Consolidated Financial Statements of

CARLETON UNIVERSITY

Year ended April 30, 2002

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Consolidated Financial Statements

Year ended April 30, 2002

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AUDITORS' REPORT TO THE BOARD OF GOVERNORS

We have audited the consolidated statement of financial position of Carleton University as at April 30, 2002 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

KPMG LLP

Chartered Accountants

Ottawa, Canada

August 23, 2002

CARLETON UNIVERSITY

Consolidated Statement of Financial Position

April 30, 2002, with comparative figures for 2001
(in thousands of dollars)

	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	$ 62,915	$ 58,272
Accounts receivable	15,182	15,444
Student loans receivable	95	75
Prepaid expenses	1,083	1,214
	79,275	75,005
Investments (note 3)	97,777	60,029
Long-term receivable (note 4)	628	515
Deferred energy retrofit expenditures	–	1,000
Capital assets (notes 5 and 6)	212,469	170,865
	$ 390,149	$ 307,414
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 25,226	$ 15,177
Deferred revenue (note 7)	47,636	43,850
Accrued severance	364	808
Accrued vacation pay	4,935	4,444
Current portion of long-term debt (note 8)	2,025	5,940
	80,186	70,219
Long-term debt (note 8)	41,833	17,319
Long-term deferred revenue (note 7)	14,358	37,637
Deferred capital contributions (note 9)	104,359	77,490
Future employee benefits liability (note 13)	49,206	45,670
Net assets:		
Unrestricted	(79,015)	(77,077)
Internally restricted (note 10)	31,849	26,938
Investment in capital assets (note 11)	58,209	55,670
Endowments (note 12)	89,164	53,548
	100,207	59,079
Contingent liabilities and commitments (notes 15 and 19)		
	$ 390,149	$ 307,414

See accompanying notes to consolidated financial statements.

CARLETON UNIVERSITY

Consolidated Statement of Operations

Year ended April 30, 2002, with comparative figures for 2001
(in thousands of dollars)

	2002	2001
Revenues:		
Government grants	$ 92,889	$ 87,839
Fees	76,580	69,332
Research	52,646	43,108
Ancillary enterprises (see schedule)	24,677	22,346
Amortization of deferred capital contributions (note 9)	9,457	8,952
Investment income (note 3)	6,296	6,085
Departmental income	2,283	2,073
Salary recoveries	2,154	1,274
Miscellaneous	1,223	985
Pension plan surplus (note 14)	1,009	955
Donations and bequests	2,142	848
Subsidiaries	–	166
	271,356	243,963
Expenses:		
Academic	99,228	93,816
Research	52,062	41,728
Ancillary enterprises (see schedule)	23,078	20,216
Amortization of capital assets	16,804	15,657
Scholarships and bursaries	16,950	14,466
Operation and maintenance of property	14,001	14,335
Administration	10,010	9,840
Library	8,645	8,118
Computer and communication services	5,118	5,089
Future employee benefits	5,218	4,550
Plant renovations and repairs	6,779	3,087
Student services	2,248	2,185
Miscellaneous	2,369	2,181
Development and alumni	1,933	1,989
Municipal taxes	1,014	984
Subsidiaries	–	258
Vacation pay and retiring allowances	491	209
Transitional and restructuring separations	87	144
	266,035	238,852
Excess of revenues over expenses	$ 5,321	$ 5,111

See accompanying notes to consolidated financial statements.

CARLETON UNIVERSITY

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2002, with comparative figures for 2001
(in thousands of dollars)

