

Dalhousie University

Annual Financial Report

March 31, 2018

Published June 2018

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Message from the Vice-President, Finance & Administration

This year, Dalhousie marks 200 years of academic excellence. The Bicentennial Launch event on February 6 gathered together the talents of poets, musicians, and story tellers, including honored indigenous leaders and others, to celebrate two centuries of life and change at Dalhousie. Students, faculty, staff, alumni and supporters gathered in the Arts Centre's Rebecca Cohn Auditorium for the event. Many great successes and achievements are being celebrated in our 200th year, with many more to come.

We toasted our 91st Rhodes Scholar in 2017-18. Nayani Jensen's impressive achievements are simply one example of how Dal students have challenged themselves to reach beyond a degree or designation to enrich their own experiences and enhance their communities. We are very proud to recognize the dedication, talent and hard work of all our students.

In February, the federal government announced the Ocean Supercluster, which positions Canada to become a global leader in the knowledge-based ocean economy. While industry is leading this initiative, Dalhousie played a key role in the development of the original proposal and continues to be engaged — most notably through the Ocean Frontier Institute international network of scientific expertise. The Ocean Supercluster is one of the varied ways Dalhousie collaborates with industry, government and community to build on the strengths of our region and grow local economies.

This year we continued strategic investment in our Human Resources. Progress has been made on recruiting to close our institutional equity gaps relative to the labour market; we have every expectation we will achieve our Federal Contractors targets in 2019. To assist with these goals, we are introducing a talent pathway program to find gateway opportunities for designated employees. Through Collective Bargaining with the DFA we have committed to a Pay Equity program for faculty and identified resources for investment in one-time retirement incentives for eligible senior faculty to promote academic renewal.

The University experienced better than anticipated financial results for the 2017-18 year, achieving an operating surplus of \$7.4 million. The surplus resulted primarily from a positive variance in tuition from international enrolment and a reduction in employer pension contributions from revised funding requirements based on the March 31, 2017 actuarial valuation. The surplus allows the University to respond to some of the pressures noted by students, faculty and staff. The funds will be used on a one-time basis to support students in financial need, provide for faculty renewal, a direct allocation to Faculties to support teaching and research, address priority projects from the introduction of the new provincial Accessibility Act, and improve IT infrastructure.

A significant and historic renewal of Sexton Campus is near completion. Excitement is building as we approach the Fall 2018 launch of world-class facilities specifically designed to engage students, faculty, staff, industry and other community partners. The Dalplex Fitness Centre expansion also opened recently, providing superior and accessible opportunities for Dalhousie's students to engage in healthy lifestyle habits in a safe and welcoming space. A multi-year refresh of the Dentistry Clinic was completed, providing students and community access to the latest technology in dental care and treatments.

In 2010 Dalhousie established an Operational Sustainability Plan and considerable progress has been made on a range of indicators including reducing water consumption by 51% per person, and a 20% reduction in greenhouse gases. In 2017-18 major sustainability initiatives included the construction of a state-of-the-art biomass facility providing a more sustainable heating source for the Truro campus, and a major energy retrofit of the Tupper building — funded from the resulting energy savings — to support important medical research.

As technology is changing more rapidly each year, investments must continue to be made in this critical IT infrastructure to keep pace with change to support teaching, learning and research. In 2017-18, considerable progress began in this regard as we started to implement the five-year IT infrastructure renewal plan developed at the end of 2016-17.

As always, the key to our success is our people. As we draw on our diverse strengths as a community, our students are inspired to be the best that they can be, our world class researchers continue to contribute nationally and internationally, and our connections with the community are enriched. The strength of our people and connections will lead us forward as we consider our next strategic plan; then we can truly say that the best is yet to come.



Ian Nason
Vice-President, Finance & Administration



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2018

Financial Overview



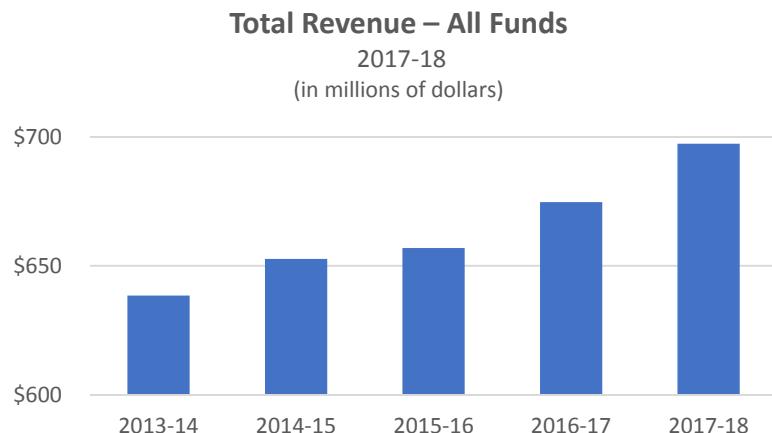
INTRODUCTION

In 2017-18, the University ended the year in a stable financial position with a surplus of \$7.4 million, driven primarily by higher than planned tuition revenues, and a reduction in employer pension contributions. This surplus will allow the University to make some progress in the following areas of significant pressure: supporting students in financial need, reducing pressure on Faculties, supporting academic renewal, and to address priority projects related to improving accessibility and IT infrastructure.

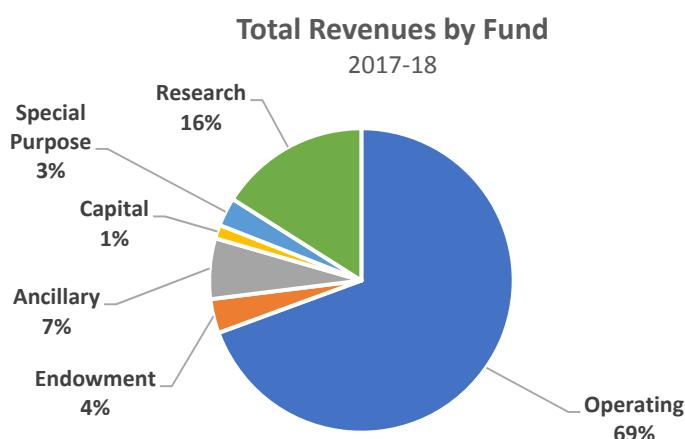
The University's financial structure is organized using separate Fund categories, which group activities that have similar characteristics to enhance budgetary controls and allow for appropriate accountability and reporting for internal and external stakeholders. The University maintains six Fund categories: Operating, Ancillary, Endowment, Capital, Research and Special Purpose, which are discussed in detail in both the revenue and expenditure sections of this report.

