiliated colleges and universities; Renison College, St. Jerome's University, Conrad Grebel College and St. Paul's United College, each of which is a separate body with their own Boards of Governors and separate financial statements.

2. Significant Accounting Policies

(a) Income recognition

The University follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as income when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as income in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in net assets in the period in which they are received. Restricted investment income is recognized as income in the year in which the related expenses are incurred. Unrestricted investment income is recognized as income when earned. All other unrestricted income, including academic fees and sales and services, is recognized as income when earned.

(b) Inventories

Inventories are valued at the most recent purchase price with instock items at the date of most recent purchase adjusted to current price. Provision is made for obsolescence. This method of valuation does not result in amounts which are significantly different from actual costs.

(c) Investments

Short term investments included in Cash and Short Term Investments consist of deposit receipts and government and corporate notes. These investments are carried at amortized cost which approximates their market value.

(d) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight line basis over the assets' estimated useful lives as follows:

| | |
|-------------------------|----------|
| Buildings | 40 years |
| Parking lots/roadways | 15 years |
| Furniture and equipment | 10 years |
| Computer equipment | 3 years |
| Vehicles | 5 years |
| Library acquisitions | 5 years |

Contributions received for capital assets are deferred in the accounts and amortized over the same term on the same basis as the related capital assets.

Collections are recorded at cost and not amortized.

(e) Unearned income

Tuition and other academic fees are recorded as income on the accrual basis of accounting. All fees which relate to an academic term occurring within the fiscal year are included as income. Fees billed or collected which relate to academic terms commencing after the end of the fiscal year are included in "Unearned income".

3. Changes in Accounting Policies and Financial Statement Presentation

For fiscal years commencing on or after April 1, 1997, The Canadian Institute of Chartered Accountants introduced specific accounting recommendations applicable to not-for-profit organizations. The University has complied with these recommendations and they have been applied retroactively. The specific changes are as follows:

(a) Financial statement presentation

The financial statements of the University were previously prepared in accordance with generally accepted accounting principles for fund accounting and presented in a multi-column format. The financial statements are now being prepared following the deferral method of accounting using a single column presentation.

(b) Income recognition

Prior to the current fiscal year, the University recognized all income in its accounts when earned. The University is now following the deferral method of accounting for contributions as described in note 2 (a).

(c) Capital assets

Previously, all capital assets were expensed in the appropriate fund when purchased and added to plant asset accounts, at cost, in the capital fund. These plant asset accounts were reduced only for asset disposals. The University has changed its method of accounting for capital assets and now capitalizes them at time of purchase and amortizes them over

their estimated useful lives. Contributions restricted for the purchase of capital assets are deferred and amortized over the same period as the related capital assets. Previously, such contributions were recorded as income when received.

The changes in accounting policies have had the following effects on the University's financial statements:

| | <u>1998</u> | <u>1997</u> |
|---|------------------|------------------|
| Statement of Operations | | |
| Excess income over expenses, under previous method | \$ 7,315 | \$ 11,956 |
| Endowment contributions reported as direct increases to net assets | (3,203) | (3,009) |
| Net change in deferred contributions and deferred capital contributions | 2,898 | 4,980 |
| Capital assets, previously expensed | 11,386 | 15,345 |
| Amortization expense | <u>(15,183)</u> | <u>(15,738)</u> |
| Excess income over expenses, as restated | <u>3,213</u> | <u>13,534</u> |
| Assets | | |
| Total assets, under previous method | 501,706 | 483,140 |
| Accumulated amortization and fully amortized assets | <u>(275,868)</u> | <u>(255,931)</u> |
| Total assets, as restated | <u>225,838</u> | <u>227,209</u> |
| Liabilities | | |
| Total liabilities, under previous method | 49,689 | 54,578 |
| Deferred contributions | 28,116 | 28,205 |
| Deferred capital contributions | <u>71,274</u> | <u>74,083</u> |
| Total liabilities, as restated | <u>\$149,079</u> | <u>\$156,866</u> |

Certain comparative figures for 1997 have been restated to conform with 1998 financial statement presentation.

4. Investments

(a) Total investments consist of the following components:

| Fixed Term Investments | 1998 | | 1997 | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Book Value</u> | <u>Book Yield</u> | <u>Book Value</u> | <u>Book Yield</u> |
| Bonds | | | | |
| Govt of Canada | | | | |
| Maturities: | | | | |
| 0-5 years | \$ 3,941 | 4.3 | \$11,222 | 5.3 |
| 5-10 years | 7,531 | 5.7 | 3,262 | 6.5 |
| >10 years | <u>7,426</u> | 6.0 | <u>2,740</u> | 6.6 |
| | <u>18,898</u> | | <u>17,224</u> | |
| Provincials & Provincially Guaranteed | | | | |
| Maturities: | | | | |
| 0-5 years | 5,509 | 7.0 | 3,932 | 7.2 |
| 5-10 years | 2,502 | 6.3 | 3,017 | 7.4 |
| >10 years | <u>4,275</u> | 7.1 | <u>2,979</u> | 8.1 |
| | <u>12,286</u> | | <u>9,928</u> | |
| Corporate | | | | |
| Maturities: | | | | |
| 0-5 years | 2,960 | 6.2 | 1,896 | 5.7 |
| 5-10 years | 6,241 | 6.9 | 4,951 | 7.6 |
| >10 years | <u>347</u> | 6.5 | <u>910</u> | 7.2 |
| | <u>9,548</u> | | <u>7,757</u> | |
| Total Bonds | 40,732 | | 34,909 | |
| Pooled Funds | 3,509 | | 2,819 | |
| Equity Investments | <u>9,072</u> | | <u>8,393</u> | |
| Total Investments | <u>\$53,313</u> | | <u>\$46,121</u> | |

Yields on fixed term investments are annual effective yields for the respective portfolios based on book value. The market value of the total investment portfolio as at April 30, 1998 is \$60,473 (1997 - \$50,167).