	Unrestricted	Internally restricted (note 10)	Investment in capital assets (note 11)	Endow-ment (note 12)	Total 2002	Total 2001
Net assets, beginning of year	$ (77,077)	$ 26,938	$ 55,670	$ 53,548	$ 59,079	$ 79,795
Adjustment to reflect employee future benefits obligation (note 13)	–	–	–	–	–	(41,484)
Balance, beginning of year, as restated	(77,077)	26,938	55,670	53,548	59,079	38,311
Excess of revenues over expenses	5,321	–	–	–	5,321	5,111
Internally imposed restrictions	(5,098)	4,911	–	187	–	–
Net change in investment in capital assets (note 11)	(2,161)	–	2,161	–	–	–
Contributions to art collection (note 6)	–	–	378	–	378	792
Endowment contributions and investment income	–	–	–	35,429	35,429	14,865
Net assets, end of year	$ (79,015)	$ 31,849	$ 58,209	$ 89,164	$100,207	$ 59,079
Details of year-end balance:						
Operating	$ (21,569)	$ –	$ –	$ –	$ (21,569)	$ (23,069)
Plant	(253)	–	–	–	(253)	(314)
Ancillary (see schedule)	(3,052)	–	–	–	(3,052)	(3,580)
Provision for vacation pay	(4,935)	–	–	–	(4,935)	(4,444)
Provision for employee future benefits obligation	(49,206)	–	–	–	(49,206)	(45,670)
Appropriations	–	25,509	–	–	25,509	21,183
Research	–	6,314	–	–	6,314	5,730
Scholarships	–	26	–	–	26	25
Capital assets	–	–	58,209	–	58,209	55,670
Endowment	–	–	–	89,164	89,164	53,548
	$ (79,015)	$ 31,849	$ 58,209	$ 89,164	$100,207	$ 59,079

See accompanying notes to consolidated financial statements.

CARLETON UNIVERSITY

Consolidated Statement of Cash Flows

Year ended April 30, 2002, with comparative figures for 2001
(in thousands of dollars)

	2002	2001
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	$ 5,321	$ 5,111
Add (deduct) non-cash items:		
Employee future benefits	3,536	4,186
Amortization of capital assets	16,804	15,657
Amortization of deferred capital contributions	(9,457)	(8,952)
Amortization of deferred energy retrofit expenditures	1,000	998
Net change in other non-cash operating working capital (note 17)	(9,024)	196
Net cash provided by operating activities	8,180	17,196
Financing activities:		
Decrease in mortgages payable	(139)	(132)
Increase (decrease) in loans payable	20,936	(4,630)
Decrease in obligations under capital leases	(198)	(350)
Net cash provided by financing activities	20,599	(5,112)
Investing activities:		
Increase in investments	(37,748)	(16,009)
Decrease (increase) in long-term receivable	(113)	216
Capital asset additions	(58,408)	(36,188)
Capital contributions received (note 9)	36,326	13,891
Contributions to art collection	378	792
Endowment contributions and investment income	35,429	14,865
Net cash used in investing activities	(24,136)	(22,433)
Increase (decrease) in cash and cash equivalents	4,643	(10,349)
Cash and cash equivalents, beginning of year	58,272	68,621
Cash and cash equivalents, end of year	$ 62,915	$ 58,272

The University considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

See accompanying notes to consolidated financial statements.

1. Description:

Carleton University was incorporated as a university in 1943 under the laws of the Province of Ontario. The University is dedicated to providing post-secondary and graduate education and to conducting research.

The University is a registered charity and therefore is, under section 149 of the Income Tax Act, exempt from payment of income tax.

The consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University. Accordingly, these consolidated financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds and ancillary operations. These statements also include the assets, liabilities, deficit and operations of the University's subsidiaries and joint ventures as follows:

Carleton University Press Inc., a subsidiary of the University, was incorporated under the laws of Ontario in 1982 and is a taxable corporation. The Press had no activity in the year.

Sudbury Neutrino Observatory Institute is a joint venture of the University and three other Canadian universities which performs research in sub-atomic physics. The University's proportionate share of the Institute's operations have been included in these consolidated financial statements.

TRIUMF is a joint venture of the University and four other Canadian universities which performs research in particle and nuclear research. The University's proportionate share of TRIUMF's operations have been included in these consolidated financial statements.

Carleton University Foundation is a Crown-controlled foundation and therefore is not included in these consolidated financial statements. The Foundation was incorporated without share capital on November 19, 1993 by Regulation 731/93 under the University Foundations Act, 1992 and is an agent of Her Majesty in Right of Ontario. The objectives of the Foundation are to solicit, receive, manage and distribute money and other property to support education and research at the University. The Foundation had minimal activity in the year.

Carleton University Foundation (U.S.) was incorporated without share capital on February 12, 1996 under the District of Columbia Non-Profit Corporation Act. The Foundation is not included in these consolidated financial statements. The objects of the Foundation, as established by the Internal Revenue Code of 1986, are to accept, receive, manage and distribute money and other property to support education and research at the University. The Foundation had minimal activity in the year.

2. Summary of significant accounting policies:

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

(a) Investments:

Investments are recorded at cost except for investments donated to the University which are recorded at market value at the date of acquisition.

(b) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at an appraised value established by independent appraisal in the period receipted by the University.

Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Asset	Useful life
Buildings	40 years
Equipment and furniture	10 years
Computer equipment	4 years
Software	4 years
Automobiles	3 years
Leasehold improvements	5 years
Library holdings	10 years

(c) Deferred capital contributions:

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

(d) Art collection:

Purchases of items to be included in the collection are expensed. Donations of items to be included in the collection are recorded as direct increases in net assets at an appraised value established by independent appraisal in the period receipted by the University.

2. Summary of significant accounting policies (continued):

(e) Recognition of revenue and other contributions:

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are recognized. Endowment contributions and restricted investment revenue earned on endowments are recognized as direct increases in net assets in the period in which they are received.

Student fees are recognized as revenue in the period that the courses and seminars are held. Sales revenue is recognized at point of sale. Contract revenue is recognized as the service is provided.

(f) Internally imposed restrictions on net assets:

The University internally restricts the use of portions of its externally unrestricted net assets for specific future uses. When incurred, expenses are charged to operations, and the balance of internally restricted assets is reduced accordingly.

(g) Contributed services:

Volunteers, as well as members of the staff and faculty of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

(h) Employee benefit plans:

The University accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method prorated on service and administration's best estimate of salary escalation, retirement ages of employees and expected health care costs.

(i) Use of estimates:

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

(Tabular amounts in thousands of dollars)

3. Investments:

(a) Carrying and market values:

The carrying value and market value of the investments are as follows:

	2002		2001	
	Carrying value	Market value	Carrying value	Market value
Bonds	$ 3,318	$ 4,747	$ 2,746	$ 4,291
Mutual funds	94,459	111,039	57,283	58,773
	$ 97,777	$ 115,786	$ 60,029	$ 63,064

(b) Purpose:

Investments held by the University include funds which are permanently endowed, restricted in use or related to the residence sinking fund as follows:

	2002		2001	
	Carrying value	Market value	Carrying value	Market value
Endowments	$ 90,902	$ 107,202	$ 53,118	$ 54,631
Centre for Research in Particle Physics	824	833	1,467	1,466
Residence sinking fund	4,829	6,571	4,258	5,778
Parker loans for students	1,222	1,180	1,186	1,189
	$ 97,777	$ 115,786	$ 60,029	$ 63,064

(Tabular amounts in thousands of dollars)

3. Investments (continued):

(c) Investment income:

Investment income earned is reported as follows:

	2002	2001
Income earned on endowments	$ 4,104	$ 1,931
Income earned on restricted investments	445	588
Income earned on unrestricted investments	1,980	2,108
Income earned on residence sinking fund investments	367	324
Total investment income earned	6,896	4,951
Add restricted amounts recognized	775	486
Add amounts distributed from endowment in excess of income earned on endowments	–	648
Less amounts not distributed from restricted endowments	(1,375)	–
Total investment income recognized as revenue	$ 6,296	$ 6,085

4. Long-term receivable:

The long-term receivable bears interest at the University's prime borrowing rate, per annum. Principal payments of $16,574 will be made on a monthly basis until the receivable is paid off which is anticipated to occur in June, 2005.

5. Capital assets:

Capital assets consist of the following:

	Cost	Accumulated amortization	2002 Net book value	2001 Net book value
Land	$ 6,430	$ –	$ 6,430	$ 6,430
Buildings	215,182	78,412	136,770	101,592
Equipment and furniture	33,390	15,958	17,432	11,891
Computer equipment	17,090	9,853	7,237	3,578
Software	22,002	12,129	9,873	12,145
Automobiles	82	63	19	15
Leasehold improvements	439	266	173	480
Library holdings	36,014	21,485	14,529	15,106
Art collection	20,006	–	20,006	19,628
	$ 350,635	$ 138,166	$ 212,469	$ 170,865

Cost and accumulated amortization at April 30, 2001 amounted to $295,568 and $124,703 respectively.

(Tabular amounts in thousands of dollars)

6. Art collection:

The University has an art collection comprising approximately 25,000 pieces of art. In 2002, there were additions of donated pieces of art at an appraised value of $378,000 (2001 - $792,000).

7. Deferred revenue:

Deferred revenue includes deposits, prepayments on contracts and deferred contributions received by the University. Deferred contributions are unspent externally restricted grants and donations received in the current and prior years for expenditures in a future year.