REVENUES

Total revenue from all funds is \$697.4 million; an increase of 3.4% over the prior year. The following graph shows the growth in total revenue across all funds since 2013-14:



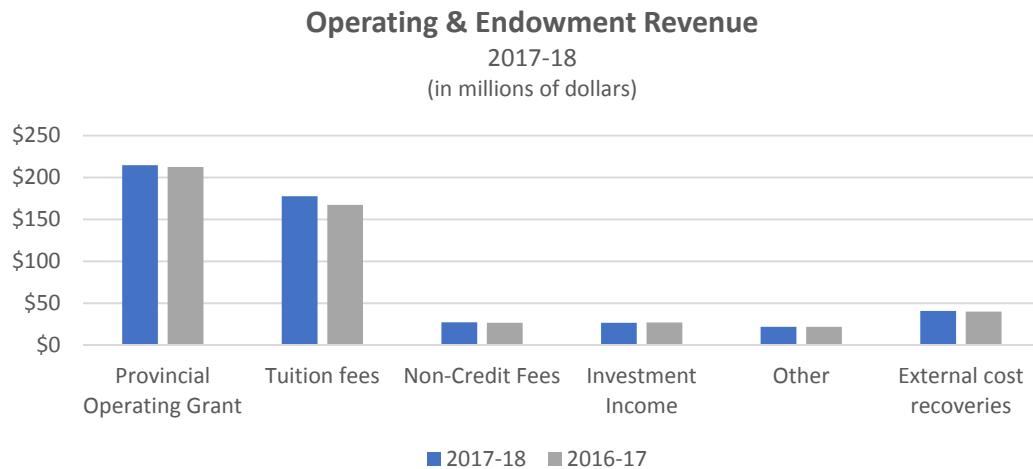
The following is a breakdown of revenue by fund:



Operating & Endowment Revenue

Operating and Endowment revenues are used to carry out the day to day operations of the University in support of the academic mission. Government grants, tuition revenue, endowment investment income, and other general revenues support operating expenditures. Budget allocations to Faculties and major service and support units to carry out their work are based on Budget Advisory Committee recommendations and results compared to budget are presented in the 2017-18 Operating Budget Report.

The graph below provides a breakdown of total Operating & Endowment Revenues for 2017-18 compared to 2016-17.



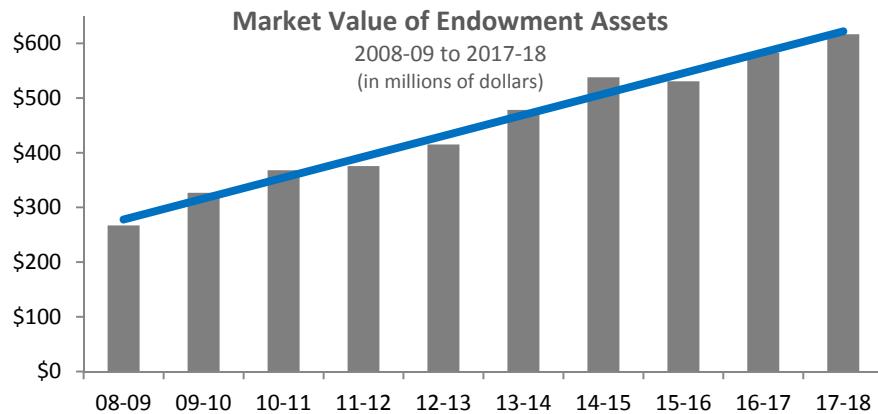
The 2017-18 Operating Budget Report reflects revenues of \$417.2 million. In addition to centrally managed revenue streams, certain revenues are managed directly through Faculty and service unit budgets providing a further \$92.1 million in support of their operations. The University's total operating and endowment revenue reported in fiscal 2017-18 was \$509.3 million; an increase of 2.7% from the previous year.

The provincial operating grants are the largest source of revenue for the University (42.2%) and increased by \$2.1 million in 2017-18. The overall increase primarily relates to the 1% increase in the Provincial Operating Grant from the Department of Labour and Advanced Education.

Tuition revenue of \$177.7 million represents 34.9% of Dalhousie's operating and endowment revenue. This includes the central tuition revenues of \$163.7 million and full cost recovery programs received directly by Faculties. Tuition fee revenue increased by \$10.2 million over 2016-17, a result of a 3% tuition increases across all programs and enrolment related growth.

Investment income from the 1400+ endowment funds further supplements operations through support for scholarships and bursaries for students, academic chairs and salaries, library materials and services, and other Faculty program costs. The funds must be spent according to the terms of the individual endowments as established by donors.

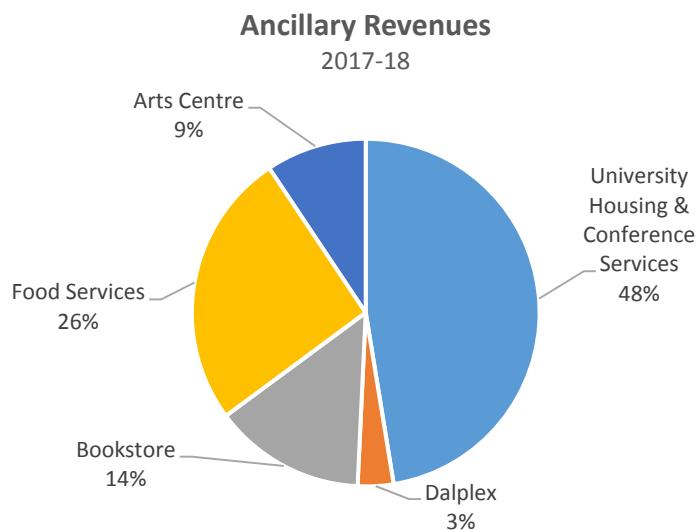
In 2017-18 endowment income of \$25.3 million supplemented the operations of the University. Over time the earnings provide support for the donor specified activities at the University. The market value of the University's endowment assets reached \$616.7 million as of March 31, 2018.



Ancillary Revenues

Ancillary revenues totaled \$45.0 million in 2017-18 an increase of 0.9% over 2016-17. The University's ancillary operations provide high quality and competitively priced essential support and business services to the Dalhousie community with a view to enhancing the student experience, and are segregated from the core functions of teaching and research. Overall, ancillary unit revenues are expected to cover associated operating and capital costs.