(b) Investment income recorded in the statement of operations is calculated as follows:

| | <u>1998</u> | <u>1997</u> |
|---|----------------|----------------|
| Income earned on unrestricted resources | \$3,653 | \$2,599 |
| Income earned on specific purpose funds | 18 | 9 |
| Income earned on resources held for endowment | | |
| Internally endowed | 1,547 | 1,471 |
| Donor endowed | <u>2,642</u> | <u>2,721</u> |
| Total investment income earned | 7,860 | 6,800 |
| Deferred investment income recognized in the year | <u>(356)</u> | <u>745</u> |
| Total investment income recognized in the year | <u>\$7,504</u> | <u>\$7,545</u> |

5. Capital Assets

Capital assets consist of the following:

| | <u>1998</u> | | <u>1997</u> | |
|-------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Cost</u> | <u>Accumulated Amortization</u> |
| Land | \$ 5,160 | | \$ 5,171 | |
| Buildings | 190,238 | 96,388 | 190,088 | 91,687 |
| Parking lots/roadways | 3,839 | 1,887 | 3,834 | 1,631 |
| Furniture and equipment | 50,726 | 31,125 | 44,076 | 25,501 |
| Library acquisitions | 31,783 | 18,029 | 27,271 | 13,450 |
| Collections | 1,239 | | 1,221 | |
| | <u>282,985</u> | <u>147,429</u> | <u>271,661</u> | <u>132,269</u> |
| Less accumulated amortization | <u>(147,429)</u> | | <u>(132,269)</u> | |
| Net book value | <u>\$135,556</u> | | <u>\$139,392</u> | |

The University has an art collection comprised of several 20th century paintings acquired mostly as donations to the University. The University also has a rare book collection valued at \$1,111.

The decrease in net book value of capital assets is due to the following:

| | <u>1998</u> | <u>1997</u> |
|--|------------------|------------------|
| Balance, beginning of year | \$139,392 | \$139,785 |
| Purchase of capital assets funded by deferred capital contributions | 3,452 | 4,358 |
| Purchase of capital assets internally funded | 7,934 | 10,987 |
| Disposal of capital assets | (39) | |
| Amortization of capital assets | <u>(15,183)</u> | <u>(15,738)</u> |
| Balance, end of year | <u>\$135,556</u> | <u>\$139,392</u> |

6. Long-Term Debt

Lease agreements payable

Student Residence Village II:

6.9% agreement payable due December 1, 2020. Repayable in semi-annual instalments of \$135 combined principal and interest

| | April 30, 1998 | | April 30, 1997 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | <u>Book Value</u> | <u>Fair Value</u> | <u>Book Value</u> | <u>Fair Value</u> |
| | \$3,100 | \$3,450 | \$3,154 | \$3,000 |

Married Student Apartments:

6.9% agreement payable due June 1, 2021. Repayable in semi-annual instalments of \$259 combined principal and interest

| | | | | |
|--|-------|-------|-------|-------|
| | 5,980 | 6,650 | 6,080 | 5,770 |
|--|-------|-------|-------|-------|

Mortgages and debentures payable

Canada Mortgage and Housing Corporation:

Residence Village I, Phase I - 5 3/8% mortgage payable due July 1, 2016. Repayable in semi-annual instalments of \$56 combined principal and interest

| | | | | |
|--|-------|-------|-------|-------|
| | 1,311 | 1,275 | 1,351 | 1,150 |
|--|-------|-------|-------|-------|

Residence Village I, Phase II - 5 3/8% debenture payable due July 1, 2017. Repayable in semi-annual instalments of \$63 combined principal and interest

| | | | | |
|--|-------|-------|-------|-------|
| | 1,506 | 1,450 | 1,549 | 1,300 |
|--|-------|-------|-------|-------|

Residence Village I, Phase I Amended - 5 7/8% debenture payable due July 1, 2017. Repayable in semi-annual instalments of \$40 combined principal and interest

| | | | | |
|--|-----|-----|-----|-----|
| | 921 | 950 | 945 | 830 |
|--|-----|-----|-----|-----|

Minota Hagey Residence - 6 1/4% debenture payable due February 1, 2019. Repayable in semi-annual instalments of \$10 combined principal and interest

| | | | | |
|--|-----|-----|-----|-----|
| | 243 | 250 | 248 | 225 |
|--|-----|-----|-----|-----|

Mutual Life Assurance:

Columbia Lake Townhouses - 11 1/8% mortgage payable due November 1, 1997 repayable in monthly instalments of \$38 combined principal and interest

| | | | | |
|--|--|--|-------|-------|
| | | | 3,714 | 3,800 |
|--|--|--|-------|-------|

Ontario Mortgage Corporation:

| | | | | |
|--|--|--|-------|-------|
| Columbia Lake Townhouses - interest free loan paid in full at a discounted value of \$1,120 on January 19,1998 | | | 1,400 | 1,120 |
|--|--|--|-------|-------|

Bank loans payable

Canadian Imperial Bank of Commerce:

| | | | | |
|--|-------|-------|-------|-------|
| Physical Recreation Facility and Student Life Centre - 7.65% loan payable due November 22, 2004 repayable in three instalments per year of \$112 principal plus interest | 7,280 | 8,400 | 7,616 | 7,675 |
|--|-------|-------|-------|-------|

Royal Bank of Canada:

| | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Columbia Lake Townhouses – 6.15% term loan payable due November 1, 2007 repayable in monthly instalments of \$31 principal and interest | <u>3,619</u> | <u>3,700</u> | _____ | _____ |
| | <u>\$23,960</u> | <u>\$26,125</u> | <u>\$26,057</u> | <u>\$24,870</u> |

The fair value of the debt instruments above are estimated using a discounted cash flow calculation that uses approximate market interest rates at April 30, for debt instruments with similar characteristics.

7. Deferred Contributions

Deferred contributions represent unspent externally restricted grants, donations and investment income for research and other restricted purposes. Changes in the deferred contributions balance are as follows:

| | <u>1998</u> | <u>1997</u> |
|---|------------------|------------------|
| Balance, beginning of year | \$ 28,205 | \$ 31,348 |
| Amount recognized as income during the year | (28,205) | (31,348) |
| Amount received related to the following year | <u>28,116</u> | <u>28,205</u> |
| Balance, end of year | <u>\$ 28,116</u> | <u>\$ 28,205</u> |

8. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of grants, donations and investment income received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as income in the statement of operations. The changes in the deferred contributions are as follows:

| | <u>1998</u> | <u>1997</u> |
|---|------------------|------------------|
| Balance, beginning of year | \$ 74,083 | \$ 75,920 |
| Less amortization of deferred capital contributions | (6,593) | (6,529) |
| Add contributions received for capital purposes | <u>3,784</u> | <u>4,692</u> |
| Balance, end of year | <u>\$ 71,274</u> | <u>\$ 74,083</u> |

9. Internally Restricted Net Assets

| | <u>1998</u> | <u>1997</u> |
|--|------------------|------------------|
| Academic and academic support department carryforwards and operational commitments | \$ 7,282 | \$ 9,197 |
| Ancillary enterprises | 625 | 2,658 |
| Research related activities | 6,190 | 6,123 |
| Other specific purpose funds | <u>1,280</u> | <u>1,278</u> |
| Balance, end of year | <u>\$ 15,377</u> | <u>\$ 19,256</u> |

The University allows academic and academic support units to carryforward a maximum of 10% of their current year's operating budget. In addition, the University appropriates funds at year end to cover outstanding operational commitments.

