

UNIVERSITY OF
Waterloo



Financial Statements

April 30, 2008

UNIVERSITY OF WATERLOO

FINANCIAL STATEMENTS

APRIL 30, 2008

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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, 2008 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 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, 2008 have been audited by Ernst & Young LLP. 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 audited the Balance Sheet [Statement 1] of the **University of Waterloo** [the "University"] as at April 30, 2008 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 Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Kitchener, Canada,
August 19, 2008.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

UNIVERSITY OF WATERLOO
BALANCE SHEET
as at April 30, 2008
(with comparative figures as at April 30, 2007)
(thousands of dollars)

STATEMENT 1

	<u>2008</u>	<u>2007</u>
ASSETS		
<u>Current</u>		
Cash and cash equivalents	\$ 119,258	\$ 95,365
Short-term investments (note 3)	191,699	149,386
Accounts receivable	30,386	15,340
Inventories	2,657	2,519
Prepaid expenses	<u>3,357</u>	<u>3,622</u>
Total current assets	<u>347,357</u>	<u>266,232</u>
Long-term investments (note 3)	320,023	283,942
Capital assets, net (note 4)	<u>334,080</u>	<u>276,892</u>
	<u>1,001,460</u>	<u>827,066</u>
LIABILITIES AND NET ASSETS		
<u>Current</u>		
Accounts payable and accrued liabilities	57,963	40,430
Unearned income	28,426	34,106
Current portion of long-term debt (note 5)	<u>1,204</u>	<u>2,907</u>
Total current liabilities	<u>87,593</u>	<u>77,443</u>
Employee future benefits (note 13)	111,650	105,394
Long-term debt (note 5)	<u>32,168</u>	<u>33,372</u>
Deferred contributions (note 6)	220,156	151,099
Deferred capital contributions (note 7)	<u>204,362</u>	<u>178,734</u>
	<u>424,518</u>	<u>329,833</u>
Total liabilities	<u>655,929</u>	<u>546,042</u>
NET ASSETS		
Deficit (note 8)	(115,309)	(107,891)
Internally restricted (note 9)	246,954	217,415
Restricted for endowment (note 10)	<u>213,886</u>	<u>171,500</u>
	<u>345,531</u>	<u>281,024</u>
	<u>\$ 1,001,460</u>	<u>\$ 827,066</u>

(See accompanying notes to the financial statements)

On behalf of the Board of Governors:

Bob Harding
Chair

David Johnston
President

UNIVERSITY OF WATERLOO
STATEMENT OF OPERATIONS
for the year ended April 30, 2008
(with comparative figures for the year ended April 30, 2007)
(thousands of dollars)

STATEMENT 2

	<u>2008</u>	<u>2007</u>
INCOME		
Academic fees	\$ 177,627	\$ 160,962
Donations	10,342	9,542
Grants and contracts	306,305	303,922
Sales, services and other income	104,639	102,775
Income from investments (note 3)	18,859	19,869
Amortization of deferred capital contributions (note 7)	<u>16,350</u>	<u>16,527</u>
	<u>634,122</u>	<u>613,597</u>
EXPENSES		
Salaries	309,590	286,026
Employee benefits	61,054	59,788
Cost of goods sold	21,799	21,959
Supplies and expenses	77,115	69,798
Travel	16,476	14,809
Major repairs and renovations	10,324	9,113
Expendable equipment, maintenance and rentals	16,984	16,020
Scholarships and bursaries	50,955	43,341
Municipal taxes and utilities	14,718	14,908
Amortization of capital assets (note 4)	<u>25,935</u>	<u>26,349</u>
	<u>604,950</u>	<u>562,111</u>
Excess income over expenses for the year	<u>\$ 29,172</u>	<u>\$ 51,486</u>

(See accompanying notes to the financial statements)

UNIVERSITY OF WATERLOO
STATEMENT OF CHANGES IN NET ASSETS
for the year ended April 30, 2008
(with comparative figures for the year ended April 30, 2007)
(thousands of dollars)

STATEMENT 3

	<u>Deficit</u>	<u>Internally Restricted</u>	<u>Restricted for Endowment</u>	<u>2008 Total</u>	<u>2007 Total</u>
Net assets, beginning of year	\$(107,891)	\$217,415	\$171,500	\$281,024	\$218,975
Transitional adjustments (note 2a)	<u>(1,270)</u>	<u>802</u>	<u> </u>	<u>(468)</u>	<u> </u>
Adjusted net assets, beginning of year	(109,161)	218,217	171,500	280,556	218,975
Excess income over expenses for the year	29,172			29,172	51,486
Change in internally restricted net assets (note 9)	(28,737)	28,737			
Change in fair value of interest rate swap (note 3)	(585)			(585)	
Capital preservation of endowments and internally endowed amounts (note 10)	(5,998)		5,998		
Endowment contributions (note 10)	<u> </u>	<u> </u>	<u>36,388</u>	<u>36,388</u>	<u>10,563</u>
Net assets, end of year	<u><u>\$(115,309)</u></u>	<u><u>\$246,954</u></u>	<u><u>\$213,886</u></u>	<u><u>\$345,531</u></u>	<u><u>\$281,024</u></u>

(See accompanying notes to the financial statements)

UNIVERSITY OF WATERLOO
STATEMENT OF CASH FLOWS
for the year ended April 30, 2008
(with comparative figures for the year ended April 30, 2007)
(thousands of dollars)

