MEMORIAL UNIVERSITY OF NEWFOUNDLAND

Consolidated Financial Statements
with Supplementary Schedules

March 31, 2024

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying consolidated financial statements of **Memorial University of Newfoundland** [the "University"] as at and for the year ended March 31, 2024 have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the consolidated financial statements and schedules.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management developed and maintains systems of internal control to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the University complies with applicable laws and regulations.

The Board of Regents of the University [the "Board"] is responsible for ensuring that management fulfils 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 and Finance Committee [the "Committee"]. The Committee meets with management and the external auditors to review any significant accounting and auditing matters, to discuss the results of audit examinations, and to review the financial statements and the independent auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements.

The independent auditor, Ernst & Young LLP, conducts an independent examination in accordance with Canadian generally accepted auditing standards and expresses an opinion on the consolidated financial statements for the year ended March 31, 2024.

Lisa Browne Vice President, Administration, Finance and Advancement	Deborah Collis, CPA,CA Chief Financial Officer

Independent Auditor's Report

To the Board of Regents of
Memorial University of Newfoundland

Opinion

We have audited the consolidated financial statements of Memorial University of Newfoundland [the "University"] which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statement of operations, consolidated statement of remeasurement gains and losses, consolidated statement of changes in net deficiency and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and individual charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Individuals charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants

St. John's, Canada
July 19,2024

Memorial University of Newfoundland **Statement 1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[thousands of dollars]

	2024	2023
ASSETS		
Current		
Cash	**137,058**	152,895
Short-term investments	**44,724**	47,181
Accounts receivable	**124,202**	92,022
Other current assets	**9,698**	9,372
Total current assets	**315,682**	301,470
Investments *[note 4]*	**224,747**	199,951
Assets under development *[note 6]*	**88,428**	70,155
Tangible capital assets *[note 5]*	**580,420**	604,142
Total assets	**1,209,277**	1,175,718
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**74,869**	66,651
Deferred revenue	**55,681**	50,786
Deferred contributions - grants and donations *[note 8]*	**138,912**	124,925
Current portion of long term debt *[note 10]*	**7,366**	5,937
Total current liabilities	**276,828**	248,299
Long term debt *[note 10]*	**215,964**	223,330
Post-employment benefits *[note 11]*	**284,964**	280,530
Asset retirement obligation *[note 9]*	**39,730**	39,773
Deferred capital contributions *[note 7]*	**444,528**	438,629
Total liabilities	**1,262,014**	1,230,561
NET DEFICIENCY		
Net assets externally restricted for endowments *[note 15]*	**177,960**	158,794
Unrestricted net deficiency	**(267,799)**	(232,364)
	(89,839)	(73,570)
Accumulated remeasurement gains and losses	**37,102**	18,727
Total net deficiency	**(52,737)**	(54,843)
Total liabilities and net deficiency	**1,209,277**	1,175,718

See accompanying notes
Contingencies and contractual obligations [note 12]

On behalf of the Board:

Chair of the Board of Regents

Chair of the Audit and Finance Committee

Memorial University of Newfoundland **Statement 2**

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
[thousands of dollars]

	2024	2023
REVENUE		
Government grants	**408,961**	406,313
Student fees	**131,432**	111,423
Other income	**63,928**	59,515
Amortization of deferred capital contributions *[note 7]*	**52,593**	61,441
Investment income	**18,506**	13,463
Sales and services	**13,453**	12,961
	688,873	665,116
EXPENSES		
Salaries and employee benefits	**451,086**	416,276
Amortization of tangible capital assets *[note 5]*	**52,449**	56,643
Scholarships, bursaries and awards	**44,836**	43,330
Utilities	**39,093**	40,017
Materials and supplies	**34,807**	33,276
Repairs and maintenance	**25,978**	18,061
Externally contracted service	**21,308**	20,775
Travel and hosting	**15,525**	12,411
Other operating expenses	**13,750**	14,808
Professional fees	**12,940**	13,284
Equipment rentals	**8,347**	7,726
Interest expense *[note 10]*	**6,326**	6,221
Post-employment benefits *[note 11]*	**4,434**	2,503
External cost recoveries	**(23,331)**	(24,459)
	707,548	660,872
(Deficiency) Excess of revenue over expenses	**(18,675)**	4,244

See accompanying notes

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Year ended March 31
[thousands of dollars]

	2024	2023
Accumulated remeasurement gains at beginning of year	**18,727**	**19,822**
Unrealized gains (losses) attributable to:		
Portfolio investments	**18,333**	**(1,286)**
Derivative liability	**36**	**(100)**
Realized gains reclassified to consolidated statement of operations:		
Portfolio investments	**6**	**291**
Accumulated remeasurement gains at end of year	**37,102**	18,727

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET DEFICIENCY

As at March 31
[thousands of dollars]