10. Net Assets Invested in Capital Assets

The investment in capital assets consists of the following:

| | <u>1998</u> | <u>1997</u> |
|---|-----------------|-----------------|
| Capital assets(net) | \$135,556 | \$139,392 |
| Less amounts financed by: | | |
| Long-term debt | (23,960) | (26,057) |
| Deferred capital contributions (note 8) | <u>(71,274)</u> | <u>(74,083)</u> |
| Balance, end of year | <u>40,322</u> | <u>39,252</u> |

The change in investment in capital assets is calculated as follows:

| | | |
|--|--------------|-------------------|
| Repayment of long-term debt | 1,761 | 299 |
| Purchase of capital assets internally funded | 7,934 | 10,987 |
| Disposal of capital assets | <u>(35)</u> | <u> </u> |
| Increase in investment in capital assets | <u>9,660</u> | <u>11,286</u> |

| | | |
|---|----------------|----------------|
| Amortization expense | 15,183 | 15,738 |
| Less amount of amortization expense related to capital assets purchased with restricted contributions | <u>(6,593)</u> | <u>(6,529)</u> |
| Decrease in investment in capital assets | <u>8,590</u> | <u>9,209</u> |
| Change in investment in capital assets | <u>\$1,070</u> | <u>\$2,077</u> |

11. Net Assets Restricted for Endowment Purposes

Contributions restricted for endowment consist of restricted donations received by the University and donations internally designated by the Board of Governors. The endowment principal is to remain permanently. The investment income generated from endowments must be used for the purposes designated by the donors or Board of Governors. The University ensures that all funds received for restricted purposes are expended for those purposes for which they were provided.

Investment income on endowments is recorded in the statement of operations if it is available for spending at the discretion of the University or if the conditions of any restrictions have been met. Fundamental to the University's philosophy on endowments is the general principle of maintaining the purchasing power of all endowment funds. This preservation of capital is recorded in the statement of changes in net assets as a direct increase of endowment capital when a condition of the original donation. For internally restricted endowments and for externally restricted amounts for which the preservation of capital is not a condition of the original donation, the preservation of capital is recorded as either an increase in the deficit or a reduction of internally restricted net assets and an increase in the endowment capital.

Contributions restricted for endowment consist of the following:

| | <u>1998</u> | <u>Additions</u> | <u>1997</u> |
|--------------------|-----------------|------------------|-----------------|
| Donor endowed | \$24,649 | \$3,203 | \$21,446 |
| Internally endowed | <u>14,202</u> | <u>2,765</u> | <u>11,437</u> |
| | <u>\$38,851</u> | <u>\$5,968</u> | <u>\$32,883</u> |

12. Financial Information

| | <u>General Operations</u> | <u>Ancillary Enterprises</u> | <u>Restricted and Other Specific Purpose</u> | <u>1998 Total</u> | <u>1997 Total</u> |
|---|-------------------------------|----------------------------------|--|-----------------------|-----------------------|
| 1998 Income | \$183,696 | \$40,459 | \$63,908 | \$288,063 | \$289,148 |
| 1998 Expenses | 173,337 | 40,282 | 71,231 | 284,850 | 275,614 |
| Transfers for capital asset purchases and of internally restricted resources | <u>(9,019)</u> | <u>(2,210)</u> | <u>11,229</u> | <u> </u> | <u> </u> |
| Excess income over expenses | <u>\$ 1,340</u> | <u>\$(2,033)</u> | <u>\$ 3,906</u> | <u>\$ 3,213</u> | <u>\$ 13,534</u> |

13. Guarantees

At April 30, 1998, the University has guaranteed several loans to faculty, staff and students, including housing and other purpose loans, in the amount of \$282.

The University has also guaranteed an annual repayment of \$50 by Renison College to the Canadian Imperial Bank of Commerce in connection with a line of credit in the amount of \$400. In the event that the College incurs financial difficulties, the University will use its best efforts to continue to operate the College as a going-concern.

14. Employees' Pension Plan

The University has a defined benefit pension plan. Participating employees contribute 4.875% of base earnings up to the C.P.P. Yearly Maximum Pensionable Earnings (YMPE) and 6.5% on earnings in excess of the YMPE. For the period May 1, 1997 to April 30, 1998 members' required contributions were reduced 50%. The plan provides that the University fund the balance of the cost of benefits arising under the plan, but contribute not less than an amount equal to aggregate required employee contributions.

The actuarial report on the University of Waterloo Pension Plan, as of January 1, 1998 showed the plan to be fully funded and to have 2,426 active members, 1,103 current pensioners and 294 persons with funds on deposit for deferred pensions. Deferred pensioners include persons who have left the employ of the University or have opted out of the plan prior to attaining the age 35.

The market value of the pension fund assets and actuarially determined estimate of the accrued pension benefits at April 30, 1998 are as follows:

| | |
|--------------------------|------------------|
| Pension Fund Assets | \$665,784 |
| Accrued Pension Benefits | <u>533,019</u> |
| | <u>\$132,765</u> |

15. Donations in Kind

Donations include \$385 (1997 - \$1,302) of in kind donations which primarily consist of the estimated fair value of securities, property, plant and equipment.

16. Change in Non Cash Working Capital

| | <u>April 30,</u> <u>1998</u> | <u>April 30,</u> <u>1997</u> |
|---|---------------------------------|---------------------------------|
| (Increase) decrease in accounts receivable | \$ 857 | \$5,920 |
| (Increase) decrease in inventories | (223) | 529 |
| (Increase) decrease in prepaid expenses | (1,039) | (394) |
| Increase (decrease) in accounts payable | (1,299) | (10,671) |
| Increase (decrease) in unearned income | (1,493) | 2,501 |
| Increase (decrease) in deferred contributions | <u>(89)</u> | <u>(3,143)</u> |
| | <u><u>\$(3,286)</u></u> | <u><u>\$(5,258)</u></u> |

17. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations.