STATEMENT 4

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Excess income over expenses for the year	\$ 29,172	\$ 51,486
Add (deduct) non-cash items:		
Unrealized loss on internally endowed investments	2,560	-
Unrealized gain on operating investments	(1,388)	-
Amortization of capital assets (note 4)	25,935	26,349
Amortization of deferred capital contributions (note 7)	(16,350)	(16,527)
Net change in employee future benefits (note 13)	6,256	9,530
Net change in non-cash balances (note 14)	<u>71,556</u>	<u>(565)</u>
 Cash provided by operating activities	 <u>117,741</u>	 <u>70,273</u>
INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets (note 4)	(83,123)	(39,120)
Net change in investments (note 3a)	(86,184)	(86,019)
Contributions spent on capital assets (note 7)	41,978	30,151
Repayment of long-term debt (note 5)	(2,907)	(1,324)
Endowment contributions (note 10)	<u>36,388</u>	<u>10,563</u>
 Cash used in investing and financing activities	 <u>(93,848)</u>	 <u>(85,749)</u>
 Net change in cash and cash equivalents during the year	 23,893	 (15,476)
 Cash and cash equivalents, beginning of year	 <u>95,365</u>	 <u>110,841</u>
 Cash and cash equivalents, end of year (note 2c)	 <u>\$ 119,258</u>	 <u>\$ 95,365</u>

(See accompanying notes to the financial statements)

UNIVERSITY OF WATERLOO
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2008
(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, Graphic Services, Retail Services and Watcard.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

(a) Changes in accounting policies

(i) Financial instruments

Effective May 1, 2007, the University adopted the recommendations of CICA 3855: *Financial Instruments – Recognition and Measurement*, CICA 3861: *Financial Instruments – Disclosure and Presentation* and CICA 3865 – *Hedges*. CICA 3855 establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. As required by CICA 3855, all investments are now presented at fair value. In prior years, investments were recorded at cost and written down if there was deemed to be other than a temporary loss in value. As permitted by CICA 3855, the University's other financial assets and liabilities continue to be presented at amortized cost using the effective interest rate method.

CICA 3865 establishes standards for when and how hedge accounting may be applied. As required by CICA 3865, a derivative designated as a hedging instrument is now measured at fair value and included on the Balance Sheet. In prior years, a derivative designated as a hedging instrument was not recorded in the financial statements. As permitted by CICA 3865, the change in fair value of a hedging instrument in an effective hedging relationship is recorded directly in net assets.

As required by the transitional provisions of CICA 3855, the accounting policy change from cost to fair value was adopted retroactively by adjustments to opening deferred contributions or net assets, without restatement of the prior year's financial statements. The following table summarizes the adjustments resulting from these changes:

	April 30, 2007	Transitional adjustments	May 1, 2007
Assets			
Held for trading investments	\$433,328	\$ 9,316	\$ 442,644
Interest rate swap	-	(3,051)	(3,051)
Total investments	433,328	6,265	439,593
Total assets		6,265	
Liabilities			
Deferred contributions	151,099	6,733	157,832
Net assets			
Deficit	(107,891)	(1,270)	(109,161)
Internally restricted	217,415	802	218,217
		(468)	
Total liabilities and net assets		6,265	

(ii) Accounting changes

Effective May 1, 2007, the University applied the revised provisions of CICA 1506: *Accounting Changes*. Accordingly, voluntary changes in accounting policies are made only if they result in reliable and more relevant information. No voluntary changes were made in 2008.

(iii) Future accounting policy changes

Financial instruments

The CICA has issued two new accounting standards, CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*, which together will replace CICA 3861. These new standards will enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. This change in accounting policy, which will be adopted May 1, 2008, relates primarily to additional disclosures in the financial statements and will not have a significant impact on net assets.

Capital disclosures

The CICA has issued a new accounting standard, CICA 1535: *Capital Disclosures*, which requires the disclosure of qualitative and quantitative information that will enable users of financial statements to evaluate the University's objectives, policies and processes for managing capital. This change in accounting policy, which will be adopted May 1, 2008, relates primarily to additional disclosures in the financial statements and will not have a significant impact on net assets.

Inventory

The CICA has issued a new accounting standard, CICA 3031: *Inventories*, which will replace CICA 3030. This standard prescribes the measurement of inventory at the lower of cost and net realizable value, with guidance on cost determination including the allocation of overhead and other costs to inventory. Reversals of previous write-downs to net realizable value are permitted when there is a subsequent increase in the value of inventories. This change in accounting policy, which will be adopted May 1, 2008, is not expected to have a significant impact on net assets.

(b) 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 and land donations in kind are recognized as direct increases in net assets in the period in which they are received.

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

Sales, services and other income is recognized at point of sale or when service has been provided.

(c) Cash and cash equivalents

Investments included in cash and cash equivalents consist of deposit receipts (\$8,862; 2007 - \$758), government and corporate notes with a maturity of less than 90 days from the date of acquisition (\$74,885; 2007 - \$70,612), and the remainder represents cash. These instruments are carried at cost plus accrued interest, which approximates fair value.

(d) Inventories

Inventories are valued at the lower of average cost or net realizable value. Provision is made for obsolescence.

(e) Investments and investment income

Prior to May 1, 2007, investments were recorded at cost, which included accrued interest. Gains and losses on sale of investments were recognized in the year of disposal and included in investment income based on the deferral method of accounting, as described in note 2b. Investments were written down in the year when there was deemed to be a loss in value that was other than temporary.

Subsequent to May 1, 2007, all investments have been classified as held for trading and are recorded at fair value. Publicly traded securities are valued based on the latest bid prices and pooled funds are valued based on reported unit values. Short-term investments continue to be valued at cost plus accrued interest, which approximates fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred. Investment income, which consists of interest, dividends and realized and unrealized gains and losses, is recorded as "Income from investments" in the Statement of Operations, except for investment income deferred.

(f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value on 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	3-10 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.

(g) Employee future benefits

The University has a defined benefit pension plan for its employees and provides other retirement and post employment benefits such as extended health care and life insurance coverage. The cost of employee future benefits is determined using the projected benefit method prorated on services. This method involves the use of the market interest rate at the measurement date on high-quality debt instruments as the discount rate and management's best estimates regarding assumptions about retirement age, termination rates, mortality rates and expected health care costs. The expected long-term return on pension benefit plan assets is calculated using market-related asset values. The net actuarial gain or loss and the past service cost are amortized on a straight-line basis over the average remaining service life of the active employees calculated using the corridor method. A valuation allowance is recorded against a plan surplus if the surplus exceeds unamortized past service costs and unamortized actuarial losses.

