Financial Statements of

BROCK UNIVERSITY

Year ended April 30, 2004

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Financial Statements

Year ended April 30, 2004

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AUDITORS' REPORT

The Trustees of Brock University

We have audited the statement of financial position of Brock University as at April 30, 2004 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by another firm of chartered accountants.

KPMG LLP

Chartered Accountants

St. Catharines, Canada
June 28, 2004

BROCK UNIVERSITY

Statement of Financial Position

April 30, 2004, with comparative figures for 2003
(in thousands of dollars)

	2004	2003
Assets		
Current assets:		
Cash and marketable securities	$ 14,559	$ 144
Accounts receivable	5,711	6,046
Government grants receivable	2,112	2,638
Inventories	1,636	1,187
	24,018	10,015
Restricted investments, at cost (note 2):		
Cash	1,676	447
Marketable securities	19,814	28,188
	21,490	28,635
Capital assets (note 4)	164,731	148,986
	$ 210,239	$ 187,636
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 13,401	$ 9,600
Deferred revenue	5,282	6,461
Deferred contributions (note 6)	7,055	7,247
Current portion of long-term debt (note 5)	5,377	3,787
	31,115	27,095
Long-term debt (note 5)	76,289	73,192
Deferred capital contributions (note 7)	60,629	59,605
Employee future benefits obligation (note 8)	5,442	6,595
Net assets:		
Invested in capital assets (note 9)	23,391	23,245
Endowments (note 10)	17,204	14,742
Internally restricted (note 11)	5,643	2,641
Unrestricted	(9,474)	(19,479)
	36,764	21,149
Commitments (note 12)		
	$ 210,239	$ 187,636

See accompanying notes to financial statements

On behalf of the Board:

____________________________ Trustee

____________________________ Trustee

BROCK UNIVERSITY

Statement of Operations

Year ended April 30, 2004, with comparative figures for 2003
(in thousands of dollars)

	2004	2003
Revenues:		
Government grants for general operations	$ 64,146	$ 48,692
Grants and donations for restricted purposes	11,757	10,295
Student fees	59,349	47,153
Ancillary operations	23,640	17,571
Investment income (note 3)	1,959	1,257
Sundry	5,018	4,591
Amortization of deferred capital contributions (note 7)	3,280	3,171
	169,149	132,730
Expenses:		
Academic	75,554	65,359
Administrative and advancement	8,411	7,222
Plant maintenance	13,044	10,898
Student support services and other	10,468	9,907
Research	9,751	8,476
Student aid and awards	7,974	6,743
Ancillary operations	19,404	15,855
Amortization of ancillary capital assets	2,028	1,471
Amortization of other capital assets	9,362	8,450
	155,996	134,381
Excess of revenues over expenses (expenses over revenues)	$ 13,153	$ (1,651)

See accompanying notes and Schedule I to financial statements.

BROCK UNIVERSITY

Statement of Changes in Net Assets

Year ended April 30, 2004, with comparative figures for 2003
(in thousands of dollars)

	Invested in capital assets	Endowments	Internally restricted	Unrestricted	2004 Total	2003 Total
	(note 9)	(note 10)	(note 11)			
Net assets, beginning of year	$ 23,245	$ 14,742	$ 2,641	$ (19,479)	$ 21,149	$ 22,176
Excess of revenues over expenses (expenses over revenues)	(7,930)	-	-	21,083	13,153	(1,651)
Change in internally restricted net assets	-	-	3,002	(3,002)	-	-
Net change in investment in capital assets	8,076	-	-	(8,076)	-	-
Investment income (loss) charged directly to endowment	-	(186)	-	-	(186)	559
Endowment contributions	-	2,648	-	-	2,648	65
Balance, end of year	$ 23,391	$ 17,204	$ 5,643	$ (9,474)	$ 36,764	$ 21,149

See accompanying notes to financial statements.

BROCK UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2004, with comparative figures for 2003
(in thousands of dollars)

	2004	2003
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses (expenses over revenues)	$ 13,153	$ (1,651)
Add (deduct) non-cash items:		
Amortization of capital assets	11,390	9,921
Amortization of deferred capital contributions	(3,280)	(3,171)
	21,263	5,099
Net change in non-cash working capital balances related to operations:		
Decrease in accounts receivable	335	404
Decrease in government grants receivable	526	225
(Increase) decrease in inventories	(449)	91
Increase (decrease) in accounts payable and accrued liabilities	3,801	(645)
Increase (decrease) in deferred revenue	(1,179)	1,813
Increase (decrease) in deferred contributions	(192)	946
Net change in employee future benefits obligations	(1,153)	(658)
Cash provided by operating activities	22,952	7,275
Investing and financing activities:		
Sale (purchase) of investments, net	7,145	(520)
Purchase of capital assets	(27,135)	(19,623)
Contributions restricted for capital purchases (note 7)	4,304	1,986
Repayment of long-term debt	(3,813)	(1,540)
Long-term debt financing	8,500	9,100
Investment income earned on externally restricted endowments for capital preservation	(186)	559
Endowment contributions	2,648	65
Cash used in investing and financing activities	(8,537)	(9,973)
Increase (decrease) in cash position	14,415	(2,698)
Cash and cash equivalents, beginning of year	144	2,842
Cash and cash equivalents, end of year	$ 14,559	$ 144

Supplemental cash flow information:

	2004	2003
Interest paid during the year	$ 4,696	$ 4,173

See accompanying notes to financial statements.