Although the University plans to be Year 2000 compliant, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the University, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

UNIVERSITY OF WATERLOO
 SCHEDULE OF GENERAL OPERATING EXPENSES
 FOR THE YEAR ENDED APRIL 30, 1998
 (with comparative figures for the year ended April 30, 1997)
 (thousands of dollars)

SCHEDULE
Page 1

| | Faculty | Salaries | | | | Employee Benefits | Supplies and Other Expenses | Expendable Equipment, Maintenance and Rentals | Travel | Scholarships and Bursaries | Cost Recoveries | Totals | | |
|--|-----------|---------------------|-------------|-------|--------|-------------------|-----------------------------|---|--------|----------------------------|-----------------|--------|--------|--|
| | | Teaching Assistants | Technicians | Staff | Total | | | | | | | 1998 | 1997 | |
| ACADEMIC | | | | | | | | | | | | | | |
| Applied Health Sciences: | | | | | | | | | | | | | | |
| Dean's Office | \$ 275 | 3 | | 507 | 785 | 110 | 165 | 23 | 21 | 1 | (15) | 1,090 | 993 | |
| Health Studies & Gerontology | 680 | 106 | 37 | 105 | 928 | 118 | 60 | 35 | 13 | | | 1,154 | 1,115 | |
| Kinesiology | 1,269 | 239 | 295 | 262 | 2,065 | 254 | 201 | 65 | 31 | | (25) | 2,591 | 2,693 | |
| Recreation & Leisure Studies | 957 | 106 | | 96 | 1,159 | 144 | 61 | 9 | 10 | | (5) | 1,378 | 1,421 | |
| Total - 1998 | 3,181 | 454 | 332 | 970 | 4,937 | 626 | 487 | 132 | 75 | 1 | (45) | 6,213 | | |
| Total - 1997 | 3,209 | 448 | 409 | 957 | 5,023 | 752 | 429 | 101 | 67 | 9 | (159) | | 6,222 | |
| Arts: | | | | | | | | | | | | | | |
| Accountancy | 1,839 | 32 | | 170 | 2,041 | 233 | 100 | 3 | 6 | | | 2,383 | 2,471 | |
| Anthropology | 316 | | | 18 | 334 | 41 | 13 | 3 | 1 | | | 392 | 403 | |
| Classical Studies | 433 | | | 17 | 450 | 52 | 15 | | 1 | | | 518 | 549 | |
| Computing Office | | 5 | | 267 | 272 | 35 | 52 | 51 | 2 | | (19) | 393 | 358 | |
| Dean's Office | 229 | 1 | 1 | 559 | 790 | 111 | 243 | 62 | 87 | 88 | (2) | 1,379 | 1,466 | |
| Drama and Speech Communication | 462 | 30 | 39 | 55 | 586 | 72 | 57 | 3 | 2 | | (24) | 696 | 637 | |
| Economics | 1,854 | 82 | | 118 | 2,054 | 246 | 70 | 18 | 7 | | (1) | 2,394 | 2,469 | |
| English | 1,188 | 344 | | 86 | 1,618 | 193 | 60 | | 14 | | | 1,885 | 1,967 | |
| Fine Arts | 605 | 4 | 35 | 106 | 750 | 94 | 79 | 1 | (15) | | (45) | 864 | 900 | |
| French | 806 | 44 | 124 | 59 | 1,033 | 119 | 47 | 1 | 32 | | | 1,232 | 1,221 | |
| Germanic and Slavic Languages and Literatures | 809 | 104 | | 67 | 980 | 117 | 27 | | 12 | | | 1,136 | 1,250 | |
| History | 980 | 137 | | 63 | 1,180 | 141 | 35 | 4 | 8 | | | 1,368 | 1,360 | |
| Language Laboratory | | 24 | | 49 | 73 | 9 | 11 | 1 | | | | 94 | 86 | |
| Philosophy | 828 | 202 | | 60 | 1,090 | 123 | 35 | 5 | 2 | | | 1,255 | 1,343 | |
| Political Science | 973 | 88 | | 72 | 1,133 | 145 | 41 | 15 | 6 | | | 1,340 | 1,322 | |
| Psychology | 2,473 | 575 | 151 | 459 | 3,658 | 443 | 201 | 45 | 44 | | (1) | 4,390 | 4,451 | |
| Religious Studies | 88 | | | 2 | 90 | 11 | 1 | | | | | 102 | 100 | |
| Sociology | 988 | 105 | | 63 | 1,156 | 135 | 34 | | | | | 1,325 | 1,375 | |
| Spanish | 257 | 1 | 29 | 17 | 304 | 39 | 8 | | 1 | | | 352 | 324 | |
| Total - 1998 | 15,128 | 1,778 | 379 | 2,307 | 19,592 | 2,359 | 1,129 | 212 | 210 | 88 | (92) | 23,498 | | |
| Total - 1997 | \$ 15,447 | 1,688 | 349 | 2,211 | 19,695 | 2,885 | 965 | 211 | 224 | 253 | (181) | | 24,052 | |

(continued)

UNIVERSITY OF WATERLOO
SCHEDULE OF GENERAL OPERATING EXPENSES
FOR THE YEAR ENDED APRIL 30, 1998
(with comparative figures for the year ended April 30, 1997)
(thousands of dollars)