Details of the year-end balances are as follows:

	2002	2001
Current:		
Research	$ 28,586	$ 24,996
Grants	7,467	4,998
Student aid	6,805	7,525
Donations	3,683	5,022
Other	1,095	1,309
	$ 47,636	$ 43,850
Long-term:		
Grants	$ 14,358	$ 37,637

Research includes the unexpended portion of restricted research grants and prepayments on research contracts.

Grants are unexpended restricted grants to be spent on specific items in future years. Long-term grants are restricted for future capital projects.

Student aid is the unexpended donations and interest to be spent on student aid and other special purposes.

Donations are the unexpended portion of donor restricted gifts to be spent on specific items in future years.

Other includes deposits and prepayments on contracts.

(Tabular amounts in thousands of dollars)

8. Long-term debt:

As at April 30, 2002, the University has principal outstanding of $43,858,000 (2001 - $23,259,000) on long-term debt and obligations under capital leases.

(a) Details of long-term debt:

	Maturity	Interest rate	Annual payment	Principal outstanding
Mortgages payable:				
Lanark and Renfrew Residences and University Commons	2013	5.375%	$ 86	$ 707
Grenville and Russell Residences	2017	5.375%	79	792
Glengarry Residence	2020	6.375%	176	1,871
Stormont-Dundas Residence	2010	10.36%	1,222	11,800
				15,170

	Maturity	Interest rate	Annual payment	Principal outstanding
Loans payable:				
Foodcourt renovation loan	2004	Prime	231	628
Energy savings term credit loan	2004	Prime less ¼%	500	625
Energy savings fixed rate loan	2004	8.13%	500	625
CTTC Loan	2022	5.20%	563	6,948
Leeds Bankers' acceptance	2027	6.724%	1,607	19,261
				28,087
Obligations under capital leases:				
Scotiabank:				
Residence telephone switch	2006	6.25%	180	601
				601
				43,858
Current portion of long-term debt				2,025
				$ 41,833

Annual payment includes principal and interest except for loans payable for which it includes only principal.

For the Stormont-Dundas Residence mortgage, interest is payable semi-annually with the principal amount due on maturity.

(Tabular amounts in thousands of dollars)

8. Long-term debt (continued):

(b) Long-term obligations under capital leases:

The University has entered into certain lease agreements for which title to the related assets will vest in the University on the termination of the leases. The cost of these assets is reflected as equipment and furnishings while the outstanding lease obligations represent the total present value of the future lease payments on equipment discounted at the interest rates implicit in the leases.

(c) Long-term debt repayments:

Anticipated requirements to meet the principal portion of long-term repayments are as follows:

2003	$	2,025
2004		1,326
2005		1,099
2006		975
Thereafter		38,433
	$	43,858

(d) Residence sinking fund:

A sinking fund was established for the purpose of accumulating funds to retire the $11,800,000 mortgage on the Stormont-Dundas Residence maturing April 1, 2010. Annual principal payments to the sinking fund of $204,000 (2001 - $204,000) are invested within the endowment fund portfolio and in guaranteed investment certificates, so that, together with interest, there will be sufficient funds necessary to extinguish the mortgage liability on maturity.

(e) Interest on long-term debt:

Interest on long-term debt is included in the following expenses:

		2002		2001
Administration	$	123	$	229
Ancillary enterprises		2,632		1,788
	$	2,755	$	2,017

(Tabular amounts in thousands of dollars)

8. Long-term debt (continued):

(f) Interest Rate Derivative Agreements:

The University has entered into interest rate derivative agreements to manage the volatility of interest rates. The University converted a net notional $19,400,000 of floating rate debt for fixed rate debt of 6.74%. The derivative agreements are in place until the maturity of the debt in 2026. Subsequent to year end, the University has converted a net notional $16,500,000 of floating rate debt for fixed rate debt of 6.46% related to the construction of the National Wildlife Research Centre. This derivative agreement is effective May 1, 2002 and matures in 2027.

9. Deferred capital contributions:

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

	2002	2001
Balance, beginning of year	$ 77,490	$ 72,551
Less amortization of deferred capital contributions	(9,457)	(8,952)
Add capital contributions received:		
Grants for equipment and buildings	35,712	13,554
Donated assets	614	337
	36,326	13,891
Balance, end of year	$ 104,359	$ 77,490

10. Internally restricted net assets:

	Balance, beginning of year	Change in year	Balance, end of year
Appropriations	$ 21,183	$ 4,326	$ 25,509
Research	5,730	584	6,314
Scholarships	25	1	26
	$ 26,938	$ 4,911	$ 31,849

(Tabular amounts in thousands of dollars)

10. Internally restricted net assets (continued):

Internally restricted net assets include departmental funds available for spending at the department's discretion and commitments for specific purposes which reflect the application of University policy as follows:

Appropriations represent commitments by the University of current year unspent budgetary funds for capital and other expenditures which will be incurred in the following year. The commitment can either be to an outside supplier or an internal commitment to a departmental manager that budgetary balances available in the current year can be used for specific projects in the future.