(h) Funding of major capital assets and renovations

University departments, including ancillary enterprises, may be required to expend funds on major capital assets or renovations in a year where the costs exceed the unit's ability to pay. These major expenditures are, however, charged to the unit in the year incurred and the resulting deficit is to be recovered over time through the budgeting process.

(i) Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These amounts are based on management's best knowledge of current events and actions that the University may undertake in the future. Significant areas requiring the use of management estimates relate to the assumptions used in the determination of the fair value of financial instruments and the valuation of pension and other post employment retirement benefit obligations. Actual results could differ from those estimates.

(j) Derivative financial instruments

The University is subject to interest rate cash flow risk with respect to its floating rate debt. The University has addressed this risk by entering into an interest rate swap agreement that fixes the interest rate over the term of the debt. The University follows hedge accounting for its interest rate swap which results in interest expense related to certain long-term debt recorded in the financial statements at the hedged rate rather than at the original contractual interest rate. In order for a derivative to qualify for hedge accounting, the hedge relationship must be identified, designated and formally documented at its inception. Changes in the cash flows on the interest rate swap must be highly effective in offsetting changes in the amount of cash flows on the hedged long-term debt.

Prior to May 1, 2007, no value was recorded for this contract on the Balance Sheet. Subsequent to May 1, 2007, the interest rate swap is measured at fair value at the year end date and included on the Balance Sheet. The fair value of derivative financial instruments reflects the daily quoted market amount of those instruments. Investment dealer quotes or quotes from a bank are available for the University's derivative financial instruments. The gain or loss is recorded as a direct change in net assets.

(k) Long-term debt

Long-term debt is initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

3. Investments

The University is subject to market risk, foreign currency risk and interest rate price risk with respect to its investment portfolio. To manage these risks, the University has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

(a) Total investments consist of the following components:

	2008		2007	
	Fair Value	Cost	Fair Value	Book Value
Short-term investments	\$191,699	\$190,757	\$149,378	\$149,386
Long-term investments:				
Deposits	20,405	20,281	8,018	8,023
Bonds				
Federal	8,411	8,324	27,143	27,207
Provincial	17,213	16,573	39,748	39,526
Corporate	50,598	50,503	62,473	62,975
Pooled	94,438	93,329	42,725	43,271
	<u>170,660</u>	<u>168,729</u>	<u>172,089</u>	<u>172,979</u>
Equity investments				
Canadian	63,782	58,881	59,884	51,926
US	28,153	31,172	44,077	44,099
Other international	40,659	49,692	9,198	6,915
	<u>132,594</u>	<u>139,745</u>	<u>113,159</u>	<u>102,940</u>
Interest rate swap (note 2a)	<u>(3,636)</u>	<u>-</u>	<u>(3,051)</u>	<u>-</u>
Total long-term investments	320,023	328,755	290,215	283,942
Total investments	<u>\$511,722</u>	<u>\$519,512</u>	<u>\$439,593</u>	<u>\$433,328</u>

In 2008, investments are recorded at fair value. In 2007, investments were recorded at book value.

All corporate bonds are rated AA or better (2007 – AA or better) by recognized rating services, where both asset and earnings protection are well assured.

The University has entered into an interest rate swap contract to manage the interest rate exposure associated with a long-term debt obligation. The contract has the effect of converting the floating rate of interest to a fixed rate of 6.045% (2007 – 6.045%) on \$24,146 (2007 - \$24,778) of debt obligation that is exchanged with 60-90 day investment vehicles. The notional amount of the derivative financial instrument does not represent amounts exchanged between parties and is not a measure of the University's exposure resulting from the use of a financial instrument contract. The amounts exchanged are based on the applicable rates applied to the notional amount.

The University is exposed to credit-related losses in the event of non-performance by counterparties to the interest rate swap, but it does not expect any counterparties to fail to meet their obligations. The University limits its credit risk by only dealing with Canadian chartered banks that are rated AA or better.

(b) Investment income recorded in the Statement of Operations is calculated as follows:

	<u>2008</u>	<u>2007</u>
Income earned on unrestricted resources and specific purpose funds	\$ 7,140	\$15,682
Income earned on resources held for endowment		
Internally endowed	2,257	1,545
Donor endowed	7,750	5,108
<u>Total investment income earned</u>	<u>17,147</u>	<u>22,335</u>
<u>Less investment loss (income) deferred in the year</u>	<u>1,712</u>	<u>(2,466)</u>
<u>Total investment income recognized in the year</u>	<u>\$18,859</u>	<u>\$19,869</u>

Total investment income earned in 2008 includes unrealized losses of \$6,737 (2007 - \$0).

4. Capital Assets

Capital assets consist of the following:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 7,580	-	\$ 7,152	-
Buildings	397,603	152,688	333,399	145,548
Parking lots/roadways	3,161	2,039	3,161	1,840
Furniture and equipment	164,152	93,863	150,885	80,742
Library acquisitions	36,771	28,917	34,246	26,035
Collections	2,320	-	2,214	-
	<u>611,587</u>	<u>277,507</u>	<u>531,057</u>	<u>254,165</u>
Less accumulated amortization	<u>(277,507)</u>		<u>(254,165)</u>	
Net book value	<u>\$334,080</u>		<u>\$276,892</u>	

Included in the cost of buildings is \$89,607 (2007 - \$26,021) of construction in progress that is currently not being amortized.