SCHEDULE
Page 2

| | Salaries | | | | Employee Benefits | Supplies Expendable and Equipment, Other Maintenance Expenses and Rentals | | Travel | Scholarships and Bursaries | Cost Recoveries | Totals | | |
|---|-----------|------------------------|-------------|-------|----------------------|--|-------|--------|----------------------------------|--------------------|--------|--------|--------|
| | Faculty | Teaching Assistants | Technicians | Staff | | Total | | | | | | 1998 | 1997 |
| Engineering: | | | | | | | | | | | | | |
| Centre for Society, Technology & Values | \$ 25 | 6 | | 28 | 59 | 5 | 15 | 1 | 2 | | | 82 | 63 |
| Chemical | 1,817 | 184 | 300 | 125 | 2,426 | 289 | 142 | 22 | 24 | | (6) | 2,897 | 2,774 |
| Civil | 1,800 | 242 | 322 | 188 | 2,552 | 323 | 203 | 44 | 26 | | (10) | 3,138 | 3,298 |
| Computer | | 59 | 370 | 37 | 466 | 60 | 100 | 28 | 2 | | (48) | 608 | 629 |
| Dean's Office | 141 | 6 | | 409 | 556 | 62 | 290 | 7 | 195 | 344 | (207) | 1,247 | 1,196 |
| Electrical & Computer Undergraduate Office | 3,065 | 451 | 591 | 229 | 4,336 | 543 | 263 | | 39 | | | 5,181 | 5,024 |
| | 94 | 303 | | 285 | 682 | 66 | 78 | 38 | 15 | | (10) | 869 | 873 |
| Environmental Engineering | 6 | 9 | | | 15 | 1 | 24 | 5 | | | | 45 | 3 |
| Geological | 3 | | | 13 | 16 | 3 | 2 | | | | | 21 | 25 |
| Machine Shop | | 29 | 321 | 33 | 383 | 60 | 97 | 1 | | | (93) | 448 | 464 |
| Management Sciences | 1,022 | 132 | 2 | 115 | 1,271 | 142 | 37 | 9 | 8 | | | 1,467 | 1,530 |
| Mechanical | 2,326 | 353 | 502 | 223 | 3,404 | 430 | 283 | 42 | 63 | 2 | (57) | 4,167 | 4,173 |
| Systems Design | 1,481 | 213 | 122 | 125 | 1,941 | 233 | 110 | | 3 | | | 2,309 | 2,270 |
| Total - 1998 | 11,780 | 1,987 | 2,530 | 1,810 | 18,107 | 2,217 | 1,644 | 200 | 396 | 346 | (431) | 22,479 | |
| Total - 1997 | 11,433 | 1,924 | 2,389 | 1,692 | 17,438 | 2,587 | 1,764 | 395 | 327 | 298 | (487) | | 22,322 |
| Environmental Studies: | | | | | | | | | | | | | |
| Architecture | 1,361 | 24 | 25 | 97 | 1,507 | 172 | 95 | 7 | 45 | | | 1,826 | 1,885 |
| Dean's Office | 318 | 69 | | 683 | 1,070 | 131 | 194 | 200 | 29 | 27 | (5) | 1,646 | 1,491 |
| Environment and Resource Studies | 579 | 75 | | 82 | 736 | 96 | 39 | 5 | 12 | | | 888 | 896 |
| Geography | 1,461 | 232 | 43 | 159 | 1,895 | 234 | 65 | 67 | 25 | | | 2,286 | 2,311 |
| School of Planning | 1,073 | 216 | 59 | 112 | 1,460 | 173 | 75 | 30 | 4 | | (55) | 1,687 | 1,730 |
| Total - 1998 | 4,792 | 616 | 127 | 1,133 | 6,668 | 806 | 468 | 309 | 115 | 27 | (60) | 8,333 | |
| Total - 1997 | 4,990 | 594 | 130 | 1,099 | 6,813 | 984 | 264 | 167 | 115 | 35 | (65) | | 8,313 |
| Mathematics: | | | | | | | | | | | | | |
| Applied Mathematics | 1,439 | 31 | | 103 | 1,573 | 198 | 49 | 5 | 21 | | | 1,846 | 1,875 |
| Combinatorics and Optimization | 1,259 | 133 | | 82 | 1,474 | 176 | 73 | 16 | 41 | | (5) | 1,775 | 1,787 |
| Computer Science | 3,190 | 1,168 | 180 | 275 | 4,813 | 564 | 203 | 19 | 57 | | (8) | 5,648 | 5,319 |
| Computing Facility | 6 | 37 | 458 | 179 | 680 | 116 | 119 | 111 | 15 | | (213) | 828 | 858 |
| Dean's Office | 472 | 571 | | 506 | 1,549 | 172 | 560 | 287 | 97 | 76 | (37) | 2,704 | 2,310 |
| Graduate Studies | 4 | | | 45 | 49 | 8 | 17 | 1 | 1 | | | 76 | 80 |
| Pure Mathematics | 1,555 | 69 | | 63 | 1,687 | 196 | 50 | 6 | 10 | | | 1,949 | 2,089 |
| Statistics | 2,287 | 269 | 88 | 165 | 2,809 | 349 | 96 | 21 | 24 | | (1) | 3,298 | 3,364 |
| Total - 1998 | 10,212 | 2,278 | 726 | 1,418 | 14,634 | 1,779 | 1,167 | 466 | 266 | 76 | (264) | 18,124 | |
| Total - 1997 | \$ 10,024 | 2,060 | 693 | 1,355 | 14,132 | 2,058 | 900 | 523 | 188 | 87 | (206) | | 17,682 |

(continued)

UNIVERSITY OF WATERLOO
SCHEDULE OF GENERAL OPERATING EXPENSES
FOR THE YEAR ENDED APRIL 30, 1998
(with comparative figures for the year ended April 30, 1997)
(thousands of dollars)

SCHEDULE
Page 3

| | Salaries | | | | | Employee Benefits | Supplies and Other Expenses | Expendable Equipment, Maintenance and Rentals | Travel | Scholarships and Bursaries | Cost Recoveries | Totals | |
|------------------------------|----------|------------------------|-------------|-------|--------|----------------------|-----------------------------------|--|--------|----------------------------------|--------------------|--------|--------|
| | Faculty | Teaching Assistants | Technicians | Staff | Total | | | | | | | 1998 | 1997 |
| Science: | | | | | | | | | | | | | |
| Biology | \$ 2,058 | 661 | 401 | 364 | 3,484 | 415 | 415 | 113 | 57 | | (76) | 4,408 | 4,554 |
| Chemistry | 1,902 | 701 | 512 | 390 | 3,505 | 432 | 1,081 | 243 | 37 | 13 | (1,099) | 4,212 | 4,170 |
| Dean's Office | 134 | 32 | 107 | 385 | 658 | 67 | 349 | 131 | 42 | | (11) | 1,236 | 1,354 |
| Earth Sciences | 1,411 | 337 | 125 | 233 | 2,106 | 263 | 255 | 55 | 94 | | (10) | 2,763 | 2,791 |
| Optometry - Clinic | 1,049 | 20 | 255 | 407 | 1,731 | 188 | 1,072 | 81 | 44 | | (4) | 3,112 | 2,921 |
| - School | 1,192 | 145 | 100 | 386 | 1,823 | 224 | 226 | 33 | 53 | 7 | (24) | 2,342 | 2,444 |
| Physics | 2,081 | 354 | 34 | 307 | 2,776 | 335 | 209 | 48 | 45 | | (36) | 3,377 | 3,554 |
| Workshop | | | 398 | 7 | 405 | 65 | 87 | 4 | 1 | | (206) | 356 | 428 |
| Total - 1998 | 9,827 | 2,250 | 1,932 | 2,479 | 16,488 | 1,989 | 3,694 | 708 | 373 | 20 | (1,466) | 21,806 | |
| Total - 1997 | 10,172 | 2,180 | 1,784 | 2,394 | 16,530 | 2,388 | 3,432 | 764 | 318 | 45 | (1,261) | | 22,216 |
| Independent Studies | | | | | | | | | | | | | |
| Total - 1998 | 55 | | | 31 | 86 | 7 | 5 | 3 | 1 | | | 102 | |
| Total - 1997 | 49 | | | 32 | 81 | 10 | 8 | 3 | | | | | 102 |
| Women's Studies | | | | | | | | | | | | | |
| Total - 1998 | 28 | | | 33 | 61 | 7 | 5 | 5 | 1 | | | 79 | |
| Total - 1997 | 51 | | | 33 | 84 | 13 | 4 | | | | | | 101 |
| Distance Education | | | | | | | | | | | | | |
| Total - 1998 | | | | 1,046 | 1,046 | 159 | 673 | 33 | 9 | | | 1,920 | |
| Total - 1997 | | | | 979 | 979 | 155 | 748 | 25 | 12 | | | | 1,919 |
| English Language Proficiency | | | | | | | | | | | | | |
| Total - 1998 | | | 115 | | 115 | 13 | 3 | | | | (3) | 128 | |
| Total - 1997 | \$ | | 113 | | 113 | 16 | 4 | | | | (3) | | 130 |