	Net Assets Externally Restricted for Endowment Purposes ***[note 15]***	**Unrestricted Net Deficiency**	**2024**	2023
Balance, beginning of year	**158,794**	**(232,364)**	**(73,570)**	(80,011)
Excess (deficiency) of revenue over expenses	**16,760**	**(35,435)**	**(18,675)**	4,244
Endowment contributions	**2,406**	**-**	**2,406**	2,197
Balance, end of year	**177,960**	**(267,799)**	**(89,839)**	(73,570)

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[thousands of dollars]

	2024	2023
OPERATING ACTIVITIES		
(Deficiency) Excess of revenue over expenses	**(18,675)**	4,244
Items not affecting cash:		
Amortization of tangible capital assets	**52,449**	56,643
Amortization of deferred capital contributions	**(52,593)**	(61,441)
Loss on disposal of tangible capital assets	**1,071**	513
Asset retirement obligation - net change	**(43)**	(273)
Increase in post-employment benefits, net	**4,434**	2,503
Change in non-cash working capital	**(5,369)**	(16,302)
Cash (used in) provided by operating activities	**(18,726)**	(14,113)
CAPITAL ACTIVITIES		
Tangible capital assets	**(29,798)**	(21,836)
Assets under development	**(18,273)**	(12,649)
Contributions received for capital purposes	**58,492**	44,009
Cash provided by (used in) capital activities	**10,421**	9,524
INVESTING ACTIVITIES		
Decrease (Increase) in short-term investments, net	**2,457**	(11,359)
Increase in portfolio investments	**(6,458)**	(5,327)
Cash (used in) provided by investing activities	**(4,001)**	(16,686)
FINANCING ACTIVITIES		
Decrease in bank indebtedness	**-**	(1,435)
Endowment contributions	**2,406**	2,197
Principal repayment of long-term debt	**(5,937)**	(6,870)
Increase in long-term debt	**-**	3,687
Cash (used in) provided by financing activities	**(3,531)**	(2,421)
Net change in cash during the year	**(15,837)**	(23,696)
Cash, beginning of year	**152,895**	176,591
Cash, end of year	**137,058**	152,895

See accompanying notes

1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland [the "University"] is a corporation operating under the authority of the *Memorial University Act*. The University is an inclusive community dedicated to innovation and excellence in teaching and learning, research, scholarship, creative activity, service and public engagement. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a government not-for-profit organization ["GNPO"], governed by a Board of Regents, the majority of whom are appointed by the Government of Newfoundland and Labrador. The University is a registered charity under the *Income Tax Act [Canada]* and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act [Canada]* are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the University have been prepared by management in accordance with Canadian public sector accounting standards for GNPO's, including the 4200 series of standards, as issued by the Public Sector Accounting Board ["PSAB"].

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the University and the following not-for-profit organizations, which are controlled by the University:

- C-CORE
- Campus Childcare Inc.
- The Canadian Centre for Fisheries Innovation
- Genesis Group Inc.
- Memorial University Recreation Complex

All intercompany assets and liabilities, revenues and expenses have been eliminated.

Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the year at the date of the consolidated financial statements. Actual results could differ from these estimates. Estimates are reviewed periodically, and as adjustments become necessary, they are reported in the earnings of the period during which they became known. Areas of key estimation include actuarial assumptions for post-employment benefits, asset retirement obligations, allowance for doubtful accounts, amortization rates and cost of assets under construction.

Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants, as follows:

Contributions are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when initially recorded in the accounts.

Contributions externally restricted for purposes other than endowment are initially deferred when recorded in the accounts and recognized as revenue in the year during which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are deferred and amortized to operations on the same basis as the related asset.

Endowment contributions are recorded as direct increases in net assets in the year during which they are received.

Revenues from contracts, sales of goods and other ancillary services [parking, residence, sundry sales, etc.] are recognized when the goods or services are provided and collection is reasonably assured.

Student fees are recognized as revenue when courses or seminars are held.

Investment income recorded in the statement of operations consists of interest, dividends, income distributions from pooled funds and realized gains and losses, net of related fees. Unrealized gains and losses are recorded in the statement of remeasurement gains, except to the extent they relate to deferred contributions and to endowments, in which case they are added to the respective balance.

Restricted investment income [interest, dividends, realized gains and losses] is initially deferred and recognized in the year in which the related expenses are incurred.

Restricted investment income [interest, dividends, realized gains and losses] that must be maintained as an endowment is recorded directly into net assets.

Endowments

Endowments consist of internally and externally restricted donations received by the University. The endowment principal is required to be maintained intact, with the investment income generated used for the purposes established by the donors. 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. The University has established a policy with the objective of protecting the real value of the endowments. The amount of income made available for spending is prescribed annually and an amount is added to endowment net assets for capital preservation every three years.