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$276,892	\$264,121
Contributions spent on capital assets during the year (note 7)	41,978	30,151
Purchase of capital assets internally funded	41,145	8,969
Amortization of capital assets	<u>(25,935)</u>	<u>(26,349)</u>
Balance, end of year	<u>\$334,080</u>	<u>\$276,892</u>

5. Long-Term Debt

(a) Long-term debt obligations are summarized as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
<u>Ontario Housing Corporation:</u>				
Lease agreements payable with interest rates ranging from 6.875% to 7.125% and maturities between December 1, 2020 and June 1, 2021	\$ 6,801	\$ 8,300	\$ 7,104	\$ 8,420
<u>Canada Mortgage and Housing Corporation:</u>				
Mortgages payable with interest rates ranging from 5.375% to 6.25% and maturities between July 1, 2016 and February 1, 2019	2,425	2,652	2,623	2,800
<u>Royal Bank of Canada:</u>				
Term loan payable with interest rate of 6.15% due November 1, 2007	-	-	1,774	1,785
<u>Canadian Imperial Bank of Commerce:</u>				
Term instalment loan, non-revolving and committed to December 1, 2009 with a floating interest rate which is fixed at 6.045% through an interest rate swap with a term expiring on October 1, 2012	<u>24,146</u>	<u>26,008</u>	<u>24,778</u>	<u>26,425</u>
	33,372	<u>36,960</u>	36,279	<u>39,430</u>
Less current portion	<u>(1,204)</u>		<u>(2,907)</u>	
Long-term debt	<u>\$32,168</u>		<u>\$33,372</u>	

Future scheduled annual debt principal repayments are as follows:

2009	\$ 1,204
2010	1,280
2011	1,361
2012	1,447
2013	1,538
2014 and beyond	<u>26,542</u>
	<u>\$33,372</u>

The total interest expense recognized in "Supplies and expenses" and paid on long-term debt for the year ended April 30, 2008 was \$2,157 and \$2,168 respectively (2007 - \$2,335 and \$2,297).

Various residence buildings included in capital assets are held as collateral for debt.

(b) Fair value

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

6. Deferred Contributions

Deferred contributions represent unspent externally restricted grants, donations and investment income for research and other specific purposes. Unrealized gains or losses on investments for restricted purposes are also recorded as deferred contributions. Changes in the deferred contributions are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$151,099	\$158,533
Transitional adjustment (note 2a)	<u>6,733</u>	<u>-</u>
Adjusted balance, beginning of year	157,832	158,533
Contributions received during the year	224,056	133,247
Contributions recognized as income during the year	(119,754)	(110,530)
Contributions spent on capital assets during the year (note 7)	<u>(41,978)</u>	<u>(30,151)</u>
Balance, end of year	<u>\$220,156</u>	<u>\$151,099</u>

7. Deferred Capital Contributions

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

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$178,734	\$165,110
Amortization of deferred capital contributions	(16,350)	(16,527)
Contributions spent on capital assets during the year (note 6)	<u>41,978</u>	<u>30,151</u>
Balance, end of year	<u>\$204,362</u>	<u>\$178,734</u>

8. Deficit

	<u>2008</u>	<u>2007</u>
Operational surplus	\$ 4,713	\$ 4,237
Unrealized gain on investments (note 2a)	3,168	-
Fair value of interest rate swap (notes 2a and 3)	(3,636)	-
Land donation in kind	350	350
Provision for vacation pay	(8,254)	(7,084)
Employee future benefits	<u>(111,650)</u>	<u>(105,394)</u>
	<u>\$(115,309)</u>	<u>\$(107,891)</u>

9. Net Assets Internally Restricted

	<u>2008</u>	<u>2007</u>
Academic and academic support department carryforwards and operational commitments	\$132,178	\$133,066
Ancillary enterprises	7,273	7,555
Other specific purpose funds	(949)	1,340
Bridge financing for housing and other construction projects	3,650	4,889
Net assets invested in capital assets	<u>104,802</u>	<u>70,565</u>
Balance, end of year	<u>\$246,954</u>	<u>\$217,415</u>

The University appropriates funds at year end to cover outstanding operational commitments.

Net assets invested in capital assets are comprised of:

	<u>2008</u>	<u>2007</u>
Capital assets, net (note 4)	\$334,080	\$276,892
Less amounts financed by:		
Long-term debt	(24,566)	(27,243)
Deferred capital contributions (note 7)	(204,362)	(178,734)
Land donation in kind	<u>(350)</u>	<u>(350)</u>
Balance, end of year	<u>\$104,802</u>	<u>\$ 70,565</u>

10. Net Assets Restricted for Endowment

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 be permanently maintained. 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. 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.

(a) Contributions restricted for endowment consist of the following:

	<u>2008</u>	<u>Additions</u>	<u>2007</u>
Donor endowed	\$169,796	\$36,388	\$133,408
Internally endowed	<u>44,090</u>	<u>5,998</u>	<u>38,092</u>
	<u>\$213,886</u>	<u>\$42,386</u>	<u>\$171,500</u>

(b) Ontario Student Opportunity Trust Fund

The donor endowed balance includes funds provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid.

Schedule of Changes in Endowment Fund Balance	<u>Phase 1</u>		<u>Phase 2</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Fund balance, beginning of year	\$5,888	\$5,870	\$2,286	\$2,272
Preservation of capital	150	18	69	14
	<u>\$6,038</u>	<u>\$5,888</u>	<u>\$2,355</u>	<u>\$2,286</u>

Schedule of Changes in Expendable Funds Available for Awards	Phase 1		Phase 2	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$306	\$273	\$ 48	\$ 42
Investment income	236	235	92	91
Bursaries awarded (Phase 1 total awarded 149; 2007 - 144) (Phase 2 total awarded 41; 2007 - 61)	<u>(213)</u>	<u>(202)</u>	<u>(68)</u>	<u>(85)</u>
Balance, end of year	<u>\$329</u>	<u>\$306</u>	<u>\$ 72</u>	<u>\$ 48</u>