Brock University (the "University") was incorporated as a university under the Brock University Act. The University is dedicated to providing programs in broadly-based undergraduate education in the arts and sciences and in professional and interdisciplinary programs, and to offer graduate studies in a broad range of disciplines.

These financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of the operations of the University. Accordingly, these financial statements include the academic, administrative and other operating expenses funded by fees, grants, donations and other general revenue, endowment funds, and the ancillary operations.

The University is a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are summarized below:

(a) Cash and cash equivalents:

Cash equivalents are held for the purpose of meeting short-term cash commitments, are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value. Cash equivalents include investments with maturities of three months or less from the date of acquisition. Cash and cash equivalents are valued at cost, which approximates market value.

(b) Inventories:

Inventories are stated at the lower of cost (weighted average cost) and net realizable value.

(c) Investments:

Investments, which management intends to hold for the foreseeable future, are stated at amortized cost, adjusted to recognize any declines in value that are other than temporary.

(d) Derivative financial instruments:

The University is a party to a number of derivative financial instrument contracts used to manage risks. Payments and receipts under interest rate swap contracts are recognized as adjustments to interest expense on a basis that matches them with the related fluctuations in the interest receipts and payments under floating rate financial liabilities.

The University enters into interest rate swap contracts that oblige it to pay interest at fixed rates on notional principal amounts and entitle it to receive interest at floating rates on the same principal amounts. Each swap contract requires the payment or receipt of the net amount of interest. The swap contracts are matched with floating rate long-term debt to result in a fixed stream of interest payments over the term of the long-term debt.

1. Significant accounting policies (continued):

(e) Fair value of financial instruments:

For certain of the University's financial instruments, including cash and cash equivalents, accounts receivable, government grants receivable and accounts payable and accrued liabilities, the carrying values approximate the fair values due to their short-term maturity. The fair values of investments are determined based on quoted market values. The fair market value of long-term debt is not readily available.

(f) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Contributions of capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Buildings	2.5% to 10%
Furnishings and equipment	10% to 33 1/3%
Library books	20%

Construction costs are capitalized as work progresses and amortization commences as work is substantially completed.

(g) Works of Art:

Contributed works of art are recorded as revenue and expense, at fair market value, at the date of contribution. If the fair market value is not determinable, the contribution is recorded at a nominal amount. Artwork purchases are expensed as acquired.

(h) Endowments:

Contributions restricted for endowments consist of restricted donations received by the University and donations internally designated by the Board of Trustees, in the exercise of its discretion. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors or the Board of Trustees. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

1. Significant accounting policies (continued):

(h) Endowments (continued):

Investment income on endowments that is available for spending at the discretion of the University or is available for spending as the conditions established by the donor have been met has been recorded in the statement of operations and changes in net assets. Effective May 1, 1997, University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income available for spending and requiring the reinvestment of a certain amount of the earned income. The policy is based on the anticipated long-term real rate of return on investments of 5%. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending or the investment return is negative, the amount that is made available for spending is funded by the accumulated reinvested income. However, for individual endowment funds without sufficient accumulated investment income, endowment capital is used in the current year. This amount is expected to be recovered by future net investment income.

(i) Revenue recognition:

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted donations are recognized on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at the point of sale or when the service has been provided.

(j) Contributed services and materials:

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in these financial statements.

1. Significant accounting policies (continued):

(k) Employee future benefits:

The University provides pension benefits to employees primarily through a hybrid pension plan. Under this arrangement, the University and employees are required to make contributions based on a specified percentage of the employee's earnings. The amount of pension benefits provided to employees is based upon the accumulation of contributions and investment earnings thereon, when the employee retires, subject to a guaranteed minimum benefit amount. As the minimum benefit guarantee is an insignificant portion of the plan, the plan is essentially a defined contribution arrangement. The University records the cost of providing this benefit equal to its requirement to make contributions on an annual basis. Certain faculty are members of the Teachers' Superannuation Fund, a multi-employer defined benefit plan. Contributions to this plan are expensed when due.