Research funds represent recoveries and other income from the University's research activities and are available for future research expenditures.

Scholarships represent the unspent portion of unrestricted endowment fund income allocated to scholarships by the University.

11. Investment in capital assets:

The investment in capital assets consists of the following:

	2002	2001
Capital assets	$ 212,469	$ 170,865
Less amounts financed by:		
Deferred capital contributions	(104,359)	(77,490)
Mortgages payable (net of residence sinking fund)	(10,341)	(11,051)
Leases payable	(601)	(799)
Match funded term loan	(6,948)	–
Residence bankers' acceptances	–	(4,386)
Residence swap financing	(19,261)	–
Other short-term financing	(12,750)	(21,469)
	$ 58,209	$ 55,670

(Tabular amounts in thousands of dollars)

11. Investment in capital assets (continued):

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

	2002	2001
Capital assets additions:		
Total additions	$ 58,408	$ 36,188
Less:		
Contributions to art collection	(378)	(792)
Donated assets	(614)	(337)
Additions financed with grants	(35,712)	(13,554)
	21,704	21,505
Financing:		
Mortgage payable	139	132
Increase in residence sinking fund	571	528
Leases payable	198	350
Match-funded base rate loan	–	4,723
Loans payable	(26,209)	–
Residence bankers’ acceptance	4,386	(4,386)
Other short-term financing	8,719	(17,157)
	(12,196)	(15,810)
Amortization of deferred capital contributions	9,457	8,952
Amortization of capital assets	(16,804)	(15,657)
	(7,347)	(6,705)
Net change in investment in capital assets	$ 2,161	$ (1,010)

(Tabular amounts in thousands of dollars)

12. Endowments:

Contributions restricted for endowment consist of monies received primarily as benefactions and which either the donor or the Board of Governors has designated as endowment. The annual income earned from funds designated as endowment by the donor may be expended only for the purpose designated. If no purpose is designated by the donor then the income is expended at the direction of the Board. Monies designated as endowment by the Board are unrestricted and the principal and annual income may be expended at its direction.

Investment income earned is distributed at a rate of 5% (2001- 6%) of the moving average market value over four years of the endowment fund investments. Actual investment income earned in excess of the distributed amount is held in the fund to maintain capital.

	Externally endowed	Board designated	Total 2002	Total 2001
Donations and bequests	$ 18,723	$ -	$ 18,723	$ 3,213
Gain on sale of investments	15,149	182	15,331	12,300
Investment income	4,175	37	4,212	2,019
Income distributed	(2,617)	(33)	(2,650)	(2,505)
Net change in year	35,430	186	35,616	15,027
Fund balance, beginning of year	52,821	727	53,548	38,521
Fund balance, end of year	$ 88,251	$ 913	$ 89,164	$ 53,548

13. Future employee benefits:

The University has defined post-retirement benefit plans (other than pensions) and defined post-employment benefit plans covering substantially all of its employees. These plans provide health, dental and severance benefits to eligible employees.

At April 30, 2002, the University’s accrued benefit obligation relating to post-retirement and post-employment benefit plans is $55,850,000. The significant actuarial assumptions adopted in estimating the University’s accrued benefit obligation are as follows:

	Post-retirement benefits plan	Post-employment benefits plan
Discount rate	7.00%	6.75%
Salary escalation	5.0%	0.00%
Dental benefits escalation	3.5%	3.5%
Medical benefits escalation	4.50% to 9.00%	3.5%

During the year, the University contributed $1,682,000 for employee future benefits.

14. Pension plan and pension plan surplus:

The University contributes to a defined contribution Pension Plan with a defined benefit minimum guarantee, which covers substantially all full-time employees.