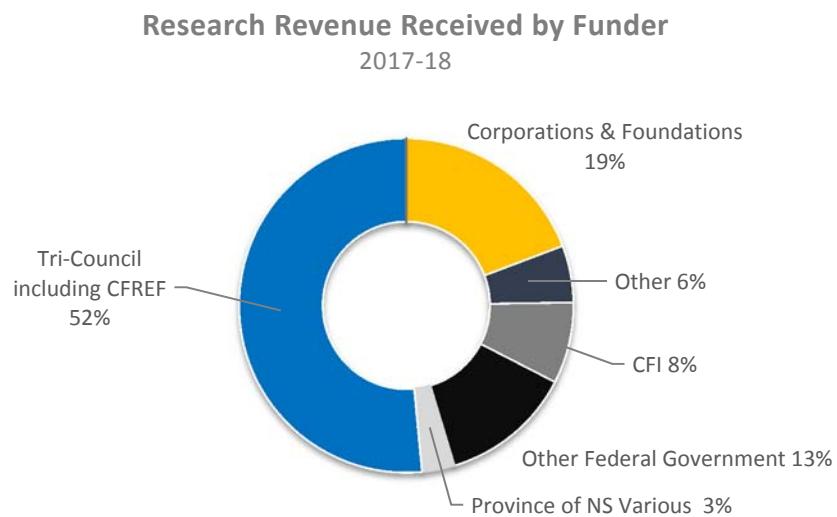
The Ancillaries include Student Community Services (Residence Life and Housing), the Bookstore, Food Services, the Dalhousie Arts Centre and Dalplex.



Research Revenues

Researchers are accountable to manage and report to funders and sponsors on 3490 segregated research grant and contract accounts. These revenues are not used to support general operations of the University but must be used for the purposes specified by the approximately 370 contributors and sponsors. Research funding is received from a variety of sources with the largest contributions coming from the federal government through the Tri-Council granting agencies (CIHR, NSERC, and SSHRC) to support the work of Faculty Researchers.

The chart below reflects the sources of revenue received during the year.



In 2017-18 research revenue grew by \$10 million or 9.8% to \$111.7 million. The recently launched DeepSense and Ocean Frontier Institute (which is supported by the Canada First Research Excellence Fund (CFREF)), are two large scale research projects contributing to the overall increase in research revenues.

Special Purpose Revenues

The University manages 960 Special Purpose accounts for a variety of purposes such as Annual Givings, conferences, service and lab activities, and to host joint initiatives between Dalhousie and contributors. Revenue received in the Special Purpose Fund must be used for the purposes specified by contributors and/or donors and varies annually based on activity levels. Total special purpose revenue in 2017-18 was \$21.2 million.

EXPENDITURES

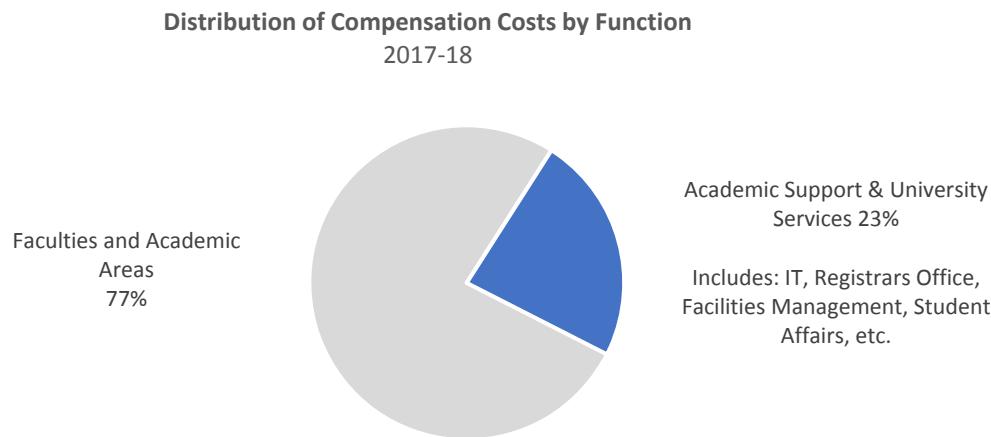
Operating & Endowment Expenditures

Operating and endowment expenditures increased to \$498.0 million from \$493.6 million in the previous fiscal year, an increase of \$4.4 million (0.9%).

Compensation

Salary and benefits costs (including pension) are the largest expenditure in the Operating & Endowment Funds and increased by just 0.9% over 2016-17. Compensation for faculty and staff increased while pension costs were reduced due to a decrease in employer contributions required as a result of the March 31, 2017 actuarial valuation.

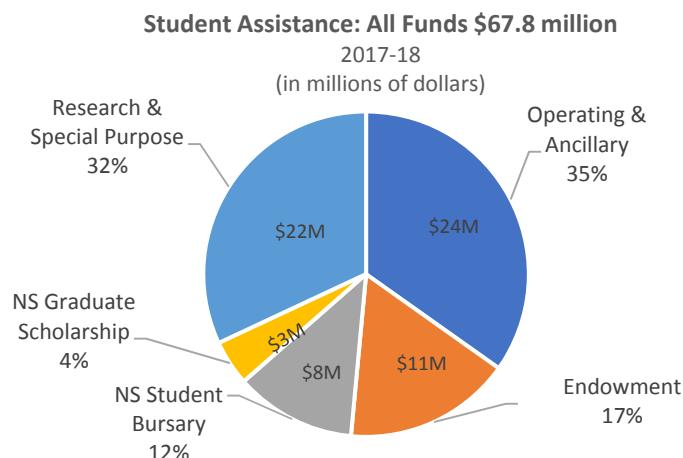
The following graph shows the distribution of compensation costs between Academic and Major Service and Support Units:



Student Assistance

Student assistance includes undergraduate and graduate scholarships and bursaries, fellowships and employment in a range of faculty and support units. In 2017-18 support for students from Operating and Endowment Funds totaled \$46.1 million.