The University also has a number of defined benefit programs that provide employees with benefits upon retirement or cessation of active service. The cost of these programs is determined on an actuarial basis using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions including salary changes, withdrawals, mortality rates and expected health care costs. The discount rate used to determine service cost and liabilities is based on the prevailing market interest rates on long-term fixed income securities with maturities that match the expected maturities of the obligations. The excess of the cumulative net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the expected average remaining service period of active employees.

(l) 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period reported. Actual results could differ from those estimates.

(m) Pledges:

Pledges are recorded as revenue on a cash basis and accordingly are not set up as assets in the financial statements. The total amount of pledges outstanding is approximately $2,308 at April 30, 2004 and is expected to be received as follows:

2005	$ 960
2006	520
2007	248
2008	185
2009	176
Thereafter	219
	$ 2,308

2. Investments:

The book and market values of investments are as follows:

(000's)	2004 Book value	2004 Market value	2003 Book value	2003 Market value
Invested for endowments				
Cash	$ 1,676	$ 1,676	$ 447	$ 447
Bonds	1,318	1,345	-	-
Canadian equities	138	133	-	-
McLean Budden balanced Growth Fund	14,072	16,211	14,295	14,112
	17,204	19,365	14,742	14,559
Invested for long-term collateral loan				
Bonds	-	-	10,000	10,564
Invested for unspent SuperBuild capital				
Money market pooled fund	955	954	843	843
Invested for future loan repayments				
Bonds	3,331	4,199	3,050	3,869
	$ 21,490	$ 24,518	$ 28,635	$ 29,835

In 2003, the bonds invested for the long-term collateral loan were redeemed and used to finance construction of the Lowenberger Residence.

3. Investment income:

Investment income included in the statement of operations and changes in net assets is calculated as follows:

(000's)	2004	2003
Total investment income earned	$ 1,773	$ 1,816
Investment income earned on externally restricted endowments for capital preservation (note 10)	-	(559)
Investment income shortfall deducted from endowment net assets (note 10)	186	-
	$ 1,959	$ 1,257

4. Capital assets:

(000's)			2004			2003
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land	$ 1,295	$ -	$ 1,295	$ 1,115	$ -	$ 1,115
Buildings	219,534	69,939	149,595	197,396	63,698	133,698
Furnishings and equipment	47,155	39,093	8,062	44,502	35,613	8,889
Library books	33,514	27,735	5,779	31,350	26,066	5,284
	$ 301,498	$ 136,767	$ 164,731	$ 274,363	$ 125,377	$ 148,986

Included in buildings is $940,000 (2003 - $7,573,700) of construction in progress that was not amortized during the year. Estimated cost to complete construction in progress is $16,255,000 at April 30, 2004. For the year ended April 30, 2004, total interest capitalized was $158,201 (2003 - $80,549).

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

(000's)	2004	2003
Balance, beginning of year	$ 148,986	$ 139,284
Purchase of capital assets funded by deferred capital contributions	3,472	2,335
Donation of building	720	-
Purchase of capital assets internally financed	4,443	8,188
Purchase of capital assets financed by long-term debt	18,500	9,100
Amortization of capital assets	(11,390)	(9,921)
Balance, end of year	$ 164,731	$ 148,986

5. Long-term debt:

		2004		2003
		(000's)		(000's)
Decew student residence:				
6.875% mortgage loan with monthly blended payments of principal and interest of $11,298, due October 1, 2019	$	1,314	$	1,359
Earp student residence:				
7.2% loan with certain residences and investments pledged as security, with interest only payable monthly until October 1, 2003 and monthly blended payments of principal and interest of $90,570, due October 1, 2028		12,494		12,601
Lowenberger student residence:				
$6,000,000 non-revolving line of credit, with monthly payments of principal of $20,833 plus accrued interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004); effective October 1, 2003, interest rate fixed at 6.15% using an interest rate swap agreement, due September 30, 2012		5,875		4,400
Lowenberger student residence:				
7.2% loan with certain residences and investments pledged as security, payable interest only monthly until October 1, 2003 and monthly blended payments of principal and interest of $71,873, due October 1, 2028		9,916		-
Collateral Loan		-		10,000
Lowenberger student residence:				
$2,477,000 non-revolving line of credit, of which $1,900,000 was drawn down as at April 30, 2004, payable interest only monthly at the Bank's prime lending rate (3.75% as at April 30, 2004), due October 31, 2004		1,900		-
Vallee student residence:				
Non-revolving loan with annual payments of principal of $300,000 until September 1, 2006 and $400,000 thereafter, plus accrued interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004) fixed at 4.985% using an interest rate swap agreement, due September 1, 2009		5,800		6,100
Village I student residence:				
9.26% mortgage loan with semi-annual payments of interest only of $382,577, due December 1, 2009		8,263		8,263
Village II student residence:				
Non-revolving loan with annual payments of principal of $200,000, plus accrued interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004), due September 30, 2008		1,300		1,500
Village III student residence:				
6.03% fixed rate term loan with annual payments of principal of $150,000, plus monthly payments of interest, due September 3, 2008		3,450		3,600
Subtotal		50,312		47,823