Expense recognition

Expenses are recorded on the accrual basis as they are incurred and measureable based on receipt of goods or services and obligation to pay.

Cash

Cash includes cash on deposit. Cash held by external investment managers for investing rather than liquidity purposes is classified as investments.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenses are charged to operations as incurred. Betterments which meet certain criteria are capitalized.

The University's library collection is capitalized and recorded at cost.

Assets under development are recorded as such in the consolidated statement of financial position until the asset is ready for productive use, at which time it is transferred to tangible capital assets and amortized. Interest and labour are included in assets under development until such time the asset is transferred to tangible capital assets.

Assets under capital lease are recorded as tangible capital assets and amortized on the same basis as the underlying asset.

Tangible capital assets are amortized over their useful lives using the following methods and rates.

Asset	Rate	Method
Buildings	8%	Declining balance
Furniture and equipment	20%	Declining balance
Computers	30%	Declining balance
Software	20%	Declining balance
Vehicles and vessels	30%	Declining balance
Library collection	10 years	Straight line

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate they no longer contribute to the University's ability to provide goods or services, or when the value of the future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as an expense in the consolidated statement of operations. Any associated unamortized deferred capital contributions related to the derecognized assets is recognized in income.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at year end. Operating revenues and expenses are translated at exchange rates prevailing on the transaction dates. Realized gains or losses arising from these translations are included in the statement of operations. Unrealized gains or losses are included in the statement of remeasurement gains.

Asset retirement obligations

Asset retirement obligations are recorded in the period during which a legal or contractual obligation associated with the retirement of a capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the amount required to retire a capital asset at the financial statement date. A corresponding amount is added to the carrying amount of the related capital asset and is then amortized over its remaining useful life.

The estimated amounts of future costs to retire the assets are reviewed annually and adjusted to reflect the then current best estimate of the liability. Adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement as well as changes in the legal requirements of the obligation. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset. If the related capital asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations are recognized as an expense in the period incurred.

A liability continues to be recognized until it is settled or otherwise extinguished.

Post-employment benefits

Pension plan

The employees of the University participate in a defined benefit pension plan [the "Plan"] administered under the *Memorial University Pensions Act.* The Plan is underwritten by the Province of Newfoundland and Labrador. Payments to the Plan consist of contributions from employees together with matching amounts from the University plus any additional amounts required to be paid by an employer as prescribed in the *Pension Benefits Act (1997)* [PBA]. For the period April 1, 2015 to March 31, 2024, the University was exempt from the going concern funding requirements of the PBA thereby allowing deferral of the special payments otherwise due for the fiscal years 2015/16 through 2023/24.

With respect to a solvency deficiency, the PBA requires that an employer contribute an amount sufficient to liquidate the deficiency within five years of the solvency valuation date. The University is exempt from the requirement to make solvency funding special payments to March 31, 2024. Where the solvency ratio is below prescribed limits the University will, however, make special payments into the fund representing the solvency deficiency on refunds and transfers paid out of the fund.

The University's contributions to the pension plan are recorded as an expense in the consolidated statement of operations. The assets and obligations of the plan are not recorded in these consolidated financial statements.

An actuarial valuation of the Plan was performed as at December 31, 2022. The results of this valuation have been extrapolated to March 31, 2023 and March 31, 2024 for financial statement reporting. The extrapolation revealed a going concern surplus of $35.4 million at March 31, 2024, based on current Plan provisions, PBA requirements and asset smoothing. Based upon market values, the surplus was $89.9 million at March 31, 2024.

Under the PBA, where a going concern unfunded liability exists it must be funded over a period of not more than 15 years while a solvency deficiency must be funded over a maximum five-year period.

The financial position of the Plan does not reflect a future payment stream incorporated into the contribution rate related to the past service cost of indexing, introduced under the Plan, effective July 1, 2004. A funding arrangement was implemented coincident with the introduction of indexing to liquidate the initial past service unfunded liability over a period of 40 years. At March 31, 2024, approximately 20.25 years are remaining in the amortization schedule. The indexing liability is amortized on a declining balance basis along with recognition that if the indexing contributions (i.e., an additional 0.6% of payroll being made by both the University and employees) exceed the originally scheduled amortization payment, then 15 years' worth of these excess contributions can be accounted for when determining the University's special payments against unfunded liabilities.

The December 31, 2022, actuarial valuation disclosed a going concern surplus of $1.6 million and a solvency deficit of $168.0 million. In accordance with the PBA, as long as the Plan has a solvency deficiency and is subject to solvency funding, going concern special payments established in prior years must be maintained. The Plan is being funded in accordance with the December 31, 2021 actuarial valuation. Unless the solvency funding exemption is extended, the special payment due for the 2024/25 fiscal year is $73.3 million. The next actuarial valuation for funding is due no later than December 31, 2024 [i.e., within three years of the December 31, 2021 actuarial valuation].