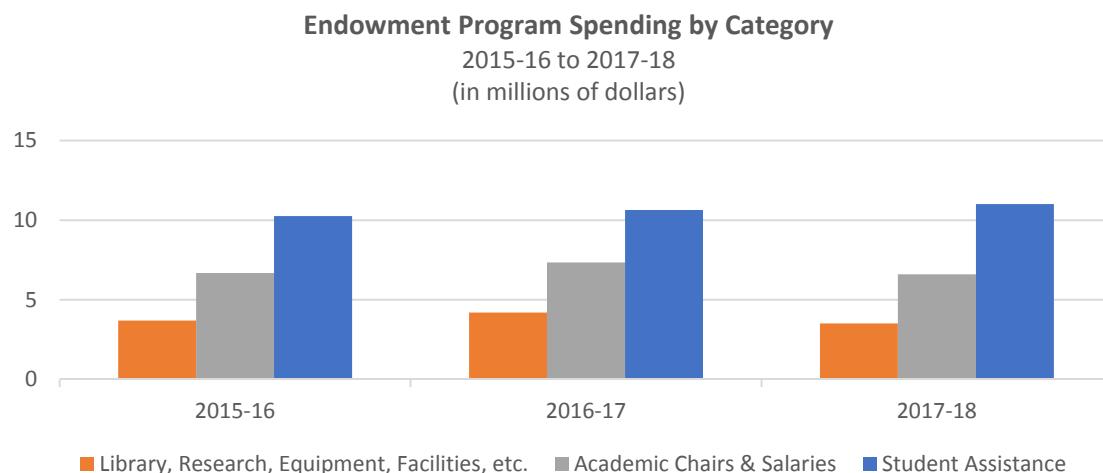
Research grants also provide significant financial support, particularly for graduate students. Total student support from all funds was \$67.8 million (2016-17 \$67.4 million). The following graph shows the funding sources for student assistance.



Endowment Supported Expenditures

Dalhousie's 1400+ endowments provide an important source of funding for student bursaries and scholarships, academic chairs and salaries, research, and library materials and services.

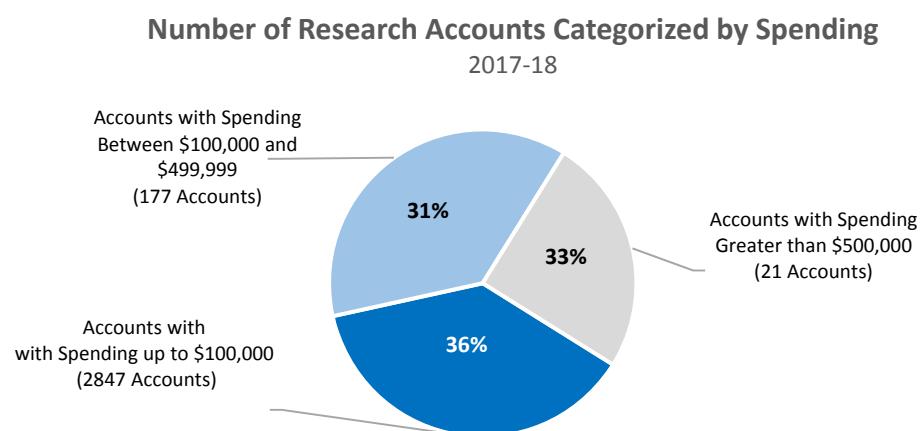
The key objectives of the University's Endowment Management Policy are: to balance present spending needs with expected future requirements; to protect the purchasing power of the capital base while achieving stability in year-to-year spending; and to attain real increases in spending through capital appreciation from new gifts, capital investment gains, and the capitalization of income. The Policy allows for annual spending increases at the rate of CPI, as long as the resulting spending rate remains within 3.75% to 5.0% of the endowment's market value.



The graph above outlines Endowment Program Spending by Category. Annually, significant support is provided to students from the endowment funds.

Research Expenditures

As the purpose of research revenue is restricted by the funder, revenue is only recorded when the related expenditures occur. In 2017-18 research expenditures totaled \$112.2 million. As reflected in the following chart, one third of research expenditures are generated by one 1% of the accounts (21 accounts).



Capital

The Capital Fund tracks funds received and expended on property, plant and equipment. These include construction of new buildings, building improvements (Facilities Renewal), and smaller items such as library books and research and lab equipment. The University also sets aside capital reserves to support future costs of large scale capital upgrades or replacements in the Capital Fund.

Across all sources of funding, \$120.2 million was invested in capital assets in 2017-18. \$85.7 million was spent on large capital projects including the Dental Clinic, the Tupper Medical Building Retrofit, Agricultural Campus Thermal Plant, IDEA (SIF) Projects, the Fitness Centre and student residence improvements.

Large capital projects are undertaken based on funding plans as recommended by the Capital Projects and Facilities Committee of the Board. Projects are funded through a combination of donor and government contributions, new revenue streams, cost savings, and support from the Facilities Renewal budget for deferred maintenance items.

Facilities Renewal

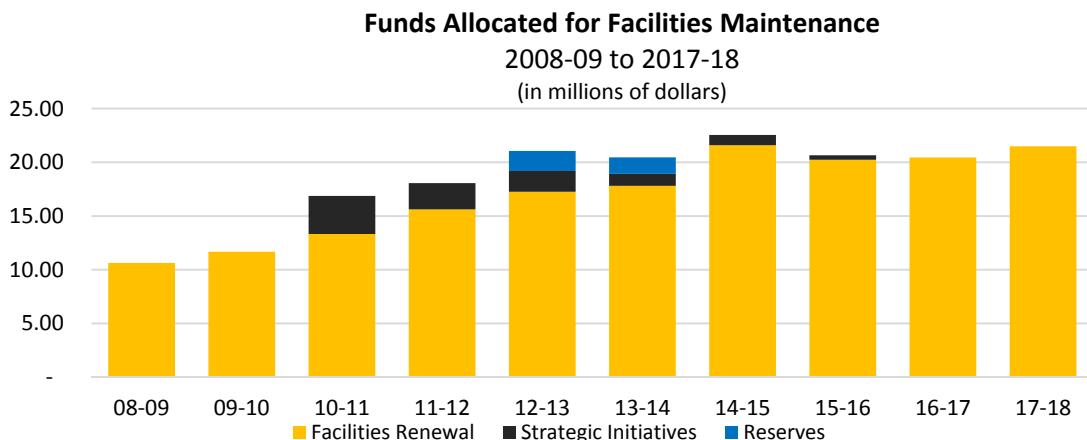
As at March 31, the University maintains 162 buildings (exceeding 5.8 million gross square feet of space with a replacement value of \$1.5 billion) and infrastructure. The Facilities Condition Index (FCI), which is a measure of the condition of buildings; indicates that 40% of Dalhousie's buildings are in poor or very poor condition, which is above average compared to other U15 universities. A substantial annual investment is required to maintain these facilities to meet the continued needs of students, faculty and staff.

Industry standards suggests that 2% of asset replacement costs should be spent annually to renew facilities (\$30 million). The annual Facilities Renewal budget of \$20.4 million supports projects on both the Halifax and Agricultural campuses. The Budget Advisory Committee recognized the need to continue to invest in this area and recommended an additional \$1 million be allocated for each of the three years 2017-18 to 2019-20, and that a long-term funding plan be developed.