11. Financial Information

	<u>General Operations</u>	<u>Ancillary Enterprises</u>	<u>Restricted and Other Specific Purposes</u>	<u>2008 Total</u>	<u>2007 Total</u>
Income	<u>\$425,346</u>	<u>\$72,670</u>	<u>\$136,106</u>	<u>\$634,122</u>	<u>\$613,597</u>
Expenses	403,072	66,337	154,475	623,884	581,133
Less capital asset balances included in expenses above	<u>(6,809)</u>	<u>(528)</u>	<u>(11,597)</u>	<u>(18,934)</u>	<u>(19,022)</u>
Expenses net of capital assets	396,263	65,809	142,878	604,950	562,111
Transfer of funds for capital asset purchases and other purposes	<u>(32,222)</u>	<u>(7,143)</u>	<u>39,365</u>	<u>-</u>	<u>-</u>
Excess (deficiency) income over expenses	<u>\$ (3,139)</u>	<u>\$ (282)</u>	<u>\$ 32,593</u>	<u>\$ 29,172</u>	<u>\$ 51,486</u>

12. Commitments and Contingent Liabilities

(a) Canadian University Reciprocal Insurance Exchange

The University is a member of a self-insurance co-operative, named CURIE, in association with Canadian universities. Under this arrangement, a contractual agreement exists to share the property and liability insurance risks of member universities. The projected cost of claims is funded through members' premiums based on actuarial projections. As at December 31, 2007, CURIE had a surplus of \$16,825 (2006 - \$16,507), of which the University's pro rata share is approximately 3.4% (2006 - 3.5%) on an ongoing basis.

(b) Contractual obligations

The University has entered into a long-term land lease and operating agreement with Reid's Heritage Homes Ltd. for the construction and rental of student housing. The University has a commitment to rent units in the townhouse complex with an option to terminate. The University is committed until at least September 1, 2010. Based on the number of units available for rent as at April 30, the following are the annual lease payments committed:

2009 - \$ 2,267 2010 - \$ 2,304 2011 - \$773

(c) In the normal course of operations, the University is involved on an ongoing basis in various legal actions, the outcomes of which are indeterminable. In management's opinion, the resolution of such actions will not have a material adverse effect on the financial condition of the University.

13. Employee Future Benefits

The University has a defined benefit pension plan that provides pension benefits to eligible employees. This registered pension plan is based on years of credited service, highest average earnings in 36 consecutive months in the 10 years immediately preceding retirement, and the CPP average. Pension benefits will increase annually by the ratio between the average of each of the two previous years' indices of the Consumer Price Index, normally to a maximum of 5%.

The University also has a benefit plan that provides other retirement benefits, including extended health care and life insurance and one that provides for long-term disability income benefits after employment, but before retirement.

The latest actuarial valuation for the registered pension plan was performed as at January 1, 2008. The next required actuarial valuation for the registered pension plan will be January 1, 2010. The University has a practice of performing annual actuarial valuations for accounting purposes for the registered pension plan. The University measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at April 30 of each year.

The employee benefits expense for the year includes pension expense of \$21,391 (2007 - \$19,387) and other benefit plan expenses of \$6,256 (2007 - \$9,530).

Information about the University's benefit plans as at April 30 is as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>
Accrued benefit obligation	\$948,283	\$121,172	\$884,008	\$118,166
Fair value of plan assets	<u>945,524</u>	<u>-</u>	<u>947,116</u>	<u>-</u>
Plan (deficit) surplus	(2,759)	(121,172)	63,108	(118,166)
Valuation allowance	-	-	(63,108)	-
Unamortized past service cost	-	(6,325)	-	(11,658)
Unamortized net actuarial loss	<u>2,759</u>	<u>15,847</u>	<u>-</u>	<u>24,430</u>
Accrued liability	<u>\$ -</u>	<u>\$(111,650)</u>	<u>\$ -</u>	<u>\$(105,394)</u>

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation and benefit cost are as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>
Accrued benefit obligation:				
Discount rate	6.0%	6.0%	6.0%	5.25%
Rate of compensation increase	4.5%	4.5%	4.5%	4.5%
Rate of inflation	2.5%	2.5%	2.5%	2.5%

	<u>2008</u>		<u>2007</u>	
	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>
Benefit cost:				
Discount rate	6.0%	5.25%	6.15%	5.6%
Expected long-term rate of return on fair value of plan assets	6.0%	-	6.15%	-
Rate of compensation increase	4.5%	4.5%	4.5%	4.5%
Rate of inflation	2.5%	2.5%	2.5%	2.5%

For measurement purposes, an 8.5% (2007 – 9.0%) annual rate of increase in the per capita cost of covered health care benefits was assumed for 2008. The rate of increase was assumed to decrease gradually to 5.0% in 2014 and remain at that level thereafter.

The plan assets consist of:

	<u>2008</u>	<u>2007</u>
Equity securities	48.2%	50.2%
Debt securities	50.0%	48.8%
Cash and short-term investments	<u>1.8%</u>	<u>1.0%</u>
	<u>100.0%</u>	<u>100.0%</u>

The table below outlines the funding provided by the University and its employees and the benefits paid under the University's benefit plans:

	<u>2008</u>		<u>2007</u>	
	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>	<u>Pension Benefit Plan</u>	<u>Other Benefit Plans</u>
Employer contributions	\$21,391	\$2,997	\$19,387	\$2,828
Employee contributions	13,614	-	11,616	-
Benefits paid	28,684	2,997	25,765	2,828

14. Change in Non-Cash Balances

	<u>2008</u>	<u>2007</u>
Accounts receivable	\$(15,046)	\$(1,238)
Inventories	(138)	377
Prepaid expenses	265	264
Accounts payable and accrued liabilities	17,533	1,732
Unearned income	(5,680)	5,734
Deferred contributions	<u>74,622</u>	<u>(7,434)</u>
	<u>\$ 71,556</u>	<u>\$ (565)</u>

15. Comparative Figures

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year financial statements.