Other post-employment benefits

In addition to the University's pension plan, the University also has defined benefit plans for other post- employment benefits. These benefits are actuarially determined using the projected benefit method prorated on service and the administration's best estimate of salary escalation, retirement ages of employees and escalation of covered benefit expense outlays. Liabilities are measured using a discount rate determined by reference to the University's cost of borrowing. Actuarial gains and losses will be amortized over the expected average remaining service life of employees, which is 13 years.

The other post-employment benefits are:

Supplemental Retirement Income Plan ["SRIP"]
Voluntary Early Retirement Income Plan ["VERIP"]
Other benefits [severance, group life insurance and health care benefits]

Financial instruments

The University classifies its financial instruments as either fair value or amortized cost. The University determines the classification of its financial instruments at initial recognition. The accounting policy for each category is as follows:

Fair value

This category includes cash and equity investments quoted in an active market as well as investments in pooled funds for identical assets or liabilities using the last bid price. The University has designated its bond portfolio, which would otherwise be classified into the amortized cost category, at fair value as the University manages and reports performance of it on a fair value basis. Transaction costs related to these financial instruments are expensed as incurred.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses and are reclassified to the consolidated statement of operations upon disposal or settlement.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and recognized in the consolidated statement of operations. If the loss subsequently reverses, the write-down to the consolidated statement of operations is not reversed until the investment is sold.

Amortized cost

This category includes short term investments, accounts receivable, accounts payable and accrued liabilities as well as long-term debt. They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

Transaction costs related to financial instruments in the amortized cost category are capitalized and amortized over the term of the instrument.

Short-term investments consist of investments in debt securities, whether or not quoted in an active market, initially recorded at fair value plus financing fees and transaction costs that are directly attributable to their acquisition or disposal. These debt securities are thereafter carried at amortized cost using the straight line amortization method.

Write-downs of financial assets in the amortized cost category are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the consolidated statement of operations.

Contributed materials and services

If contributed materials meet the definition of a tangible capital asset, and fair value is determinable, the University capitalizes and amortizes the tangible capital asset. All other contributed materials are not recognized in these consolidated financial statements.

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

Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities and subsequent distributions are recorded as decreases in these liabilities.

3. MEMORIAL UNIVERSITY ACT

In accordance with the *Memorial University Act*, the University is normally prohibited from recording a deficit on its consolidated financial statements in excess of ¼ of 1% of its total revenue.

During 1996, pursuant to Section 36 of the *Memorial University Act*, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to $5.0 million in 1996 and an additional $10.0 million in 1997 as a result of the recognition of the liabilities related to VERIP for faculty and staff.

During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the definition of a deficit, pursuant to Section 36 of the *Memorial University Act*, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and other post-employment benefits.

4. FINANCIAL INSTRUMENT CLASSIFICATION

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price.
Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

[thousands of dollars]	**2024**				2023
	Level 1	**Level 2**	**Level 3**	**Total**	Total
Cash	**137,058**			**137,058**	152,895
Investments					
Publicly traded equities – CDN	**53,512**			**53,512**	46,029
Publicly traded equities – Global	**73,597**			**73,597**	59,791
Mortgages		**11,489**		**11,489**	10,748
Real estate			**36,067**	**36,067**	35,506
Fixed income		**50,082**		**50,082**	47,877
Total	**264,167**	**61,571**	**36,067**	**361,805**	352,846

There have been no significant transfers between levels for all reporting periods presented.

5. TANGIBLE CAPITAL ASSETS

[thousands of dollars]

	Buildings	Furniture and equipment	Computers	Software	Vehicles and vessels	Library collection	Total
2024							
Cost							
Opening balance	**924,020**	**201,575**	**28,641**	**6,059**	**8,728**	**198,035**	**1,367,058**
Assets under development	**1,801**	**-**	**-**	**-**	**-**	**-**	**1,801**
Additions	**4,165**	**15,214**	**1,464**	**-**	**552**	**6,602**	**27,997**
Disposals	**-**	**(3,027)**	**(1,780)**	**-**	**(193)**	**-**	**(5,000)**
Closing balance	**929,986**	**213,762**	**28,325**	**6,059**	**9,087**	**204,637**	**1,391,856**
Accumulated depreciation							
Opening balance	**416,346**	**139,462**	**23,870**	**4,988**	**7,760**	**170,490**	**762,916**
Additions	**40,625**	**4,907**	**1,603**	**214**	**246**	**4,854**	**52,449**
Disposals	**-**	**(2,306)**	**(1,462)**	**-**	**(161)**	**-**	**(3,929)**
Closing balance	**456,971**	**142,063**	**24,011**	**5,202**	**7,845**	**175,344**	**811,436**
Net book value	**473,015**	**71,699**	**4,314**	**857**	**1,242**	**29,293**	**580,420**