The larger maintenance projects undertaken in 2017-18 include exterior conservation on the Cox Building, Howe Hall (Henderson House), Henry Hicks Administration Building, and the eighth floor of Life Sciences Centre.

In 2017-18 the significant contribution from the Federal Government's Strategic Infrastructure Fund supported the renewal of the Sexton campus which will help lower the backlog of deferred maintenance on that campus. The University will continue to seek alternative sources of funding for capital infrastructure.

The following graph shows the funds allocated for facilities maintenance over the last 10 years. Note that Facilities Renewal Funding includes one-time time transition funds from the Province for facilities projects on the Agricultural Campus in 2013-14 to 2015-16. Annual spending will vary somewhat in relation to timing of project completion.



Sustainability

Dalhousie established a University Operational Sustainability Plan in 2010. Goals, objectives, actions and targets were set for the ten-year period 2010-2020. Under the leadership of the Office of Sustainability, and supported by students, staff and faculty, considerable progress has been made on a range of indicators. A more comprehensive sustainability progress report can be found on the Dalhousie website.

The University avoids costs of \$3.3 million annually due to the impact of the 55 sustainability projects completed since 2010. Once the AC Biomass plant is in full operation, the annual costs avoided, and revenue generated, will increase to \$4.3 million.

In 2018-19, an updated version of the University operational Climate Change Plan will be presented to the Board. The final 2020 set of Phase 3 targets for the Sustainability Plan are significant. To achieve these targets, strategies such as renewable energy agreements and green building certification for existing buildings will need to be explored in combination with other current programs and innovations. By 2021, an updated Sustainability Plan for the next decade will chart the course for future actions.

2017-18 Operating Budget Results



INTRODUCTION

The Board of Governors approved the University's 2017-18 balanced operating budget in June of 2017 with revenues and expenditures each of \$415.4 million. This report includes detailed financial information comparing the actual results for the year to the approved budget.

THE FINAL BUDGET

The summary on page 13 shows the Approved Budget and the Final Budget for the University in 2017-18. The approved budget included a central provision for compensation adjustments that are distributed to Faculties and service units during the year and are reflected in the final budget. The final budget also includes the return to the central provision of a reduction in employer pension costs based on the March 31, 2017 actuarial valuation. The final budget also reflects base allocations from strategic initiatives made to Faculties/Units in the Responsibility Centre Expenditure category. The schedules that follow the summary provide further detail on results for the individual Faculties and service units.

ACTUAL RESULTS

Overall, the University results for 2017-18 produced a net surplus of \$7.4 million. There were two major positive developments during the year that contributed to this very positive financial result. Tuition revenue increased by \$3.8 million largely as a result of increased international student enrolment. There was also a \$3.1 million reduction in employee pension contributions as a result of revised funding requirements (March 31, 2017 actuarial valuation). Overall there was a \$7.5 million surplus for the Halifax Campuses and a \$90,000 shortfall in the Agricultural Campus Budget.

The surplus has provided the University the opportunity to address some of the pressures identified by students, Deans and other University leaders throughout the year and allow the University to meet other pressing priorities. The Halifax surplus funds have been appropriated and will be used on a **one-time** basis as follows:

- a) \$2.0 million for bursaries to support students in financial need over the next 5 years.
- b) \$1.8 million to be returned to Faculties to support teaching and research (Faculty budgets were cut by \$3.6 million or 1.8% in 2017-18).
- c) \$1.5 million provision to support academic renewal through an incentive program as agreed with the Dalhousie Faculty Association during collective bargaining.
- d) \$1.0 million to address priority projects arising from the introduction of the new provincial Accessibility Act.
- e) \$700,000 for improvements in IT infrastructure.
- f) \$462,000 to increase reserve funds for future issues impacting financial sustainability. The reserve balance is currently \$8 million or 2% of the operating budget.

As noted in the government grant section, there is a shortfall at the Truro Campus related to government funding flows. The overall campus short fall for 2017-18 is \$90,000 after accounting for other net savings for the year. The University has received from the Province confirmation of funding for 2018-19 and the shortfall will be retired over the next few years.

Dalhousie University
Operating Budget Results
Year ended March 31, 2018

The following table provides a breakdown of the contributing factors to the overall surplus for both the Halifax and Agricultural campuses:

Summary of Significant Variances by Campus

(favourable/(unfavourable) in 000's of dollars)

	Halifax Campuses	Agricultural Campus	Total
Operating Grant (Agriculture)		(380)	(380)
Tuition revenue	3,917	(109)	3,808
Other Revenue Changes	426	(6)	420
Student Support	(183)		(183)
Energy Costs	136	37	173
Employer Pension Contribution Savings	3,021	51	3,072
Contingency/Other	99	203	302
Unit Results:			-
Shortfalls	(371)	(240)	(611)
Savings	417	354	771
	7,462	(90)	7,372

Following the summary and detailed schedules is commentary on the significant variances.

Dalhousie University
Operating Budget Results - Summary
Year ended March 31, 2018

(thousands of dollars)

	Approved Budget	Final Budget (1)	Actual	Variance Fav (Unfav)
REVENUE				
Provincial Government Grants				
Operating - Labour and Advanced Education	171,436	171,436	171,436	-
Scholarship and Bursary Program Grants	11,205	11,205	11,229	24
Program Specific Grants	31,455	31,455	31,075	(380)
Facilities/Space Grant	1,000	1,000	1,000	-
	215,096	215,096	214,740	(356)
Federal Research Support Fund Grant	7,668	7,668	7,668	-
Investment				
Endowment	26,546	26,546	24,504	(2,042)
Operating (net of bank & finance charges)	2,850	2,850	3,211	361
Tuition Fees	159,900	159,900	163,708	3,808
Facilities Renewal Fee	3,299	3,299	3,334	35
	415,359	415,359	417,165	1,806
TOTAL REVENUE				
GENERAL OPERATING EXPENDITURES				
Equipment and Furniture Allocation	2,394	2,394	2,394	-
Scholarships, Bursaries and Student Assistance				
Operating	11,041	11,125	11,284	(159)
NS Government Scholarship & Bursary Programs	11,205	11,205	11,229	(24)
Endowment	6,178	6,178	5,947	231
Campus Renewal- Annual Facilities Maintenance	21,448	21,448	21,483	(35)
- Long term	6,531	6,531	6,531	-
Strategic Initiatives - Projects	3,150	2,262	2,262	-
Energy, Water, Taxes and Insurance (net of recoveries)	22,250	22,250	22,077	173
Endowment Management Expenses	3,100	3,100	3,370	(270)
Contingency	1,900	1,900	1,563	337
	89,197	88,393	88,140	253
TOTAL GENERAL OPERATING EXPENDITURES				
RESPONSIBILITY CENTRE EXPENDITURES				
Academic	242,009	246,569	244,449	2,120
Academic Support	13,658	13,970	14,095	(125)
Administration	31,794	33,020	32,631	389
General	1,650	1,660	1,601	59
Facilities Management	20,928	21,198	21,350	(152)
Student Affairs	7,416	7,543	7,541	2
Undistributed Operating Expenditures	8,810	3,072	-	3,072
	326,265	327,032	321,667	5,365
TOTAL RESPONSIBILITY CENTRE EXPENDITURES				
TOTAL OPERATING EXPENDITURES	415,462	415,425	409,807	5,618
NET ANCILLARY EXPENDITURES	(103)	(66)	(14)	(52)
TOTAL EXPENDITURES	415,359	415,359	409,793	5,566
TOTAL SURPLUS FOR THE YEAR	-	-	7,372	7,372