5. Long-term debt (continued):

	2004 (000's)	2003 (000's)
Carried forward	50,312	47,823
Village renovations:		
Non-revolving loan with annual payments of principal of $275,000, plus accrued interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004) due September 30, 2007	825	1,100
Student centre:		
Non-revolving loan with annual payments of principal of $150,000 to September 30, 2003 and $220,000 thereafter, plus accrued interest at prime rate (3.75% as at April 30, 2004), due September 30, 2013. The 2004 principal payment was made in advance in 2003	2,343	2,343
Co-generation facility:		
Non-revolving loan with annual payments of principal of $400,000 to September 30, 2004 and $500,000 thereafter, plus accrued interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004) fixed at 7.49% using an interest rate swap agreement, due September 30, 2009	2,900	3,300
CCOVI building:		
Non-revolving loan with monthly payments of interest only at the three month Bankers' Acceptance rate (2.04% as at April 30, 2004), due October 31, 2003	-	1,100
Hamilton campus:		
Non-revolving loan with annual payments of principal of approximately $36,000 plus interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004) fixed at 6.35% using an interest rate swap agreement, due November 1, 2030	2,394	2,430
Brock 2000 Academic Buildings and Student and Community Health & Fitness Centre:		
Non-revolving line of credit with monthly payments of principal of $35,070, plus interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004) fixed at 5.76%, using an interest rate swap agreement, due October 7, 2027	9,892	9,883
Brock 2000 Academic Buildings and Student and Community Health & Fitness Centre:		
$10,000,000 non-revolving line of credit, with annual payments of principal of $500,000, plus interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004) until September 30, 2004, then annual payments of $1,000,000 plus interest until September 30, 2006 and annual payments of $1,200,000 plus interest until September 30, 2011, with the balance of $1,000,000 due on September 30, 2012	9,500	9,000
Subtotal	78,166	76,979

5. Long-term debt (continued):

	2004	2003
	(000's)	(000's)
Carried forward	78,166	76,979
Parking expansion: Non-revolving line of credit with annual payments of principal of $350,000 plus accrued interest at the three-month Bankers' Acceptance rate (2.04% as at April 30, 2004) fixed at 4.57% using an interest rate swap agreement, with the balance of principal due September 30, 2013	3,500	-
	81,666	76,979
Less current portion	5,377	3,787
	$ 76,289	$ 73,192

(a) Offsetting investments:

The University has purchased strip bonds which are due in 2009 with a maturity value of $5,242,322 and a current discounted value of $3,331,413 (note 2). It is management's intention that the ultimate proceeds of this investment will be applied against long-term debt.

(b) Debt maturities:

The following are the future minimum annual debt principal repayments due over the next five fiscal years and thereafter:

(000's)	
2005	$ 5,377
2006	4,106
2007	4,142
2008	4,202
2009	7,241
Thereafter	56,598
	$ 81,666

(c) Bank credit facility:

The University has available operating lines of credit totaling $5,000,000 which were not utilized at April 30, 2004. The interest rate on the operating line of credit, when drawn, is prime less 3/8% (the prime rate at April 30, 2004 is 3.75%) and amounts are due on demand.

5. Long term debt (continued):

(d) Interest rate swaps:

At April 30, 2004, the weighted average fixed rate of interest under the interest rate swaps was 5.78% (2003 – 5.87%) and the floating rate on the long-term debt is at the three-month Bankers' Acceptance rate. The three-month Bankers' Acceptance rate at April 30, 2004 was 2.04% (2003 – 3.34%). The notional principal amount of the outstanding contracts is $32,260,000 (2003 - $21,713,000) and terms range between six and twenty-five years.

6. Deferred contributions:

Deferred contributions represent unspent externally restricted grants and donations for research and other restricted purposes. The changes in the deferred contributions balance are as follows:

(000's)	2004	2003
Balance, beginning of year	$ 7,247	$ 6,301
Grants, donations and other expendable funds	11,385	11,241
Amounts recorded as revenue during the year	(11,577)	(10,295)
Balance, end of year	$ 7,055	$ 7,247

Pursuant to an agreement among the University, the Brock University Students' Centre, Inc. and the Brock University Students' Union, Inc., a Student Centre dedicated to servicing the cultural, educational, recreational, social; and organizational interests of the student body of the University on a not-for-profit basis was constructed. The Student Centre and the land on which it is situated are owned by the University. The Brock University Students' Centre, Inc. operates the Student Centre. Substantially all the costs of construction and the interest on the Student Centre bank loan (note 5) are being covered by a special contribution of $10 per course per student. To date, an amount of $3,928,000 has been contributed by students for the Student Centre. In fiscal 2004, an amount of $450,000 (2003 - $450,000) is included in the grants and donations for restricted purposes.