(continued)

UNIVERSITY OF WATERLOO
 SCHEDULE OF GENERAL OPERATING EXPENSES
 FOR THE YEAR ENDED APRIL 30, 1998
 (with comparative figures for the year ended April 30, 1997)
 (thousands of dollars)

SCHEDULE 1
 Page 4

| | Salaries | | | | | Employee Benefits | Supplies and Other Expenses | Expendable Equipment, Maintenance and Rentals | Travel | Scholarships and Bursaries | Cost Recoveries | Total | |
|--|----------|---------------------|-------------|--------|--------|-------------------|-----------------------------|---|--------|----------------------------|-----------------|---------|---------|
| | Faculty | Teaching Assistants | Technicians | Staff | Total | | | | | | | 1998 | 1997 |
| Special Advisor V.P. Academic | | | | | | | | | | | | | |
| Total - 1998 | \$ 17 | | | 5 | 22 | 1 | 14 | 1 | 1 | | | 39 | |
| Total - 1997 | 11 | | | 2 | 13 | 1 | 2 | | 1 | | | | 17 |
| Teaching Resource & Continuing Education | | | | | | | | | | | | | |
| Total - 1998 | 7 | | | 361 | 368 | 32 | 221 | 5 | 10 | | (20) | 616 | |
| Total - 1997 | 41 | | | 263 | 304 | 23 | 241 | 11 | 9 | | | | 588 |
| Inter-University service teaching - net | | | | | | | | | | | | | |
| Total - 1998 | | | | | | | 507 | | | | | 507 | |
| Total - 1997 | | | | | | | 444 | | | | | | 444 |
| Academic expenses | | | | | | | | | | | | | |
| Total - 1998 | 55,027 | 9,363 | 6,141 | 11,593 | 82,124 | 9,995 | 10,017 | 2,074 | 1,457 | 558 | (2,381) | 103,844 | |
| Total - 1997 | 55,427 | 8,894 | 5,867 | 11,017 | 81,205 | 11,872 | 9,205 | 2,200 | 1,261 | 727 | (2,362) | | 104,108 |
| PHYSICAL PLANT | | | | | | | | | | | | | |
| Fire and liability insurance | | | | | | | 607 | | | | | 607 | 627 |
| Municipal taxes | | | | | | | 1,328 | | | | | 1,328 | 1,319 |
| Plant Operations | | | | 10,858 | 10,858 | 1,743 | 3,022 | 400 | 4 | | (3,632) | 12,395 | 11,939 |
| Security | | | | 966 | 966 | 133 | 54 | 2 | 3 | | (102) | 1,056 | 1,060 |
| Leased/Rental Properties | | | | 8 | 8 | | 244 | | | | | 252 | 220 |
| Utilities | | | | | | | 5,688 | | | | (980) | 4,708 | 4,718 |
| Total - 1998 | | | | 11,832 | 11,832 | 1,876 | 10,943 | 402 | 7 | | (4,714) | 20,346 | |
| Total - 1997 | \$ | | | 11,801 | 11,801 | 2,063 | 9,994 | 497 | 15 | | (4,487) | | 19,883 |

(continued)

UNIVERSITY OF WATERLOO
 SCHEDULE OF GENERAL OPERATING EXPENSES
 FOR THE YEAR ENDED APRIL 30, 1998
 (with comparative figures for the year ended April 30, 1997)
 (thousands of dollars)