[thousands of dollars]

	Buildings	Furniture and equipment	Computers	Software	Vehicles and vessels	Library collection	Total
2023							
Cost							
Opening balance	919,319	193,463	28,550	6,059	8,381	192,130	1,347,902
Assets under development	420	-	-	-	-	-	420
Additions	4,281	10,052	788	-	390	5,905	21,416
Disposals	-	(1,940)	(697)	-	(43)	-	(2,680)
Closing balance	924,020	201,575	28,641	6,059	8,728	198,035	1,367,058
Accumulated depreciation							
Opening balance	372,420	134,689	23,766	4,720	7,536	165,309	708,440
Additions	43,926	6,325	684	268	259	5,181	56,643
Disposals	-	(1,552)	(580)	-	(35)	-	(2,167)
Closing balance	416,346	139,462	23,870	4,988	7,760	170,490	762,916
Net book value	507,674	62,113	4,771	1,071	968	27,545	604,142

6. ASSETS UNDER DEVELOPMENT

Assets under development represent costs incurred to date on the construction of new facilities and the upgrade of current facilities. Assets under development are as follows:

[thousands of dollars]	**2024**	2023
Project Description		
Animal Resource Center	**41,303**	40,434
Holyrood Marine Base – The Launch	**21,950**	21,451
Engineering High Bay Labs	**9,723**	3,391
Canada Games Infrastructure Upgrade	**8,191**	423
Utilities Annex Electrical Boilers	**6,294**	1,837
Science Building Redevelopment	**803**	665
OSC Potable Water Corrections	**164**	153
Holyrood Marine Base Offsite Storage	**-**	1,801
Total	**88,428**	70,155

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital assets represent the unamortized and unspent amount of donations and grants received for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations.

[thousands of dollars]	**2024**	2023
Balance, beginning of year	**438,629**	456,061
Additional contributions received	**58,492**	44,009
Less amounts amortized to revenue	**(52,593)**	(61,441)
Balance, end of year	**444,528**	438,629

8. DEFERRED CONTRIBUTIONS – GRANTS AND DONATIONS

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

[thousands of dollars]	**2024**	2023
Balance, beginning of year	**124,925**	116,318
Grants and donations received during the year	**106,634**	91,119
Less amounts recognized to revenue for expenses incurred during the year	**(92,647)**	(82,512)
Balance, end of year	**138,912**	124,925

9. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligation relates to the University's buildings, and is based on internal expert assessments and/or third-party reports that estimate the costs of remediating asbestos and other hazardous materials in the buildings.

The estimated total undiscounted expenditures are $39.730 million and they are expected to be incurred and settled at the end of the building's useful life. The university does not anticipate that it will be able to recover any asset retirement costs from a third party. In addition, the university has no legal requirement to fund this obligation and, as such, has not set aside any assets designated for payment of this liability.

[thousands of dollars]

	2024	2023
Balance, beginning of year	**39,773**	40,046
Change in estimate during the year	**795**	-
Liability settled during the year	**(838)**	(273)
Balance, end of year	**39,730**	39,773

10. LONG-TERM DEBT

[thousands of dollars]	**2024**	2023
Government of Newfoundland and Labrador, fixed rate term loan to fund the Core Science Facility, $180,044 (which includes principal of $175,000 plus accrued interest on instalments of $5,044) at 2.72%, repayable in 30 equal, annual payments of $8,799, maturing July 2050	**165,769**	169,986
Royal Bank of Canada ["RBC"] fixed rate term loan to fund the University's second Energy Performance Contract Project, $28,400 loan at 3.73%, repayable at varying amounts over a 19 year period, maturing March 2038	**27,329**	27,931
RBC fixed rate term loan to fund the Animal Resource Center, $15,600 loan at 4.18%, repayable in 25 equal, annual payments of $1,018, maturing December 2043	**13,613**	14,043
RBC fixed rate term loan to fund the Marginal Breakwater and Wharf Facility, $11,185 loan at 3.69%, repayable in 19 equal, annual blended payments of $825, maturing in August 2034	**7,378**	7,908
Government of Newfoundland and Labrador, fixed rate term loan to fund the MI Holyrood Marine Base Facility, $9,437 (which includes principal of $10,500 plus accrued interest of $187, less a lump sum payment of $1,250) at 4.394%, repayable in 30 equal, annual payments, maturing December 2052.	**9,241**	9,399
	223,330	229,267
Less: current portion	**7,366**	5,937
	215,964	223,330

Annual principal repayments over the next five years are as follows:

2025	$7,366
2026	$7,631
2027	$7,905
2028	$8,190
2029	$8,484

Interest paid on long-term debt for the year is $6.3 million (2023 - $6.2 million).