7. Deferred capital contributions:

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

(000's)	2004	2003
Balance, beginning of year	$ 59,605	$ 60,790
Less amortization of deferred capital contributions	(3,280)	(3,171)
Add contributions restricted for capital purposes	4,304	1,986
Balance, end of year	$ 60,629	$ 59,605

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

(000's)	2004	2003
Unamortized capital contributions used to purchase assets	$ 59,674	$ 58,762
Unspent capital contributions	955	843
	$ 60,629	$ 59,605

8. Employee future benefits:

The University has a number of defined benefit and defined contribution plans providing pension and other future benefits to most of its employees. Non-pension benefits include retiree medical and life insurance benefits until the age of 65, accumulating sick leave benefits and pre-retirement leave benefits.

The expense for the University's benefit plans is as follows:

(000's)	2004	2003	2004	2003
	Pension benefit plans		Other benefit plans	
Defined benefit plans	$ -	$ -	$ 216	$ 628
Defined contribution plan	5,726	4,634	-	-
Contributions to a multi-employer plan	113	119	-	-

At April 30, 2004, the accrued benefit obligation related to the non-pension benefits is $6,839,000 (2003 - $7,701,000) less the unamortized net actuarial loss of $1,397,000 (2002, $1,106,000) is $5,442,000 (2003 - $6,595,000) which is recorded as a long-term liability. This liability is unfunded.

8. Employee future benefits (continued):

Contributions made to the University's non-pension employee benefit plans by the University for the year ended were $1,369,000 (2002, $1,286,000).

The principal actuarial assumptions adopted in measuring the University's employee future benefits obligation are as follows:

	2004	2003
Discount rate	6.25%	6.75%
Health care	9.0% in 2001 decreasing over 5 years to 4.5%	

9. Net assets invested in capital assets:

(a) Net assets invested in capital assets consist of the following:

(000's)	2004	2003
Capital assets, net (note 4)	$ 164,731	$ 148,986
Less amounts financed by:		
Long-term debt (note 5) (2003 excluding collateral loan)	81,666	66,979
Deferred capital contributions (note 7)	59,674	58,762
Balance, end of year	$ 23,391	$ 23,245

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

(000's)	2004	2003
Repayment of long-term debt	$ 3,813	$ 1,540
Purchase of capital assets internally financed	4,263	8,188
Increase in invested in capital assets	8,076	9,728
Donation of land	(180)	-
Amortization expense	11,390	9,921
Less amount of amortization expense related to capital assets purchased with restricted contributions	(3,280)	(3,171)
Decrease in invested in capital assets	7,930	6,750
	$ 146	$ 2,978

10. Endowments:

(a) Investment income:

In fiscal 2004, investment income on endowments was $496,326 (2003 - $1,176,000). The 5% allocated for scholarship spending of $683,000 (2003 - $617,000) was added to deferred contributions and the balance $186,608 (2003 – gain of $559,000) representing a reduction (2003 – increase) in capital, was deducted directly from endowment net assets.

(b) Contributions restricted for endowments consist of the following:

(000's)	2004	2003
Externally restricted	$ 14,507	$ 11,798
Internally restricted	2,697	2,944
	$ 17,204	$ 14,742

(c) Ontario Student Opportunity Trust Fund, Phase One:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program, Phase One to award student aid as a result of raising an equal amount of endowed donations.

(000's)	2004	2003
Endowment balance, beginning of year	$ 7,460	$ 7,208
Investment income earned representing capital preservation	109	252
Endowment balance, end of year	$ 7,569	$ 7,460

(000's)	2004	2003
Investment income	$ 331	$ 322
Bursaries awarded	(331)	(322)
Transfer from endowment balance	-	-
Expendable funds available for awards, end of year	$ -	$ -
Number of bursaries awarded	256	278

10. Endowments (continued):

(d) Ontario Student Opportunity Trust Fund, Phase Two:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund matching program, Phase Two to award student aid as a result of raising an equal amount of endowed donations.

(000's)	Endowment fund	Expendable funds
Fund balance, beginning of year	$ -	$ -
Cash donations received	1,815	-
Funds receivable from the Ministry	255	-
Funds received from the Ministry	227	-
Investment income	55	-
Bursaries awarded (0 awards)	-	-
Balance, end of year	$ 2,352	$ -

11. Internally restricted net assets:

Internally restricted net assets consist of funds set aside for the following purposes:

(000's)	2004	2003
Operations:		
Faculty departments	$ 1,569	$ 103
Other department	685	500
Library books	219	295
Capital related	960	580
Other	670	
	4,103	1,478
Accumulated interest on offsetting investments (note 5(a))	2,082	1,801
Accumulated excess of student awards over interest earned	(542)	(638)
	$ 5,643	$ 2,641

Internally restricted net assets for departments represent cumulative unspent budgeted funds that departments are permitted to carry forward to the following year, less cumulative overspending of other departments.