SCHEDULE 1
 Page 5

| | Salaries | | | | | Employee Benefits | Supplies and Other Expenses | Expendable Equipment, Maintenance and Rentals | Travel | Scholarships and Bursaries | Cost Recoveries | Totals | |
|---|------------------|------------------------|-------------|---------------|----------------|----------------------|--------------------------------------|--|--------------|----------------------------------|--------------------|----------------|----------------|
| | Faculty | Teaching Assistants | Technicians | Staff | Total | | | | | | | 1998 | 1997 |
| ACADEMIC SUPPORT | | | | | | | | | | | | | |
| Associate Provost-Academic & Student Affairs | \$ 84 | | | 139 | 223 | 18 | 33 | 8 | 11 | | | 293 | 170 |
| Associate Provost-Human Resources & Student Services | | | | 285 | 285 | 39 | 54 | 16 | 22 | | | 416 | 336 |
| Associate Provost-General Services & Finance | | | | 191 | 191 | 27 | 12 | 3 | (5) | | (20) | 208 | 242 |
| Athletics & Recreational Services | | | | 1,326 | 1,326 | 156 | 498 | 112 | 265 | | (28) | 2,329 | 2,027 |
| Audio Visual Centre | | | | 648 | 648 | 95 | 72 | 35 | 3 | | | 853 | 767 |
| Business Operations | | | | 100 | 100 | 12 | 17 | | 4 | | (133) | | |
| Central Stores | | | | 792 | 792 | 130 | 128 | 37 | 2 | | (56) | 1,033 | 1,095 |
| Community Relations | | | | 141 | 141 | 22 | 57 | | 2 | 5 | | 227 | 202 |
| Co-op Education & Career Services | | | | 3,512 | 3,512 | 504 | 619 | 76 | 268 | | (39) | 4,940 | 4,799 |
| Counselling Services | | | | 490 | 490 | 77 | 34 | 10 | 8 | | (1) | 618 | 596 |
| Development & Alumni Affairs | | | | 1,378 | 1,378 | 186 | 609 | 47 | 45 | | | 2,265 | 2,268 |
| Finance | | | | 1,222 | 1,222 | 188 | 142 | 37 | 6 | | (2) | 1,593 | 2,019 |
| General | | | | 163 | 163 | 1,085 | 1,319 | 6 | 10 | 110 | | 2,693 | 1,877 |
| Graduate Studies | 21 | | | 502 | 523 | 74 | 169 | | 34 | 1,827 | (131) | 2,496 | 2,014 |
| Health Services | | | | 550 | 550 | 76 | 124 | 19 | 2 | | (86) | 685 | 677 |
| Human Resources | | | | 989 | 989 | 158 | 124 | 2 | 1 | | | 1,274 | 1,390 |
| Information Systems & Technology | | | | 5,423 | 5,423 | 755 | 4,221 | 922 | 173 | | (625) | 10,869 | 8,529 |
| Institutional Analysis & Planning | | | | 230 | 230 | 30 | 9 | 43 | 7 | | | 319 | 287 |
| Internal Audit | | | | 258 | 258 | 32 | 4 | 6 | | | | 300 | 317 |
| Internal Communications | | | | 129 | 129 | 17 | 49 | 4 | 1 | | (10) | 190 | 201 |
| Library - operations | | | | 5,608 | 5,608 | 856 | 864 | 634 | 28 | | | 7,990 | 8,025 |
| News Bureau | | | | 109 | 109 | 16 | 15 | | 2 | | | 142 | 137 |
| Office of Research | | | | 1,220 | 1,220 | 177 | 98 | 22 | 39 | | (8) | 1,548 | 1,562 |
| President's Office | | 10 | | 248 | 258 | 26 | 51 | | 33 | | | 368 | 401 |
| Purchasing | | | | 372 | 372 | 62 | 37 | 12 | 5 | | | 488 | 480 |
| Registrar | | | | 2,052 | 2,052 | 307 | 941 | 27 | 59 | 1,655 | (17) | 5,024 | 2,915 |
| Safety | | | | 189 | 189 | 28 | 193 | 5 | 1 | | | 416 | 386 |
| Secretariat | | | | 468 | 468 | 68 | 98 | 6 | 11 | | | 651 | 630 |
| Theatre Centre | | | | 113 | 113 | 15 | 20 | 2 | | | | 150 | 215 |
| VP Academic & Provost | | | | 247 | 247 | 29 | 185 | 3 | 42 | | | 506 | 406 |
| VP University Relations | | | | 127 | 127 | 17 | 16 | 7 | 11 | | | 178 | 58 |
| Cost Recovery | | | | | | | | | | | (1,915) | (1,915) | (1,742) |
| Total - 1998 | 105 | 10 | | 29,221 | 29,336 | 5,282 | 10,812 | 2,103 | 1,093 | 3,592 | (3,071) | 49,147 | |
| Total - 1997 | | | | 27,772 | 27,772 | 5,419 | 8,552 | 1,658 | 1,068 | 1,877 | (3,060) | | 43,286 |
| Total expenses 1998 | 55,132 | 9,373 | | 52,646 | 123,292 | 17,153 | 31,772 | 4,579 | 2,557 | 4,150 | (10,166) | 173,337 | |
| Total expenses 1997 | \$ 55,427 | 8,894 | | 50,590 | 120,778 | 19,354 | 27,751 | 4,355 | 2,344 | 2,604 | (9,909) | | 167,277 |

UNIVERSITY OF WATERLOO
SCHEDULE OF ANCILLARY ENTERPRISES INCOME AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 1998
(with comparative figures for the year ended April 30, 1997)
(thousands of dollars)

SCHEDULE 2

| | Retail Services | Food Services | Graphic Services | Residences | University Club | Parking | Watcard | Totals | |
|--|--------------------|---------------|---------------------|------------|--------------------|----------|---------|-----------|-----------|
| | | | | | | | | 1998 | 1997 |
| Income: | | | | | | | | | |
| Sales, services and other income | \$ 13,225 | \$ 7,821 | \$ 4,700 | \$ 12,717 | \$ 582 | \$ 1,114 | \$ 300 | \$ 40,459 | \$ 40,035 |
| Expenses and other deductions: | | | | | | | | | |
| Salaries | 1,097 | 2,954 | 1,657 | 3,015 | 249 | 329 | 127 | 9,428 | 9,118 |
| Employee benefits | 158 | 432 | 250 | 472 | 31 | 51 | 17 | 1,411 | 1,480 |
| Cost of goods sold | 10,756 | 2,898 | 2,063 | 7,338 | 181 | 433 | 42 | 15,898 | 15,572 |
| Supplies and expenses | 1,035 | 936 | 343 | 7,338 | 116 | 433 | 42 | 10,243 | 9,425 |
| Travel | 12 | 17 | 17 | 30 | 1 | 5 | 5 | 87 | 82 |
| Expendable equipment, maintenance and rentals | 52 | 191 | 610 | 300 | 6 | 55 | 31 | 1,245 | 1,455 |
| Municipal taxes and utilities | 42 | 75 | 24 | 1,825 | — | 2 | 2 | 1,970 | 2,262 |
| | 13,152 | 7,503 | 4,964 | 12,980 | 584 | 875 | 224 | 40,282 | 39,394 |
| EXCESS INCOME OVER EXPENSES | 73 | 318 | (264) | (263) | (2) | 239 | 76 | 177 | 641 |
| Interfund transfers | 14 | (228) | (231) | (1,658) | (9) | (98) | — | (2,210) | 80 |
| NET INCREASE (DECREASE) | 87 | 90 | (495) | (1,921) | (11) | 141 | 76 | (2,033) | 721 |
| NET ASSETS BEGINNING OF YEAR | 70 | (441) | 64 | 3,889 | (457) | (167) | (300) | 2,658 | 1,820 |
| NET ASSETS END OF YEAR | \$ 157 | \$ (351) | \$ (431) | \$ 1,968 | \$ (468) | \$ (26) | (224) | \$ 625 | \$ 2,541 |

EXECUTIVE COMPENSATION DISCLOSURE

The Public Sector Salary Disclosure Act, 1996 requires public disclosure of the salary and benefits paid in respect of employment to employees who are paid a salary of \$100,000 or more in a year.