11. POST-EMPLOYMENT BENEFITS

The University has a number of post-employment benefit liabilities including employee future benefits (severance, health and dental benefits and life insurance), VERIP and SRIP. The last valuation was performed on December 31, 2020 and extrapolated to March 31, 2024 for accounting purposes.

Employee Future Benefits

The University provides group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays severance to certain employee groups upon termination, retirement or death, provided they meet certain eligibility criteria. The cost of providing these future benefits is unfunded. Current year payments are funded on an annual basis from operations.

The significant actuarial assumptions used in measuring these benefits include the following:

	2024	2023
Discount rate:		
Liability	**4.95%**	4.75%
Expense	**4.75%**	4.00%
Average rate of compensation increase	**3.75%**	3.75%

The health care inflation rate is 6% per annum in the first year following the valuation date, reducing 0.1% per annum to an ultimate rate of 4% per annum. Dental rates are set at 4% per annum. There is no explicit inflation rate assumption.

VERIP

In February and May 1996, the University offered faculty and staff, who reached age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the VERIP. Subject to eligibility criteria, the Plan provided an incentive of enhanced pension benefits of up to five years' pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is unfunded. Current year payments are funded on an annual basis from operations.

The significant actuarial assumptions used in measuring these benefits include the following:

	2024	2023
Discount rate		
Liability	**4.50%**	4.45%
Expense	**4.45%**	3.60%

SRIP

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

The significant actuarial assumptions used in measuring these benefits include the following:

	2024	2023
Discount rate		
Liability	**4.95%**	4.75%
Expense	**4.75%**	4.00%

The accrued liability and expense of these post-employment benefits are outlined in the tables below:

[thousands of dollars]

	2024			
	Employee Future Benefits	**VERIP**	**SRIP**	**Total Liability**
Post-employment benefits	**197,527**	**3,124**	**24,847**	**225,498**
Unamortized actuarial gain	**52,956**	**-**	**6,510**	**59,466**
Total liability	**250,483**	**3,124**	**31,357**	**284,964**

[thousands of dollars]

	2023			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Post-employment benefits	197,047	3,378	24,138	224,563
Unamortized actuarial loss	48,696	-	7,271	55,967
Total liability	245,743	3,378	31,409	280,530

[thousands of dollars]

	2024			
	Employee Future Benefits	**VERIP**	**SRIP**	**Total Expense**
Current year benefit costs	**5,003**	**-**	**461**	**5,464**
Interest on accrued benefit obligations	**9,452**	**141**	**1,135**	**10,728**
Benefit payments	**(6,052)**	**(429)**	**(1,303)**	**(7,784)**
Amortized actuarial losses	**(3,663)**	**34**	**(345)**	**(3,974)**
Total expense	**4,740**	**(254)**	**(52)**	**4,434**

[thousands of dollars]

	2023			
	Employee Future Benefits	VERIP	SRIP	Total Expense
Current year benefit costs	5,958	-	634	6,592
Interest on accrued benefit obligations	8,859	136	1,022	10,017
Benefit payments	(9,085)	(445)	(1,350)	(10,880)
Amortized actuarial losses	(2,850)	(81)	(295)	(3,226)
Total expense	2,882	(390)	11	2,503

12. CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

(a) Canadian University Reciprocal Insurance Exchange [“CURIE”]

The University participates in a self-insurance cooperative involving a contractual agreement to share the insurance, property and liability risks of member universities for a term of not less than five years. In the event the premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation. For the year ended December 31, 2023, CURIE had a surplus of $10.899 million and a cumulative subscribers’ equity of $107.548 million. The University’s pro-rata share is approximately 3% on an ongoing basis.

(b) Contractual Commitments

Contractual obligations are to outside organizations for contracts entered into before March 31, 2024. These contractual obligations will become liabilities when the terms of the contracts are met.

	2024	2023
Capital projects	**26,559**	13,458
Energy savings	**372**	345
Total contractual obligations	**26,931**	13,803

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

The University is exposed to market risk on its investments due to future fluctuations in market prices. This risk is managed by a Statement of Investment Policy and Objectives approved by the Board of Regents which includes investment policy provisions for an acceptable asset mix structure and quality constraints on fixed income instruments.

(a) Currency risk

Currency risk relates to the University operating in different currencies and converting non-Canadian transactions at different points in time when adverse changes in foreign currency rates occur. The University minimizes foreign currency risk to protect the value of foreign cash flows, both committed and anticipated, by using foreign contracts when market conditions are judged to be favorable. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

[thousands of dollars]

2023 Foreign Currency Denominated Assets	Fair Values (CAD)	Impact of 1% Absolute Change in Exchange Rates on Net Assets
Global Equity	73.597	$0.736

(b) Interest rate risk

Interest rate risk refers to the effect on the fair value or future cash flows of a financial instrument due to fluctuations in interest rates.