12. Commitments:

a) As at April 30, 2004, the estimated costs to complete approved capital and renovation projects is approximately $16,255,000 (2003 - $22,615,300), which will be funded by government grants, donations and operations.

b) The following are the future minimum annual operating lease payments due over the next five fiscal years and thereafter (in 000's):

2005	$ 1,756
2006	1,776
2007	1,776
2008	1,776
2009	1,776
Thereafter	4,122
	$ 12,982

13. Canadian Universities Reciprocal Insurance Exchange:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). CURIE is a pooling of the property damage and public liability insurance risks of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses. No assessment has been made for the year ended April 30, 2004.

14. Litigation:

The nature of the University's activities are such that there may be litigation pending or in the prospect at any time. With respect to claims at April 20, 2004, administration believes that the University has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, administration believes that such claims are not expected to have a material effect on the University's financial position. No provision has been accrued in these financial statements in respect of the above litigation.

15. Brock Foundation:

As at April 30, 2004, the Brock Foundation (the "Foundation"), a Crown agent, had a balance of donations on hand of $24 (2003 - $589) which the University anticipates will be conveyed to them after year-end. The University acts as investment manager for the Foundation.

16. Comparative financial statements:

The comparative financial statements have been reclassified to conform to the presentation of the 2004 financial statements.

BROCK UNIVERSITY

Schedule I – Statement of Operations by Fund

Year ended April 30, 2004
(in thousands of dollars)

	Operating fund and ancillary enterprises	Research and student awards	Total unrestricted	Internally restricted	Capital fund	Subtotal	Endowment	Total
Revenues:								
Government grants for general operations	$ 64,146	$ -	$ 64,146	$ -	$ -	$ 64,146	$ -	$ 64,146
Grants and donations for restricted purposes	-	11,577	11,577	-	180	11,757	2,648	14,405
Student fees	54,691	4,658	59,349	-	-	59,349	-	59,349
Ancillary operations	23,640	-	23,640	-	-	23,640	-	23,640
Investment income	1,276	683	1,959	-	-	1,959	(186)	1,773
Sundry	5,018	-	5,018	-	-	5,018	-	5,018
Amortization of deferred capital contributions	-	-	-	-	3,280	3,280	-	3,280
	148,771	16,918	165,689	-	3,460	169,149	2,462	171,611
Expenses:								
Academic	75,554	-	75,554	-	-	75,554	-	75,554
Administrative	8,411	-	8,411	-	-	8,411	-	8,411
Plant maintenance	13,044	-	13,044	-	-	13,044	-	13,044
Advancement and student services	10,468	-	10,468	-	-	10,468	-	10,468
Research	-	9,751	9,751	-	-	9,751	-	9,751
Student aid and awards	-	7,974	7,974	-	-	7,974	-	7,974
Ancillary operations	19,404	-	19,404	-	-	19,404	-	19,404
Amortization of ancillary capital assets	-	-	-	-	2,028	2,028	-	2,028
Amortization of other capital assets	-	-	-	-	9,362	9,362	-	9,362
	126,881	17,725	144,606	-	11,390	155,996	-	155,996
	21,890	(807)	21,083	-	(7,930)	13,153	2,462	15,615
Interfund transfers:								
Change in investment in capital assets	(8,076)	-	(8,076)	-	8,076	-	-	-
Change in internally restricted net assets	(3,002)	-	(3,002)	(3,002)	-	-	-	-
Changes in net assets	10,812	(807)	10,005	3,002	146	13,153	2,462	15,615
Net assets, beginning of year	(19,744)	265	(19,479)	2,641	23,245	6,407	14,742	21,149
Net assets, end of year	$ (8,932)	$ (542)	$ (9,474)	$ 5,643	$ 23,391	$ 19,560	$ 17,204	$ 36,764

See accompanying notes to financial statements.