A recent actuarial valuation of the Carleton University Retirement Plan as of July 1, 2001 reflected a surplus of assets over liabilities. Since the Plan has excess surplus pursuant to the excess surplus restrictions under Section 147.2 of the Income Tax Act, no Minimum Guarantee current service cost contributions are permitted to be made by the University. Instead, these contributions are made through a distribution of surplus. An amount of $1,009,000 (2001 - $955,000), reflecting this surplus distribution, has been reflected as income in the Consolidated Statement of Operations.

15. Contingent liabilities and commitments:

(a) Bank loans to staff members:

The University has guaranteed bank loans to staff members for the purchase of residences in the amount of $138,000 (2001 - $109,000). These guarantees are secured by second mortgages on the properties.

(b) Commitments:

At April 30, 2002 commitments for future acquisitions, construction and renovations amounted to approximately $35,437,852 (2001 - $12,007,589).

In connection with commitments for the construction of a new residence, the University has entered into a bridge loan facility and term installment loan for combined amounts of up to $20,000,000.

Letters of credit totaling $1,686,939 (2001 - $1,080,579) were issued on behalf of the University at year-end.

16. Financial instruments:

(a) Concentration of credit risk:

The University is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and public companies. The University also enforces approved collection policies for student accounts.

(Tabular amounts in thousands of dollars)

16. Financial instruments (continued):

(b) Fair values:

The carrying values of cash and cash equivalents, accounts receivable, student loans receivable, accounts payable and accrued liabilities, accrued severance, and accrued vacation pay and retiring allowance approximate their fair value due to the relatively short periods to maturity of the instruments.

The fair values of other financial assets and liabilities included in the Consolidated Balance Sheet are as follows:

	2002		2001	
	Carrying value	Fair value	Carrying value	Fair value
Investments	$ 97,777	$ 115,786	$ 60,029	$ 63,064
Long-term receivable	628	628	515	515
Obligations under capital leases	601	598	799	762
Loans payable	28,087	28,230	7,151	7,149
Mortgages payable	15,170	17,692	15,309	17,948

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

1) Investments: at the quoted market value on April 30.

2) Leases payable, loans payable and mortgages payable: at the present value of contractual future payments of principal and interest discounted at the current market rates of interest available to the University for the same or similar debt instruments.

17. Net change in non-cash operating working capital:

	2002	2001
Decrease (increase) in accounts receivable	$ 262	$ (6,340)
Decrease (increase) in student loans receivable	(20)	28
Decrease in prepaid expenses	131	39
Increase in accounts payable and accrued liabilities	10,049	1,397
Increase (decrease) in deferred revenue	(19,493)	7,464
Decrease in accrued severance	(444)	(1,396)
Increase (decrease) in accrued vacation pay and retiring allowances	491	(996)
	$ (9,024)	$ 196

(Tabular amounts in thousands of dollars)

18. Ontario Student Opportunity Trust Fund:

The externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations.

The University has recorded the following amounts under the program:

	2002	2001
Fund balance, beginning of year	$ 17,701	$ 17,536
Donations	44	152
Fund balance, end of year	$ 17,745	$ 17,688
Expendable funds available for awards, beginning of year	$ 1,274	$ 1,050
Investment income	1,182	1,233
Bursaries awarded during year (1,665 awards)	(1,206)	(1,009)
Expendable funds available for awards, end of year	$ 1,250	$ 1,274

19. Canadian Universities Reciprocal Insurance Exchange:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance co-operative comprised of Canadian universities and colleges. CURIE insures property damage, general liability and errors and omissions risks. If premiums collected are insufficient to cover expenses and claims, the University may be requested to pay additional amounts. No such additional payments have been requested to date.

20. Comparative figures:

Certain 2001 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2002.

CARLETON UNIVERSITY

Schedule 1 - Consolidated Schedule of Changes in Ancillary Net Assets

Year ended April 30, 2002
(in thousands of dollars)

	Athletics	Bookstore	Carleton Technology and Training Centre	Food Services	Graphic Services
Revenues	$ 3,982	$ 1,405	$ 1,184	$ 819	$ 3,710
Expenses	3,859	1,157	1,204	774	3,592
Excess (deficiency) of revenues over expenses	123	248	(20)	45	118
Net assets, beginning of year	–	(919)	(2,661)	–	–
Transfer of unrestricted net assets	–	–	300	–	–
Appropriations	(123)	–	–	(45)	(118)
Net assets, end of year	$ –	$ (671)	$ (2,381)	$ –	$ –