UNIVERSITY OF WATERLOO
SCHEDULE OF GENERAL OPERATING EXPENSES
for the year ended April 30, 2008
(with comparative figures for the year ended April 30, 2007)
(thousands of dollars)
(Unaudited)

SCHEDULE 1
Page 1

	Salaries				Employee Benefits	Supplies and Other Expenses	Equipment, Maintenance and Rentals	Travel	Scholarships and Bursaries	Cost Recoveries	Totals		
	Faculty	Teaching Assistants	Technicians	Staff							Total	2008	2007
	ACADEMIC												
Applied Health Sciences:													
Dean's Office	\$ 510	10		1,098	1,618	298	384	146	67	216	(26)	2,703	2,295
Health Studies & Gerontology	1,584	665	54	1,233	3,536	644	391	30	57	321	(1,242)	3,737	3,267
Kinesiology	1,664	442	536	301	2,943	524	255	333	25		(20)	4,060	3,916
Recreation & Leisure Studies	1,461	306		164	1,931	338	53	10	11			2,343	2,068
Total - 2008	5,219	1,423	590	2,796	10,028	1,804	1,083	519	160	537	(1,288)	12,843	
Total - 2007	5,045	1,033	537	2,717	9,332	1,625	766	605	197	329	(1,308)		11,546
Arts:													
Accounting & Finance, School of	4,465	250		759	5,474	803	602	42	261	122	(29)	7,275	6,464
Anthropology	705	23		35	763	110	16		1			890	789
Classical Studies	712	1		23	736	137	19		9	2		903	924
Computing Office		56		546	602	115	30	171			(6)	912	897
Dean's Office	748	28		1,601	2,377	399	749	58	310	1,471	(36)	5,328	4,182
Drama and Speech Communication	1,340	59	107	123	1,629	271	92	22	15		(9)	2,020	1,786
Economics	3,080	252		125	3,457	564	157	6	21	21		4,226	3,992
English Language & Literature	2,223	391		157	2,771	456	69	12	17	13	(1)	3,337	3,059
Fine Arts	794	31	53	167	1,045	182	114	7	17	10		1,375	1,428
French Studies	1,066	186	150	64	1,466	244	40	8	58			1,816	1,571
Germanic and Slavic Studies	1,081	164		89	1,334	227	44	2	16	10		1,633	1,565
History	1,510	317		85	1,912	318	44	6	14	17		2,311	2,163
Independent Studies	16			27	43	4	7		1			55	83
Language Laboratory		39		57	96	15	2	2	1			116	118
Philosophy	1,097	318		85	1,500	227	38	7	25	18	(1)	1,814	1,705
Political Science	1,883	254		100	2,237	369	49	11	22			2,688	1,994
Psychology	3,956	825	74	932	5,787	959	341	173	128	66	(32)	7,422	6,906
Religious Studies	94	66		20	180	24	22	5	12	8		251	234
Sociology	1,589	336		81	2,006	336	102	12	5	9	(1)	2,469	2,244
Spanish and Latin American Studies	663	4	29	19	715	118	16		4			853	720
Women's Studies	68			48	116	18	5	2	4			145	159
Total - 2008	27,090	3,600	413	5,143	36,246	5,896	2,558	546	941	1,767	(115)	47,839	
Total - 2007	\$ 24,609	2,942	481	4,567	32,599	5,215	2,642	558	726	1,423	(180)		42,983

(continued)

UNIVERSITY OF WATERLOO
 SCHEDULE OF GENERAL OPERATING EXPENSES
 for the year ended April 30, 2008
 (with comparative figures for the year ended April 30, 2007)
 (thousands of dollars)
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SCHEDULE 1
 Page 2

	Salaries					Employee Benefits	Supplies and Other Expenses	Equipment, Maintenance and Rentals	Travel	Scholarships and Bursaries	Cost Recoveries	Totals	
	Faculty	Teaching Assistants	Technicians	Staff	Total							2008	2007
Engineering:													
Architecture, School of	\$ 2,533	261	173	443	3,410	527	672	171	242	43		5,065	4,181
Centre for Business, Entrepreneurship & Technology	381			151	532	100	582	32	194	125		1,565	1,531
Centre for Society, Technology & Values	112			22	134	16	4	2	2			158	146
Chemical	3,354	564	529	377	4,824	847	462	220	95	34	(76)	6,406	5,452
Civil and Environmental	3,613	711	550	349	5,223	920	420	215	131		(25)	6,884	6,009
Computer		48	622	121	791	145	119	304	2		(56)	1,305	1,071
Dean's Office	427	54	8	1,625	2,114	334	2,049	158	418	2,335	(230)	7,178	5,772
Electrical & Computer	8,485	1,299	1,458	817	12,059	2,121	862	939	273	96	(160)	16,190	16,544
Machine Shop			485	120	605	117	309	5	2		(121)	917	774
Management Sciences	2,179	374	57	204	2,814	473	284	48	71	16	(1)	3,705	3,550
Mechanical & Mechatronics	5,475	735	929	703	7,842	1,370	793	352	232	19	(30)	10,578	9,096
Systems Design	2,608	427	255	236	3,526	631	142	64	41			4,404	3,922
Undergraduate Office	145	1,219		1,177	2,541	355	131	70	40			3,137	2,495
Total - 2008	29,312	5,692	5,066	6,345	46,415	7,956	6,829	2,580	1,743	2,668	(699)	67,492	
Total - 2007	26,200	4,198	4,743	5,889	41,030	6,848	5,654	4,071	1,293	2,251	(604)		60,543
Environment:													
Dean's Office	455	222		1,594	2,271	383	668	329	359	246	(29)	4,227	4,613
Environment and Resource Studies	1,344	336		146	1,826	319	45	5	21		(1)	2,215	1,906
Geography and Environmental Management	2,119	433	100	202	2,854	507	88	24	42		(22)	3,493	3,268
School of Planning	1,352	440	86	189	2,067	349	58	4	69		(1)	2,546	2,386
Total - 2008	5,270	1,431	186	2,131	9,018	1,558	859	362	491	246	(53)	12,481	
Total - 2007	5,084	909	147	1,886	8,026	1,408	1,742	386	426	204	(19)		12,173