(1) The final budget includes the distribution of the Undistributed Operating Expenditures and Base allocations from Strategic Initiatives. The final budget also includes the transfer of student assistance funding from the Faculty of Law to the central student assistance budget to support IB&M students.

(2) Actual endowment expenditures and related investment income will vary from the amount available for spending in any given year due to various factors. See note 2 on page 17.

(3) Undistributed balance relates to savings in employer pension contributions based on Actuarial Valuation as of March 31, 2017. See note 6 c on page 19.

(4) The overall budget surplus has been appropriated and will be used as described on page 11.

Dalhousie University
Operating Budget Results - Detail
Year ended March 31, 2018

(thousands of dollars)

	Approved Budget	Final Budget ⁽¹⁾	Actual ⁽²⁾	Variance Fav (Unfav)
ACADEMIC				
Agriculture (including Farm & Support Units)	16,892	17,425	17,325	100
Architecture and Planning	4,537	4,599	4,599	-
Arts and Social Sciences	19,269	19,829	19,829	-
Arts and Social Sciences (special response)	412	412	412	-
Computer Science	7,545	7,665	7,665	-
Dentistry	9,933	10,009	10,009	-
Engineering	20,716	20,990	20,990	-
Graduate Studies	2,222	2,246	2,246	-
Health	29,058	29,676	29,676	-
Law	11,473	11,540	11,540	-
Management	13,083	13,517	13,517	-
Medicine	47,307	48,064	48,064	-
Science	34,706	35,505	35,505	-
University Library	16,653	16,878	16,878	-
College of Continuing Education	1,195	1,221	1,221	-
College of Sustainability	1,145	1,174	1,174	-
Centres, Institutes & Special Projects	4,048	3,846	3,846	-
Cooperative Education Office	745	771	771	-
Faculty Related Costs (eg. Travel, Leave Grants, PDA.)	2,650	2,798	2,798	-
Kings' Transfer	(2,477)	(2,477)	(2,422)	(55)
Academic Initiatives	897	881	881	-
Transfer to Endowment Carryforward ⁽³⁾			(2,075)	2,075
TOTAL ACADEMIC	242,009	246,569	244,449	2,120
ACADEMIC SUPPORT				
Art Gallery	225	226	226	-
Centre for Learning and Teaching	1,182	1,293	1,293	-
IT Infrastructure	1,788	1,788	1,788	-
Information Technology Services	10,445	10,647	10,834	(187)
Printing Centre	18	16	(47)	63
Transfer from Endowment Carryforward ⁽³⁾			1	(1)
TOTAL ACADEMIC SUPPORT	13,658	13,970	14,095	(125)
ADMINISTRATION				
Application Fees and Services Recovery	(1,465)	(1,465)	(1,762)	297
Advancement	6,262	6,400	6,400	-
Communications & Marketing	3,059	3,087	3,087	-
Environmental Health and Safety Office	1,176	1,322	1,403	(81)
Financial Services	4,951	4,977	4,946	31
Human Resources	3,563	3,589	3,535	54
Dalhousie Analytics	915	908	861	47
Inter-University Services	99	101	101	-
President's Office/Provost's Office ⁽⁴⁾	4,184	4,609	4,568	41
Registrar & Admissions	6,082	6,268	6,268	-
Research Services	1,960	2,124	2,124	-
University Secretariat/ Internal Audit	1,008	1,100	1,100	-
TOTAL ADMINISTRATION	31,794	33,020	32,631	389

(1) The final budget includes the distribution of the Undistributed Operating Expenditures and Base allocations from Strategic Initiatives. The final budget also includes a reallocation of student assistance support from the Law budget to the central student assistance budget.

(2) The actual column includes transfers of operating and endowment variances in accordance with University policy. (see detail in Appendix A)

(3) This line reflects the transfer from (to) Endowment Carryforward for the variance in spending on endowment allocations included in Faculty and Units actual results for the year. (See Appendix A for breakdown by Faculty/Unit). The total variance in endowment expenditures is directly offset by a variance in the amount of investment income recognized for the year compared to budget (see page 13).

(4) This budget line also includes Human Rights and Equity Services (\$578), Legal Services (\$793), Government Relations Office (\$410) and International Relations Office (\$386).

Dalhousie University
Operating Budget Results - Detail
Year ended March 31, 2018

(thousands of dollars)

	Approved Budget	Final Budget	Actual (1)	Variance Fav (Unfav)
<u>GENERAL</u>	1,650	1,660	1,601	59
<u>FACILITIES MANAGEMENT</u>	20,928	21,198	21,350	(152)
<u>STUDENT AFFAIRS</u>				
Awards Office & Student Services Centre -Sexton	451	432	432	-
Student Support Services (including Vice-Provost's Office)	4,478	4,644	4,644	-
Student Wellness (including Counselling)	1,459	1,448	1,448	-
Recreation and Athletics	1,028	1,019	1,019	-
Transfer to Endowment Carryforward ⁽²⁾	-	-	(2)	2
TOTAL STUDENT AFFAIRS	7,416	7,543	7,541	2
<u>ANCILLARIES</u>				
Dalhousie Arts Centre	368	380	399	(19)
Dalplex	181	181	181	-
Food Services, incl. DalCard	(43)	(43)	(43)	-
Residence Life	1,537	1,546	1,546	-
University Bookstore	(119)	(115)	(77)	(38)
University Housing	(2,027)	(2,015)	(2,015)	-
Transfer to Endowment Carryforward ⁽²⁾			(5)	5
TOTAL ANCILLARIES	(103)	(66)	(14)	(52)

(1) The actual column includes transfers of variances in accordance with University policy. (see detail in Appendix A)

(2) This line reflects the transfer from (to) Endowment Carryforward for the variance in spending on endowment allocations included in Unit actual results for the year. (See Appendix A for breakdown by Faculty/Unit). The total variance in endowment expenditures is directly offset by a variance in the amount of investment income recognized for the year compared to budget (see page 13).