Health Services	Parking	Residences	Residence Food Services	University Centre	Subtotal before Internal Charges	Internal Charges	Total 2002	Total 2001
$ 1,657	$2,539	$9,311	$1,662	$ 1,245	$ 27,514	$ (2,837)	$ 24,677	$ 22,346
1,724	1,813	9,202	1,187	1,403	25,915	(2,837)	23,078	20,216
(67)	726	109	475	(158)	1,599	–	1,599	2,130
–	–	–	–	–	(3,580)	–	(3,580)	(4,879)
66	(679)	(269)	(30)	–	(612)	–	(612)	(368)
1	(47)	160	(445)	158	(459)	–	(459)	(463)
$ –	$ –	$ –	$ –	$ –	$ (3,052)	$ –	$ (3,052)	$ (3,580)

CARLETON UNIVERSITY

Schedule 2 - Salaries under the Public Sector Salary Disclosure Act, 1995

April 30, 2002

Under the Public Sector Salary Disclosure Act, 1995, the University is required to disclose the name, position, salary and taxable benefits of each employee with an annual salary of $100,000 or more.

For the calendar year ending December 31, 2001, the individuals who met the requirements for disclosure are as follows:

Name	Department	Position	Salary	Taxable Benefits
Adam, G.S.	Office of the Vice-President (Academic)	Vice-President (Academic)	$ 145,084	$
Anisman, H.	Life Sciences	Faculty member	111,992	
Apsimon, J.W.	Office of the President	Spec. Advisor to the President	144,005	
Bailetti, A.	School of Business	Faculty member	100,354	
Bell, K.	Earth Sciences	Faculty member	103,894	
Bell, R.	Mechanical & Aerospace Engineering	Faculty member	102,504	4,735
Bibby, M.	Mechanical & Aerospace Engineering	Faculty member	107,103	
Blockley, R.	Graduate Studies and Research	Dean	109,199	
Boyce, D.	Physical Plant	Director	104,270	
Brecher, R.A.	Economics	Faculty member	104,994	
Brook, J.A.	Directed Inter-disciplinary Studies	Faculty member	104,198	
Brown, R.	Economics	Faculty member	104,657	
Buchanan, G.W.	Chemistry	Faculty member	100,642	
Callahan, J.	School of Business	Faculty member	105,811	
Cameron, E.A.	Human Resources	Director	107,152	
Cameron, M. I.	English	Faculty member	107,078	
Carson, R.	Economics	Faculty member	104,994	
Chan, C.	Senate	Clerk	101,544	6,305
Copley, L.	Physics	Faculty member	114,307	
De Vries, J.	SOC/ANTH	Faculty member	107,384	
Dehne, F.	Computer Science	Faculty member	100,144	
Dillon, R.	Psychology	Faculty member	100,097	
Dixon, J. D.	Mathematics	Faculty member	104,994	
Doem, G.B.	School of Public Policy & Administration	Faculty member	104,994	
Elwood, R.C.	History	Faculty member	104,994	
Falconer, D.	Systems Engineering	Faculty member	106,713	
Farquhar, R.H.	School of Public Policy & Administration	Faculty member	137,743	828
Faulkner, C.G.	School of Studies in Arts & Culture	Faculty member	102,749	
Forcese, D.	SOC/ANTH	Faculty member	115,784	
Foss, E. M.	Library	University Librarian	106,494	
Freedman, A.	Office of the Dean of Art & Social Sciences	Dean	115,801	
Fried, P.A.	Psychology	Faculty member	102,115	
Frize, M.	Systems Engineering	Faculty member	104,994	
Garner, B.	English	Faculty member	101,024	
Garner, C.W.L.	Mathematics	Faculty member	104,824	450
Gerwin, D	School of Business	Faculty member	111,008	
Gillmor, A.M.	Music	Faculty member	100,987	
Goheen, R.	History	Faculty member	104,525	
Goodwin, G.F.	History	Faculty member	100,855	1,995
Gorham, D.	History	Faculty member	102,784	
Gottheil, S.	Office of the Vice-President	Assistant Vice-President	108,383	
Gould, R.	German	Faculty member	100,993	
Haider, G.	School of Architecture	Faculty member	109,185	

CARLETON UNIVERSITY

Schedule 2 - Salaries under the Public Sector Salary Disclosure Act, 1995 (continued)