Credit risk

Credit risk is the risk of loss due to the failure of a counterparty to satisfy its obligations. The University is exposed to credit risk with respect to accounts receivable from students, governments and other clients as well as through its investments in fixed income and equity securities. Services are provided to a large number of students and entities, which minimizes the concentration of credit risk. The University routinely monitors the receivable balances and establishes an appropriate allowance for doubtful accounts based upon factors surrounding credit risk, historical trends, and other information. The allowance in 2024 is $3.1 million (2023 – $3.0 million). The University limits its exposure to credit loss on fixed income by investing in securities with high credit quality. To maximize the credit quality of its investments, the University performs ongoing credit evaluations based upon factors surrounding the credit risk of issuers, historical trends and other information. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. All transactions executed by the University in listed equities are settled upon delivery using approved brokers. The risk of default is considered minimal, as the delivery of those securities sold is made only when the broker has received payment. Payment is made on purchases only when the security is received by the broker. The trade will fail to consummate if either party fails to meet its obligation. The maximum risk of loss at March 31, 2024 is limited to the amounts as shown on the consolidated statement of financial position.

Liquidity risk

The University is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. This risk is managed by maintaining adequate cash. The University believes that cash on hand, future cash flows from government grants and student fees will be adequate to meet its financial obligations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk or currency risk], whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The University is exposed to other price risk through its investments in equity instruments traded in an active market.

14. RELATED PARTY DISCLOSURE

The University considers key management personnel [“KMP”], their close family members and any organizations controlled by the KMP or their close family members as related parties. For this purpose, KMP have been identified as the President, Vice-Presidents and members of the Board of Regents.

The University also considers the Government of Newfoundland and Labrador and its agencies, boards and commissions as related parties.

The University has determined that all transactions with its related parties were conducted in the normal course of business and at arms’ length, therefore, no further disclosure is required.

15. ENDOWMENTS

As at March 31, 2024 the University has total restricted net assets for endowment purposes of $177.960 million (2023 - $158.794 million).

The endowed balance of $110.149 million (2023 – $107.743 million) is subject to externally imposed restrictions requiring the principal to be maintained in perpetuity.

The University recognizes all investment income earned in the year through the Statement of Operations. The excess of the investment income earned over the amount utilized during the year is transferred into the endowment net assets at the end of the fiscal year by following the Board approved Statement of Investment Policy and Objectives. The accumulation of these transfers is recognized as internally endowed net assets and is represented as the balance available for spending.

The balance available for spending of $67,811 million (2023 - $51.051 million) is reviewed every three years to determine if a portion will be added to the endowment assets for capital preservation.

[thousands of dollars]	**2024**	2023
Opening endowed balance	**107,743**	105,294
Endowed contributions	**2,406**	2,197
Opening adjustments	**-**	252
Closing endowed balance	**110,149**	107,743
Opening available for spending	**51,051**	50,825
Opening adjustment	**-**	(252)
Investment income	**21,913**	4,384
Unrestricted contributions	**288**	321
Interfund transfers	**(584)**	3,719
Expenditures	**(4,857)**	(7,946)
Closing available for spending	**67,811**	51,051
Net assets restricted for endowment purposes	**177,960**	158,794

Unaudited Supplementary Information

MEMORIAL UNIVERSITY OF NEWFOUNDLAND

March 31, 2024

Schedule 1
[unaudited]

COMPENSATION PRACTICES AT MEMORIAL UNIVERSITY OF NEWFOUNDLAND

Compensation at the University is characterized by the financial remuneration received by individuals in relation to the duties and responsibilities of their respective position. Compensation is predominantly in the form of a fixed salary that is regularly reviewed for annual step progression, general economic increases, administrative stipends and market differential. These market differentials are applied where market demands are greater than assigned salary levels.

At the executive level, the Board of Regents [the "Board"] on the recommendation of its Executive Committee engages in a Senior Executive Compensation Review that assesses compensation levels for the University's Executive members against similar positions within the Canadian University Market.

Compensation for Academic Executive, Academic Management, and Academic Staff include a salary amount identified on the faculty scale, based on experience, rank and highest degree, in accordance with the Memorial University of Newfoundland Faculty Association [MUNFA] collective agreement. In addition, for Academic Executive and Management, there is an administrative stipend, set by the Board that is applied to core compensation.

There are four main salary scales for administrative groups below the level of Vice-President, including; Senior Administrative Management [SAM] scale; the Leadership Group (LG) scale; the Management and Professional staff [MPS] scale; and unionized and non-unionized staff [Common] scale.

Compensation levels for administrative positions below the level of Vice President are determined based on consideration of the University's job evaluation plans, AIKEN and Hay methodology. Positions are assessed and assigned a rating outcome, resulting in a total number of points for a position with an associated salary band, the intention being that broader, more difficult positions will achieve higher ratings and therefore be slotted higher in terms of salary banding. Once banded, compensation and employee progress through these bands or salary levels are a separate process.