COMMENTARY ON MAJOR REVENUE & EXPENDITURE VARIANCES

1. Government Grants

a) Provincial Operating Grants:

The University budget is supported by Provincial Government grants from the Department of Labour and Advanced Education. Funding includes the main block operating grant which was increased by 1% in 2017-18, a grant which supports space costs, and specific grants that support student assistance and specific programs.

The following table summarizes the variances on the University's various grants for the year.

Summary of Budget and Actual for Significant Grant Amounts

(in 000's of dollars)

	Budget	Actual	Variance
University Operating Grant	171,436	171,436	-
Provincially Supported Student Assistance Programs			
Nova Scotia Bursary	8,190	8,174	(16)
Nova Scotia Graduate Scholarship	3,015	3,055	40
Program Specific Grants			
Agriculture	20,157	19,777	(380)
Health (Nursing, Occupational and Physiotherapy)	6,218	6,218	-
Medicine	5,000	5,000	-
Other	80	80	-
Facilities/Space Grant	1,000	1,000	-
	215,096	214,740	(356)

All grants were received as budgeted with the following exceptions:

- i) Bursary and Scholarship Program grants: There were small variances in these grants which provided direct support to students. Funding from the province directly offsets the spending for these programs resulting in no net impact on the operating budget.
- ii) The anticipated increases on the program specific grant which supports the Agricultural Campus were not received in 2017-18 resulting in a shortfall of \$380,000.

b) Federal Research Support Fund Grant:

Canadian Universities receive an annual grant from the Federal Government based on the level of federally funded research (i.e. NSERC, SSHRC, and CIHR). This grant is provided to defray a portion of the indirect costs incurred that are included in the operating budget (e.g. utilities and maintenance costs for research space). This grant was received as planned for the year.

2. Investment Income

Endowment Income (and Related Expenditure Lines):

The University has 1,449 endowments which provides support for student assistance and Faculty and Unit budgets through annual allocations. Donors have established terms for each endowment and investment income earned must be spent according to the purposes specified. As a result, annual investment income must equal the actual expenditures from the endowments for the year and therefore, there is no overall impact on the bottom line of the operating budget.

The following table summarizes expenditures by Responsibility Centre and the offsetting variance in Endowment income:

Summary of Endowment Income and Expenditures compared with Budget

(in 000's of dollars)

	Budget	Actual	Variance
Endowment Investment Income	26,546	24,504	(2,042)
<hr/>			
Endowment Expenditures			
Student Assistance	6,178	5,947	231
Endowment Management Expense	3,100	3,370	(270)
<hr/>			
Included In Faculties and Units:			
Faculties and other academic units	16,805	14,730	2,075
Academic support units	69	70	(1)
Student Affairs	151	149	2
University Housing	243	238	5
<hr/>			
Total Endowment Expenditures	26,546	24,504	-

The major variance for the year related to vacancies in several Academic chairs primarily in the Faculties of Medicine and Law. A detailed breakdown of endowment expenditures for the year compared to Faculty and support unit budgets is included in Appendix A.

Investment Income – Operating:

The University invests cashflows according to the Expendable Funds Investment Policy which supports the operating budget. The University's short-term investment revenue is higher than budget by \$361,000 for the year resulting from increased interest rates, and improved returns on new investments.

3. Tuition Fees

Overall enrolment in the fall of 2017 was 18,153 students (Fall 2016: 18,117 students). While year-over - year enrolment only increased slightly the number of international students increased by approximately

300 and the number of domestic students has declined. As International students pay a differential fee in addition to the regular tuition this has been the significant factor contributing to an overall increase in tuition revenue of \$3.8 million compared with budget.

4. Scholarships, Bursaries and Student Assistance

During the year additional support of \$159,000 was provided to students through the operating budget allocation. Endowment supported student support decreased slightly compared with budget but the unspent funds will be available to support students in 2018-19 through carry forward. Overall student assistance from all funds (including research and special purpose funds) increased by \$300,000 in 2017-18.

The Nova Scotia government also provides direct support for students through the Nova Scotia Bursary Program and the Nova Scotia Graduate Scholarship Program as shown in item 1 above. These amounts will vary from budget as the new graduate scholarship program phases in and with changes in the number of Nova Scotia students who receive support through the bursary program.

5. Energy, Water, Taxes and Insurance

There were savings of \$173,000 in energy costs in 2017-18 because of improved natural gas pricing and consumption, and a difference in forecast costs during construction of the new Biomass plant in Truro. The utility budget benefits from energy savings resulting from sustainable energy projects. These annual savings, currently \$3.3 million per year, are used first to retire the costs of these projects but ultimately accrue to benefit the operating budget in future years.

6. Responsibility Centre and Ancillary Expenditures

In 2017-18 the University allocated 79% of its budget to Faculties and service units to carryout day-to-day operations. This section provides an explanation of the significant variances for these responsibility centre budgets. All Faculties and several support units also are supported through endowment allocations and spending varies from the amount available in any given year as described in note 2 above (a detailed breakdown by Faculty is included in Appendix A). Other variances are described as follows:

a) **Academic** – By University policy, Faculties and major academic units are able to carry forward any budget savings/overruns. Savings can be used to fund onetime projects and initiatives while overruns must be repaid according to plan. For 2017-18 there was a net draw on carry forward of \$2.1 million. As a result of the carry forward policy, there are only two variances reported in the Academic area:

- i) The \$100,000 favourable variance in the Faculty of Agriculture relates to improved revenues in extended learning which helped offset the funding shortfall and other cost pressures in the Agricultural Campus budget.
- ii) The University receives revenue from the University of King's College under the agreement to provide teaching services to King's students. Due to lower enrolments at King's there is a \$55,000 unfavourable variance on this line.

b) Support Units –

- i) Academic Support Units: The Information Technology Infrastructure line has an unfavourable variance of \$187,000 due to a critical investment for network upgrades on the Agricultural campus. On the Halifax campus, funding is being carried forward to support the multi-year plan to renew and upgrade IT infrastructure. Print Centres on both campuses produced small surpluses which benefited the overall campus budgets.
- ii) Administrative, General, Facilities Management and Student Affairs: There are various small variances in these areas netting an overall contribution of \$296,000 to the University bottom line. The more significant variances relate to improved application fee revenue (\$297,000), staff turnover savings in Human Resources, Human Rights and Equity Services, Finance, and Dal Analytics (\$173,000); unfavourable variances in facilities costs related to maintenance projects (\$152,000) and Environmental Health and Safety for chemical waste disposal costs.