(continued)

UNIVERSITY OF WATERLOO
SCHEDULE OF GENERAL OPERATING EXPENSES
for the year ended April 30, 2008
(with comparative figures for the year ended April 30, 2007)
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SCHEDULE 1
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	Salaries					Employee Benefits	Supplies and Other Expenses	Equipment, Maintenance and Rentals	Travel	Scholarships and Bursaries	Cost Recoveries	Totals	
	Faculty	Teaching Assistants	Technicians	Staff	Total							2008	2007
Mathematics:													
Applied Mathematics	\$ 2,328	446		136	2,910	500	96	28	57		(1)	3,590	3,564
Combinatorics and Optimization	3,011	326	7	239	3,583	618	133	25	87		(12)	4,434	4,197
Computing Facility		34	684	389	1,107	228	194	348	8		(131)	1,754	1,496
David R. Cheriton School of Computer Science	8,854	2,577	1,005	1,430	13,866	2,303	655	620	276	23	(177)	17,566	16,932
Dean's Office	1,526	1,026		1,973	4,525	653	1,697	133	625	1,311	(9)	8,935	8,046
Graduate Studies	9			76	85	17	9		12	140		263	615
Pure Mathematics	2,597	211		127	2,935	521	94	15	38	38	(4)	3,637	3,447
Statistics and Actuarial Science	3,869	1,106	35	755	5,765	958	421	100	116	96	(473)	6,983	6,196
Total - 2008	22,194	5,726	1,731	5,125	34,776	5,798	3,299	1,269	1,219	1,608	(807)	47,162	
Total - 2007	21,635	5,147	1,651	4,422	32,855	5,327	2,883	1,150	1,028	1,977	(727)		44,493
Science:													
Biology	3,565	891	700	548	5,704	969	785	304	142	224	(135)	7,993	7,328
Chemistry	3,558	773	566	769	5,666	956	1,366	477	122	192	(729)	8,050	7,662
Dean's Office	216		289	873	1,378	242	429	285	178	357	(18)	2,851	3,270
Earth & Environmental Sciences	2,418	434	1,140	454	4,446	824	1,049	176	137	74	(696)	6,010	5,556
Optometry - Clinic	1,724	14	313	665	2,716	451	1,207	23	46		(1)	4,442	4,250
- School	2,671	497	876	1,358	5,402	931	3,806	143	294	115	(59)	10,632	9,396
Physics and Astronomy	3,813	581	81	667	5,142	916	897	519	267	169	(43)	7,867	6,986
School of Pharmacy	506	5		698	1,209	216	609	707	89	2		2,832	1,267
Technical Services			591		591	130	275	76	1		(224)	849	619
Total - 2008	18,471	3,195	4,556	6,032	32,254	5,635	10,423	2,710	1,276	1,133	(1,905)	51,526	
Total - 2007	16,699	3,014	4,178	5,168	29,059	5,002	9,652	2,900	1,072	542	(1,893)		46,334

(continued)

UNIVERSITY OF WATERLOO
 SCHEDULE OF GENERAL OPERATING EXPENSES
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SCHEDULE 1
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	Salaries					Employee Benefits	Supplies and Other Expenses	Equipment, Maintenance and Rentals	Travel	Scholarships and Bursaries	Cost Recoveries	Total	
	Faculty	Teaching Assistants	Technicians	Staff	Total							2008	2007
Centre for Teaching Excellence													
Total - 2008	\$ 224	42		819	1,085	191	41	1	49			1,367	
Total - 2007	187	63		808	1,058	208	52	16	55		(1)		1,388
Distance and Continuing Education													
Total - 2008				1,814	1,814	350	924	63	19	1	(33)	3,138	
Total - 2007				1,841	1,841	339	969	30	18	1	(23)		3,175
English Language Proficiency Program													
Total - 2008			349	13	362	73	15	8			(10)	448	
Total - 2007			288	1	289	47	11	5			(10)		342
Inter-University service teaching - net													
Total - 2008							787					787	
Total - 2007							759						759
Waterloo Centre for the Advancement of Co-op Education													
Total - 2008	9			34	43	3	33	3	22			104	
Total - 2007	7			5	12	1	29	16	10				68
Academic expenses													
Total - 2008	107,789	21,109	12,891	30,252	172,041	29,264	26,851	8,061	5,920	7,960	(4,910)	245,187	
Total - 2007	99,466	17,306	12,025	27,304	156,101	26,020	25,159	9,737	4,825	6,727	(4,765)		223,804
PHYSICAL PLANT													
Fire and liability insurance							1,269					1,269	1,454
Municipal taxes							2,160					2,160	2,020
Plant Operations				15,717	15,717	3,507	4,202	784	12		(5,247)	18,975	17,369
Security				1,568	1,568	288	274	23	16		(161)	2,008	1,922
Leased/Rental Properties				4	4		934					938	735
Utilities							10,693				(1,936)	8,757	9,125
Total - 2008				17,289	17,289	3,795	19,532	807	28		(7,344)	34,107	
Total - 2007	\$			16,580	16,580	3,568	18,801	830	19		(7,173)		32,625

(continued)

UNIVERSITY OF WATERLOO
 SCHEDULE OF GENERAL OPERATING EXPENSES
 for the year ended April 30, 2008
 (with comparative figures for the year ended April 30, 2007)
 (thousands of dollars)
 (Unaudited)