Compensation analyses for academic and administrative positions are regularly completed to ensure market alignment within identified comparator groups and to ensure ongoing competitiveness of the University's compensation structure.

For unionized faculty and staff, compensation structures are determined through collective bargaining processes between the University and the various unions representing each employee group; MUNFA, Canadian Union of Public Employees [CUPE], the Newfoundland and Labrador Association of Public and Private Employees [NAPE], Lecturers' Union of Memorial University of Newfoundland [LUMUN] and Teaching Assistants' Union of Memorial University of Newfoundland [TAUMUN].

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

Schedule 1
[unaudited]

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
EXECUTIVE SALARY RANGES
MARCH 31, 2024

	Salary Range ($)
President and Vice-Chancellor	434,000
Vice-Presidents:	
Provost (Academic)	260,000 – 325,000
Administration, Finance and Advancement	232,015 – 290,019
Indigenous	232,015 – 290,019
Research	232,015 – 290,019
Grenfell Campus	232,015 – 290,019
Marine Institute	232,015 – 290,019

Schedule 1
[unaudited]

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
ACADEMIC SALARY RANGES
MARCH 31, 2024

	Salary Range ($) *[note 1]*	**Actual Minimum and Maximum Salaries ($)** *[note 2]*	**Number of Employees** *[note 3]*
Academic Executive:			**26**
Vice-Provost	*[note 5]*		2
Deans of Faculties/Schools/Libraries			15
Associate Vice-President *[note 4]*			9
Academic Management:			**58**
Associate Deans of Faculties/Schools/Libraries			27
Assistant Deans			5
Department Heads *[note 6]*			26
Academic Staff: *[note 7]*	36,079 – 185,399	49,001 – 293,402	**1097**
Professors	119,540 – 185,399	103,408 – 293,402	223
Associate Professors	101,372 – 151,334	91,823 – 189,137	342
Assistant Professors	87,746 – 110,456	87,189 – 172,918	249
Lecturers	69,578 – 90,019	73,287 – 114,993	47
Co-op Education Coordinators	67,306 – 119,539	89,505 – 128,443	29
Librarians	62,763 – 162,687	70,969 – 162,015	25
Instructors-Marine Institute *[note 8]*	36,079 – 177,422	49,001 – 152,851	182

Note 1: Salary ranges include regular base earnings only.

Note 2: Actual minimum and maximum annual salaries are comprised of all academic staff (including Academic Executive and Academic Management); amounts include regular base earnings and approved amounts paid in addition to regular earnings (e.g. administrative stipends, gender equity steps, and market differentials).

Note 3: This does not represent a count of full time equivalent positions, but rather is a headcount of permanent and contractual employees. Those on leave or long-term disability have not been included in the count.

Note 4: In the event an employee is an Associate Vice-President and Dean, they are counted as Associate Vice-President.

Note 5: Academic Deans receive a salary depending upon professorial rank plus an administrative stipend in the range of $16,500 to $26,500 per year.

Note 6: Academic Department Heads receive a salary based upon their professorial rank plus an administrative stipend in the range of $3,000 to $9,000 per year.

Note 7: Academic staff counts do not include individuals who may also hold an Academic Executive or Academic Management affiliation or solely stipendiary positions.

Note 8: Marine Institute Instructor count includes Demonstrators, Technical Assistants, Scientists and Instructors.

Schedule 1
[unaudited]

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
ADMINISTRATIVE SALARY RANGES
MARCH 31, 2024

	Salary Range ($)	**Actual Minimum and Maximum Salaries ($)** *[note 1]*	**Number of Employees** *[note 2]*
Senior Administrative Management and Leadership Group Level 1 to 4 and Grades 13 to 16 *[note 3]*	92,507 – 221,912	92,507 – 221,912	105
Management and Professional Staff *[note 4]*	53,696 – 101,436	53,696 – 140,816	645
Administrative Staff *[note 5]*	39,523 – 88,012	42,274 – 96,782	1581 *[note 6]*

Note 1: Actual minimum and maximum annual salaries are based on regular earnings; amounts include regular base earnings and approved amounts paid in addition to regular earnings (i.e. administrative stipends and market differentials).

Note 2: This does not represent a count of full time equivalent positions, but rather is a headcount of permanent and contractual employees. Those on long-term disability have not been included in the count.

Note 3: Following review of the Senior Administrative Management scale, members in the Leadership Group are now included in this count. Leadership Grades 13-16 were developed and assessed based upon the National Broader Public Sector Market.

Note 4: Compensation was assessed based on the Atlantic Canadian broader public sector.

Note 5: Administrative salary ranges [Common Pay Scale] reflect salary levels defined by union collective agreements or non-bargaining terms and conditions of employment.

Note 6: Administrative staff count excludes Standardized Patients, Apprentices, Student employees, and other casual workers.