BROCK UNIVERSITY

Schedule II – Public Sector Salary Disclosure Act
(unaudited)
Year ended April 30, 2004

The following is a list of information to be disclosed under the Public Sector Salary Disclosure Act, 1996:

Name	Position	Salary paid	Taxable benefits
Adams, Lorne	Associate Professor/Director of Athletics	$119,211	$ 317
Adamson, Ian L.	Associate Professor (Accounting & Finance)	114,725	317
Adams-Webber, Jack R.	Professor (Psychology)	124,807	317
Amprimoz, Alexandre	Professor (Modern Langs, Lits. & Cultures)	121,454	3,192
Atkinson, David	President & Vice-Chancellor	229,000	48,345
Austin, Barbara	Professor (Mgt., Mktg. & HR)	118,982	317
Barchanski, J. A.	Associate Professor (Computer Science)	105,357	2,370
Barker, Tansu	Professor (Mgt., Mktg. & HR)	138,484	317
Barnes, Thomas	Professor (Accounting & Finance)	131,828	317
Beatty, Rodger	Chair/Associate Professor (Pre-Service Education)	100,383	317
Boak, R. Terrance	Vice-President, Academic & Provost	192,328	8,602
Bond, W. Richard	Associate Professor (Graduate & Undergraduate)	102,162	317
Brand, Uwe	Professor (Earth Sciences)	105,450	317
Brindle, Ian	Dean, Mathematics & Science	137,762	317
Brown, David T.	Assoc Vice President, International Cooperation	101,886	247
Brown, H. Donald	Assistant Professor (Accounting & Finance)	118,243	317
Bruce, Douglas H.	Professor (Biological Sciences)	100,330	317
Carroll, T.G.	Associate Professor (Political Science)	107,493	317
Cho, Danny	Associate Professor (Mgt., Mktg. & HR)	119,149	317
Cook, Gail Lynn	Associate Professor (Accounting & Finance)	112,948	317
Corlett, John	Dean, Applied Health Sciences	131,191	317
Crick, J. Brian	Associate Professor (English Lang & Lit)	112,500	317
Cullen, Carman W.	Chair/Associate Professor (Mgt., Mktg. & HR)	109,832	3,184
Cyr, Donald A.	Associate Dean, Business	130,050	303
De Luca, Vincenzo	Professor (Biological Sciences)	130,210	6,066
Deng, Sheng	Professor (Mgt., Mktg. & HR)	130,525	317
Di Battista, David	Associate Dean, Social Sciences	109,321	303
Dimand, R. W.	Professor (Economics)	107,607	728
Dobson, Grant	Executive Director, External Relations	136,596	4,353
Donnelly, Maureen	Associate Professor (Accounting & Finance)	101,296	317
Dore, Mohammed H.I.	Professor (Economics)	136,186	317
Drage Hale, Rosemary	Dean, Humanities	140,484	303
Duffy, Ann	Professor (Sociology)	102,195	317
Dunn, Paul	Associate Professor (Accounting & Finance)	103,818	317
Duntsch, Ivo	Chair/Professor (Computer Science)	119,495	317
Dworet, Donald H.	Associate Professor (Ctr. for Continuing Studies)	125,369	2,370
Elliot, Anne	Associate Professor (Pre-Service Education)	100,638	317
Fast, Lynette	Associate Professor (Pre-Service Education)	110,768	317
Federici, Corrado J.	Associate Dean - Humanities	138,915	303
Felton, Sandra M.	Associate Dean, Business	143,561	714
Gayler, Hugh J.	Associate Professor (Geography)	113,530	4,424
Grant, Barry	Professor (Communications, Pop Culture & Film)	105,401	317

BROCK UNIVERSITY

Schedule II - Public Sector Salary Disclosure Act (continued)
(unaudited)
Year ended April 30, 2004