There were 88 individuals in this category at the University who earned over \$100,000 in 1997 and following is a list of names and salaries.

| NAME | SALARY | BENEFITS | POSITION |
|-------------------------|------------|----------|---|
| Anderson, Anthony | 105,139.04 | 230.23 | Professor |
| Aplevich, Dwight | 102,770.04 | 211.98 | Professor |
| Ariaratnam, Sinnathamby | 104,543.68 | 229.50 | Professor |
| Armitage, Howard | 104,324.04 | 214.92 | Associate Professor |
| Atkinson, Anthony | 111,528.00 | 218.03 | Professor |
| Bater, James | 110,308.98 | 621.01 | Professor |
| Black, James | 102,539.56 | 91.50 | Associate Provost, Information Systems & Technology |
| Boyle, Phelim | 139,077.68 | 256.50 | Professor |
| Burns, David | 119,508.72 | 232.87 | Professor |
| Chaudhuri, Sujeet | 100,426.00 | 205.73 | Professor |
| Cherry, John | 105,828.00 | 231.47 | Professor |
| Cullen, Anthony | 107,927.32 | 210.73 | Professor |
| Curtis, James | 100,270.04 | 219.58 | Professor |
| Djokovic, Dragomir | 101,243.96 | 222.76 | Professor |
| Downey, James | 198,666.64 | 1,804.62 | President |
| Dusseault, Maurice | 101,729.68 | 217.42 | Professor |
| Fahidy, Thomas | 110,922.00 | 231.00 | Professor |
| Forsyth, Phyllis | 103,628.64 | 220.71 | Professor |
| Geddes, Keith | 102,099.04 | 210.59 | Professor |
| George, Alan | 162,127.32 | 358.03 | Professor |
| Gilbert, William | 101,284.04 | 207.95 | Professor |
| Gladwell, Graham | 102,586.54 | 223.77 | Professor |
| Goodman, Frank | 106,702.28 | 222.03 | Professor |
| Green, Howard | 100,573.32 | 402.26 | Professor |
| Griffin, Gary | 107,379.60 | 93.77 | Professor |

| NAME | SALARY | BENEFITS | POSITION |
|--------------------|------------|----------|---|
| Hansson, Carolyn | 123,059.96 | 247.45 | V.P. University Research |
| Hendley, Brian | 114,740.72 | 224.06 | Dean-Arts |
| Hipel, Keith | 101,843.00 | 208.85 | Professor |
| Hollands, Kenneth | 102,431.00 | 224.25 | Professor |
| Howarth, Philip | 105,021.04 | 217.47 | Professor |
| Huber, Dennis | 102,918.32 | 217.68 | Associate Provost, General Services & Finance |
| Hudgins, Robert | 101,279.40 | 404.07 | Professor |
| Kalbfleisch, James | 158,999.96 | 340.04 | V.P. Academic & Provost |
| Kalbfleisch, John | 117,927.04 | 232.71 | Dean-Mathematics |
| Karrow, Paul | 100,491.28 | 386.17 | Professor |
| Kay, Jeanne | 110,213.53 | 223.22 | Professor |
| Laiken, Stanley | 100,315.28 | 220.00 | Professor |
| Lambert, Ronald | 105,977.68 | 1,384.80 | Professor |
| Lawless, Jerald | 108,830.00 | 238.18 | Professor |
| Le Roy, Robert | 104,106.68 | 214.62 | Professor |
| Lennox, William | 108,505.00 | 416.83 | Professor |
| Lepock, James | 102,190.96 | 207.16 | Professor |
| Mark, Jon | 106,913.04 | 227.45 | Professor |
| Martin, Hugh | 104,728.32 | 223.11 | Professor |
| McBoyle, Geoffrey | 105,294.74 | 220.38 | Dean-Environmental Studies |
| McCourt, Frederick | 101,129.88 | 397.57 | Professor |
| McMahon, Terrance | 109,188.00 | 226.75 | Professor |

| NAME | SALARY | BENEFITS | POSITION |
|---------------------|------------|----------|---|
| Melvin, James | 137,838.26 | 308.59 | Professor |
| Merikle, Philip | 104,454.04 | 224.19 | Professor |
| Mitchell, Bruce | 101,224.32 | 221.27 | Professor |
| Mulamoottil, George | 101,361.64 | 221.58 | Professor |
| Munro, James | 101,482.68 | 222.53 | Professor |
| Narveson, Jan | 105,196.40 | 395.77 | Professor |
| Newkirk, Ross | 104,930.96 | 218.52 | Associate Professor |
| Norman, Robert | 111,380.00 | 226.74 | Professor |
| Pathria, Raj Kumar | 105,698.64 | 226.80 | Professor |
| Pick, Roy | 104,935.68 | 216.81 | Professor |
| Plumtree, Alan | 102,703.40 | 224.59 | Professor |
| Power, Geoffrey | 101,337.03 | 221.30 | Professor |
| Quintana, Victor | 100,072.60 | 218.55 | Professor |
| Rempel, Garry | 105,156.32 | 230.06 | Professor |
| Richardson, Gordon | 107,400.28 | 211.69 | Associate Professor |
| Roe, Peter H. | 101,760.96 | 219.48 | Professor |
| Ross, Michael | 101,350.22 | 222.29 | Professor |
| Rowe, Patricia | 109,710.36 | 223.78 | Dean-Graduate Studies |
| Russell, Delbert | 100,489.36 | 206.46 | Professor |
| Schneider, Gerald | 106,420.96 | 205.76 | Professor |
| Schumacher, Barbara | 103,403.92 | 97.32 | Director-Health Services |
| Scott, Catharine | 102,701.44 | 217.68 | Associate Provost, Human Resources & Student Services |
| Shah, Kirtikumar | 100,714.28 | 207.06 | Professor |
| Sharratt, Michael | 106,392.69 | 223.46 | Dean-Applied Health Sciences |
| Shepherd, Murray | 107,473.20 | 237.00 | University Librarian |
| Sivak, Jacob | 117,942.00 | 222.11 | Professor |
| Snieckus, Victor | 105,430.40 | 230.63 | Professor |
| Steffy, Richard | 101,567.64 | 553.03 | Professor |
| Strong, Graham | 104,772.50 | 84.14 | Professor |
| Thompson, John | 117,415.64 | 231.59 | Dean-Science |

| NAME | SALARY | BENEFITS | POSITION |
|--------------------|------------|----------|---|
| Thompson, Mary | 104,462.68 | 215.22 | Professor |
| Tompa, Frank | 100,908.18 | 211.64 | Professor |
| Urquhart, Anthony | 100,903.64 | 221.73 | Professor |
| Wainwright, John | 100,814.00 | 220.84 | Professor |
| Wall, Geoffrey | 102,216.36 | 209.95 | Professor |
| Waller, Gary | 127,238.12 | 635.88 | Associate Provost, Academic & Student Affairs |
| Ward, Owen | 104,560.04 | 228.82 | Professor |
| Williams, T. David | 107,047.32 | 204.58 | Professor |
| Wong, Johnny | 111,921.00 | 238.86 | Professor |
| Young, M. Moo | 104,801.28 | 163.63 | Professor |
| Yovanovich, Milan | 105,230.00 | 230.45 | Professor |