April 30, 2002

Name	Department	Position	Salary	Taxable Benefits
Hamdullahpur, F.	Research	Vice-President	$ 136,973	$
Hay, K.A.J.	Economics	Faculty member	104,994	
Healy, J.J.	English	Faculty member	100,107	
Herz-Fischler, R.	Mathematics	Facutly member	100,993	
Heslop, L.	School of Business	Facutly member	102,490	
Hoge, R.D.	Athletics	Faculty member	104,809	
Humar, J.	Civil and Environmental Engineering	Faculty member	102,393	
Hunt, A.J.	Law	Faculty member	102,080	
Kealey, J.	French	Faculty member	100,233	
Kelly, J.	Life Sciences	Facutly member	103,435	
Kind, R.	Mechanical & Aerospace Engineering	Faculty member	104,994	
Kumar, U.	School of Business	Faculty member	104,675	
Kumar, V.	School of Business	Faculty member	116,968	
Lalonde, W.	Computer Science	Faculty member	103,298	
Lawson, W.	School of Business	Faculty member	104,080	2,755
Librande, L.	College of Humanities	Faculty member	100,736	6,690
Lindgaard, G.	Psychology	Faculty member	105,960	
Lovejoy, R.	English	Faculty member	107,751	
Mahmoud, S.	Office of the Dean of Engineering	Dean	126,091	
Maslove, A.	Office of the Dean of Public Affairs and Management	Dean	117,273	
McFetridge, D.	Economics	Faculty member	103,285	
Miller, J.D.	Chemistry	Facutly member	100,005	
Molot, M.	Norman Paterson School of International Affairs	Faculty member	104,404	
Mosco, V.	Journalism	Faculty member	104,450	
Nakhla, M.	Electronics	Faculty member	106,850	4,735
Norminton, E.J.	Mathematics	Faculty member	105,145	
Pagurek, B.	Systems Engineering	Faculty member	106,713	
Pammett, J.H.	Political Science	Faculty member	101,025	
Pappas, B.A.	Life Sciences	Faculty member	109,572	
Petrusic, W.M.	Psychology	Facutly member	103,252	
Pfeiffer, D.R.	Health Services	Director-Health	106,539	4,665
Pressman, I.	Mathematics	Faculty member	104,155	
Pringle, I.	Linguistics & Applied Language Studies	Faculty member	109,572	
Resnick, L.	Physics	Faculty member	104,994	
Ritter, A.R.M.	Economics	Faculty member	103,456	
Rupert, R.	Journalism	Faculty member	104,676	
Ruprecht, H.G	School of Linguistics & Applied Language Studies	Faculty member	103,960	
Sack, J.R.	Computer Science	Faculty member	115,283	
Salinas-Pacheco, J.	Civil Engineering		Faculty member	103,833
Skippen, G.	Earth Sciences	Faculty member	104,994	
Smith, D.	SOC/ANTH	Faculty member	100,160	4,343
Staley, D.A.	Mechanical & Aerospace Engineering	Faculty member	104,994	
Stark, W.	CIO	Chief Information Officer	105,253	
Storey, K.	Biology	Faculty member	102,028	
Straznicky, P.V.	Mechanical & Aerospace Engineering	Faculty member	104,754	
Sullivan, T.	Finance	Director	105,390	

CARLETON UNIVERSITY

Schedule 2 - Salaries under the Public Sector Salary Disclosure Act, 1995 (continued)

April 30, 2002

Name	Department	Position	Salary	Taxable Benefits
Sundararajan, P.R.	Chemistry	Faculty member	$ 104,634	$
Swimmer, E.	School of Public Policy & Admin	Faculty member	100,002	
Taylor, F.	Geography	Faculty member	104,994	
Torrance, K.	Geography	Faculty member	100,392	140
Van Loon, R.	Office of the President	President	196,630	
Wang, Z.Y.	Chemistry	Faculty member	105,465	
Watkinson, D.	Earth Sciences	Faculty member	104,994	
Watson, P.J.	Office of the Dean of Science	Dean	109,482	2,070
Watt, D.R.	Office of the Vice President (Fin. & Adm.)	Vice President (Fin. & Adm.)	145,400	
Wigfield, D.	Chemistry	Faculty member	105,507	4,740
Wight, J.	Electronics	Faculty member	101,251	
Wilson, S.G.	Religion	Faculty member	106,430	
Woodside, C.M.	Systems Engineering	Faculty member	107,660	

Salary may include amounts for an administrative stipend or overload teaching if applicable.

Benefits include those benefits which are required by the Income Tax Act to be included as income.