Name	Position	Salary paid	Taxable benefits
Grove, Margaret	University Librarian	$116,082	$ 247
Guilmette, Ann Marie	Associate Professor (Recreation and Leisure)	100,560	317
Hartman, J. Stephen	Professor (Chemistry)	122,212	317
Hay, John A.	Chair/Professor (Community Health Sciences)	104,715	317
Hughes, Alun O.	Associate Professor (Geography)	107,611	317
Hughes, David J.	Associate Professor (Computer Science)	105,626	317
Hunt, Harry T.	Professor (Psychology)	121,585	317
Irons, Glenwood	Associate Professor/Director ESL	116,370	317
Jenkyns, Thomas A.	Associate Professor (Math/Computer Science)	111,483	3,602
Joe, Barry W.K.	Associate Professor (Modern Lang., Lit & Culture)	104,114	317
Jolly, Wayne T.	Professor (Earth Sciences)	119,384	317
Kaciak, Eugene	Associate Professor (Mgt., Mktg. & HR)	111,876	303
Kerman, Ronald A.	Professor (Mathematics)	105,214	314
Kernaghan, W.D.K.	Professor (Political Science)	142,737	317
Kerr, James W.	Associate Professor (Pre-Service Education)	103,202	1,960
Kushner, Joseph	Professor (Economics)	126,805	317
Kusy, Martin	Dean, Business	166,853	317
Landey, Peter	Chair/Associate Professor (SF & PA - Music)	101,683	1,959
Leach, James	Professor (Communications, Pop Cult & Film)	114,786	317
Levanoni, Eliahu	Associate Professor (Mgt., Mktg. & HR)	125,186	4,834
Liddell, William W.	Professor (Mgt., Mktg. & HR)	134,168	317
Little, Michael	Director - Physical Plant	101,726	247
Lye, John A.	Chair/Associate Professor (English Lang & Lit)	109,662	317
Madar, Daniel	Professor (Political Science)	118,098	317
Malone, Robert W.	Associate Professor (Philosophy)	101,647	317
Manley-Casimir, Michael	Dean, Education	142,489	303
Martinello, F.F.	Professor (Economics)	112,247	317
Mathie, William R.	Associate Professor (Political Science)	118,413	5,861
McCarthy, David	Associate Professor (Computer Science)	104,060	3,602
Menzies, John	Professor (Earth Sciences)	108,646	317
Metcalfe, H.B.W.	Associate Professor (Mgt., Mktg. & HR)	103,354	317
Miller, Jack M.	Assoc. VP, Research & Dean of Graduate Studies	146,850	303
Miller, Mary Jane	Chair/Professor (SF & PA - Dramatic Arts)	121,650	317
Mitterer, John O.	Associate Professor (Psychology)	108,968	1,138
Muller, Eric R.	Professor (Mathematics)	130,558	317
Nathan, George J.	Associate Professor (Philosophy)	112,433	4,424
Novak, John	Professor (Graduate & Undergraduate Studies)	119,773	4,013
O'Neill, G. Patrick	Professor (Graduate & Undergraduate Studies)	102,544	317
Owen, Michael	Director - Research Services	113,586	247
Pickering, Gary	Associate Professor (Biological Sciences)	104,274	2,370
Pillar, Steven	Vice-President, Finance and Administration	181,200	5,261
Plyley, Michael	Associate Dean, Applied Health Sciences	127,226	303
Preston, Joan M.	Professor (Psychology)	112,049	314
Prout, Howard W.	Associate Professor (Mgt., Mktg. & HR)	131,095	317
Radue, Jonathan	Associate Professor (Computer Science)	118,804	317
Razavi, F.S.	Professor (Physics)	102,554	317

BROCK UNIVERSITY

Schedule II - Public Sector Salary Disclosure Act (continued)
(unaudited)
Year ended April 30, 2004

Name	Position	Salary paid	Taxable benefits
Richards, Merle	Associate Professor (Pre-Service Education)	$121,768	$ 317
Richardson, Albert W.	Professor (Accounting & Finance)	152,485	317
Richardson, Mary F.	Professor (Chemistry)	120,711	317
Rothstein, Stuart M.	Professor (Chemistry)	120,589	317
Roubi, Raafat R.	Professor (Accounting & Finance)	143,536	2,781
Sadava, Stanley	Professor (Psychology)	120,878	317
Sainty, Barbara	Chair/Associate Professor (Accounting & Finance)	111,079	317
Sales, Carol A.	Professor (Mgt., Mktg. & HR)	122,019	317
Scarbrough, Paul	Associate Professor (Accounting & Finance)	110,511	314
Segalowitz, S.J.	Professor (Psychology)	106,018	317
Shome, Amamitra	Associate Professor (Accounting & Finance)	103,814	317
Siegel, David T.	Dean, Social Sciences	130,860	317
Sivell, John N.	Chair/Professor (Applied Language Studies)	107,796	317
Somerville, Angus A.	Associate Professor (English Lang & Lit)	112,952	317
Soroka, Lewis A.	Professor (Economics)	127,898	317
Stevenson, I. Garth	Chair/Professor (Political Science)	114,971	314
Stillabower, Linda M.	Associate Professor (Accounting & Finance)	114,525	317
Thomas, Adele K.	Associate Professor (Pre-Service Education)	111,220	317
Tinkler, Keith J.	Professor (Earth Sciences)	128,021	317
Tyson, Paul D.	Professor (Psychology)	110,691	1,139
Vrbik, Jan	Professor (Mathematics)	111,486	317
Wagner, James	Associate Professor (Graduate & Undergraduate)	106,775	317
Walker, John	Assistant Professor (Mgt., Mktg. & HR)	103,629	317
Welch, Robert L.	Professor (Accounting & Finance)	133,907	317
Wheeler, Alan E.	Professor (Graduate & Undergraduate Studies)	111,592	317
Whitehead, David	Associate Professor (Mgt., Mktg. & HR)	112,706	6,888
Wilson, Sybil E.	Associate Dean, Education	120,968	303
Wojcik, W.	Associate Professor (Computer Science)	108,507	317
Yannopoulos, Peter	Associate Professor (Mgt., Mktg. & HR)	104,780	317
Yardley, John	Associate Professor (Recreation and Leisure)	101,675	317
Young, Allister W.	Assistant Professor (Accounting & Finance)	116,953	317
Young, Rosemary	Assistant Professor (Graduate & Undergraduate)	103,363	317