	Salaries					Employee Benefits	Supplies and Other Expenses	Equipment, Maintenance and Rentals	Travel	Scholarships and Bursaries	Cost Recoveries	Totals	
	Faculty	Teaching Assistants	Technicians	Staff	Total							2008	2007
ACADEMIC SUPPORT													
Associate Provost-Academic & Student Affairs	\$ 133	167	17	478	795	125	156	15	24	1		1,116	598
Associate Provost-Human Resources & Student Services				862	862	156	234	94	32			1,378	1,369
Associate Vice-President, Academic	21	83		198	302	57	52	31	37			479	405
Associate Vice-President, International	114			178	292	33	318	56	146			845	475
Athletics & Recreational Services				2,294	2,294	390	915	272	509	25	(11)	4,394	3,769
Business Operations				629	629	69	103	9	11		(322)	499	383
Central Stores				1,307	1,307	271	414	189	6		(104)	2,083	2,081
Communications & Public Affairs	3			910	913	167	639	21	17			1,757	1,419
Co-op Education & Career Services		190		6,256	6,446	1,259	930	46	583		(13)	9,251	8,568
Corporate				997	997		2,229	63	97	208		3,594	3,654
Counselling Services				1,111	1,111	216	39	21	26			1,413	1,310
Development & Alumni Affairs	45			4,171	4,216	843	1,569	54	291		(28)	6,945	6,566
Finance				1,892	1,892	405	165	12	7			2,481	2,385
Graduate Studies	47			977	1,024	202	167	4	107	8,690	(1)	10,193	8,907
Health Services	14			1,127	1,141	227	338	21	3		(6)	1,724	1,458
Human Resources				1,732	1,732	368	96	6	13			2,215	2,072
Information Systems & Technology				9,946	9,946	1,886	4,418	3,465	198		(699)	19,214	15,157
Institutional Analysis & Planning				742	742	131	214	6	24			1,117	835
Library - operations				7,115	7,115	1,484	1,025	146	85		(1)	9,854	9,946
- acquisitions							6,681					6,681	6,757
Office of Research	47	19		2,468	2,534	511	874	153	73		(4)	4,141	3,257
Organizational & Human Development				211	211	50	79		10		(2)	348	163
President's Office				586	586	73	41		83			783	737
Procurement Services				494	494	106	37	5	4			646	642
Registrar				6,045	6,045	1,100	794	74	102	13,394	(1)	21,508	17,791
Retirement/employee future benefits						8,402						8,402	11,987
Safety				378	378	83	170	21	7			659	586
Secretariat				831	831	166	79	11	9			1,096	1,081
Student Life Centre				260	260	36	477	29	2		(51)	753	732
Theatre Centre				174	174	23	27	22	1		(14)	233	202
VP Academic & Provost	10			762	772	98	719	4	51			1,644	1,933
VP Administration & Finance				272	272	48	44		3			367	369
VP External Relations				226	226	38	125	1	15			405	466
Cost Recovery											(4,440)	(4,440)	(5,030)
Total - 2008	<u>434</u>	<u>459</u>	<u>17</u>	<u>55,629</u>	<u>56,539</u>	<u>19,023</u>	<u>24,168</u>	<u>4,851</u>	<u>2,576</u>	<u>22,318</u>	<u>(5,697)</u>	<u>123,778</u>	
Total - 2007	<u>286</u>	<u>366</u>		<u>50,678</u>	<u>51,330</u>	<u>21,601</u>	<u>21,744</u>	<u>4,457</u>	<u>2,289</u>	<u>17,861</u>	<u>(6,252)</u>		<u>113,030</u>
Total expenses 2008	<u>108,223</u>	<u>21,568</u>	<u>12,908</u>	<u>103,170</u>	<u>245,869</u>	<u>52,082</u>	<u>70,551</u>	<u>13,719</u>	<u>8,524</u>	<u>30,278</u>	<u>(17,951)</u>	<u>403,072</u>	
Total expenses 2007	<u>\$ 99,752</u>	<u>17,672</u>	<u>12,025</u>	<u>94,562</u>	<u>224,011</u>	<u>51,189</u>	<u>65,704</u>	<u>15,024</u>	<u>7,133</u>	<u>24,588</u>	<u>(18,190)</u>		<u>369,459</u>

UNIVERSITY OF WATERLOO
SCHEDULE OF ANCILLARY ENTERPRISES INCOME AND EXPENSES
for the year ended April 30, 2008
(with comparative figures for the year ended April 30, 2007)
(thousands of dollars)
(Unaudited)

SCHEDULE 2

	Retail Services	Food Services	Graphic Services	Residences	Parking	Watcard	Totals	
							2008	2007
Income								
Sales, services and other income	\$ 16,701	17,245	6,201	29,315	2,412	796	72,670	71,100
Expenses								
Salaries	1,603	5,922	2,009	4,795	602	229	15,160	14,513
Employee benefits	345	1,147	401	1,043	117	45	3,098	2,828
Cost of goods sold	13,190	6,087	2,522				21,799	21,959
Supplies and expenses	1,357	2,067	761	11,729	1,250	193	17,357	16,219
Travel	33	57	5	57	4	8	164	139
Major repairs and renovations	1	155	1	1,569	8		1,734	1,865
Equipment, maintenance and rentals	23	521	595	1,993	64	189	3,385	2,375
Utilities	84	133	62	3,356	5		3,640	3,597
	16,636	16,089	6,356	24,542	2,050	664	66,337	63,495
Interfund transfers	2	96	2	(6,622)		(93)	(6,615)	(1,271)
Excess income (deficiency) over expenses	67	1,252	(153)	(1,849)	362	39	(282)	6,334
NET ASSETS, BEGINNING OF YEAR	1,349	(1,814)	(2,507)	9,636	672	219	7,555	1,221
NET ASSETS, END OF YEAR	1,416	(562)	(2,660)	7,787	1,034	258	7,273	7,555
NET ASSETS:								
Accumulated surplus (deficit) from operations	1,416	838	(2,660)	7,787	1,034	258	8,673	9,534
Deficit due to major capital asset acquisitions and renovations		(1,400)					(1,400)	(1,979)
NET ASSETS, END OF YEAR	\$ 1,416	(562)	(2,660)	7,787	1,034	258	7,273	7,555