As detailed in Appendix A there are also various units drawing on carry forward for specific projects and several with salary savings in the current year that have been carried forward for future projects.

c) Undistributed Operating Expenditures –

The budget included an estimate of scale and progression increases (and related pension and benefit increases) for all employee groups as all collective agreements had expired. At year end the faculty (DFA and CUPE) agreements were concluded but agreements for other employee groups are currently being negotiated. As a result, where increases retroactive to July of 2017 are not known or have not yet been paid at March 31st, estimates for such increases have been accrued and the budget distributed to Faculties and units in this report.

The University's contribution to the pension plan is determined on the basis of a valuation of the financial position of the plan by an actuarial consultant as required by the Nova Scotia Pension Benefits Act. The valuation as at March 31, 2017 yielded a decrease in the required employer pension contribution, resulting in savings of \$3.1 million in the 2017-18 operating budget. The \$3.1 million in savings has contributed to the overall surplus for the year and the plans for this surplus are described on page 11.

Prior to March 31, 2017 triennial valuations have resulted in stable contributions over a three year period. A change in the status of the plan now requires annual valuations which result in more volatility in contribution levels from year to year. The 2017-18 savings are therefore treated as one-time savings. Once the March 31, 2018 actuarial valuation is completed, costs will be known, and a plan for the use of savings, if any, will be developed.

- d) **Ancillaries –** The University Residence and Food Service Operations on both campuses drew on carry forward for projects to improve facilities (e.g. a continuation of the upgrade of residence rooms in Chapman House and washroom upgrades in Howe Hall). In Halifax, the Bookstore added to carry forward due to staff turnover savings and a renovation project which was delayed and will be completed in 2018-19. Shortfalls of \$38,000 and \$19,000 related to the fixed costs and tight margins in the operation of the Arts Centre and Truro Bookstore are also reported.

Dalhousie University

Operating Budget Results - Detailed Analysis of Budget, Actual and Variance

Year ended March 31, 2018

(thousands of dollars)

	Operating					Endowment					Consolidated * Column 11
	* Column 1	* Column 2	* Column 3	* Column 4	* Column 5	* Column 6	* Column 7	* Column 8	* Column 9	* Column 10	
	Final Budget	Actual before Transfer of Variance	Transfer of Variance to Appropriation ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Final Budget	Actual before Transfer of Variance	Transfer of Variance to Carry Forward ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	
ACADEMIC											
Agriculture (including Farm and Support Units)	17,238	17,077	61	17,138	100	187	154	33	187	-	100
Architecture and Planning	4,523	4,732	(209)	4,523	-	76	95	(19)	76	-	-
Arts and Social Sciences	18,203	18,964	(761)	18,203	-	1,626	1,671	(45)	1,626	-	-
FASS Special Response	412	82	330	412	-	214	55	159	214	-	-
Computer Science	7,451	6,861	590	7,451	-	199	264	(65)	199	-	-
Dentistry	9,810	9,810	-	9,810	-	811	756	55	811	-	-
Engineering	20,179	20,175	4	20,179	-	701	645	56	701	-	-
Graduate Studies	1,545	1,554	(9)	1,545	-	569	515	54	569	-	-
Health	29,107	29,876	(769)	29,107	-	2,732	2,285	447	2,732	-	-
Law	8,808	8,905	(97)	8,808	-	704	793	(89)	704	-	-
Management	12,813	13,319	(506)	12,813	-	6,071	4,800	1,271	6,071	-	-
Medicine	41,993	41,429	564	41,993	-	2,601	2,407	194	2,601	-	-
Science	32,904	34,194	(1,290)	32,904	-	211	207	4	211	-	-
University Library	16,667	16,442	225	16,667	-	64	59	5	64	-	-
College of Continuing Education	1,157	1,419	(262)	1,157	-	6	6	-	6	-	-
College of Sustainability	1,168	1,128	40	1,168	-	33	18	15	33	-	-
Centres, Institutes & Special Projects	3,813	3,678	135	3,813	-	-	-	-	-	-	-
Cooperative Education Office	771	653	118	771	-	-	-	-	-	-	-
Faculty Related Costs (eg. Travel, Leave Grants, PDA)	2,798	2,941	(143)	2,798	-	-	-	-	-	-	-
Kings' Transfer	(2,477)	(2,422)	-	(2,422)	(55)	-	-	-	-	-	(55)
Academic Initiatives	881	974	(93)	881	-	-	-	-	-	-	-
Transfer to Endowment Carryforward						-	-	(2,075)	(2,075)	2,075	2,075
TOTAL ACADEMIC	229,764	231,791	(2,072)	229,719	45	16,805	14,730	-	14,730	2,075	2,120
ACADEMIC SUPPORT											
Art Gallery	158	158	-	158	-	68	70	(2)	68	-	-
Centre for Learning and Teaching	1,292	1,317	(25)	1,292	-	1	-	1	1	-	-
IT Infrastructure	1,788	931	857	1,788	-	-	-	-	-	-	-
Information Technology Services	10,647	10,846	(12)	10,834	(187)	-	-	-	-	-	(187)
Printing Centre	16	(47)	-	(47)	63	-	-	-	-	-	63
Transfer from Endowment Carryforward						-	-	1	1	-	(1)
TOTAL ACADEMIC SUPPORT	13,901	13,205	820	14,025	(124)	69	70	-	70	(1)	(125)
ADMINISTRATION											
Application Fees and Services Recovery	(1,465)	(1,762)	-	(1,762)	297	-	-	-	-	-	297
Advancement	6,400	6,403	(3)	6,400	-	-	-	-	-	-	-
Communications and Marketing	3,087	3,124	(37)	3,087	-	-	-	-	-	-	(81)
Environmental Health and Safety Office	1,322	1,403	-	1,403	(81)	-	-	-	-	-	31
Financial Services	4,977	4,946	-	4,946	31	-	-	-	-	-	54
Human Resources	3,589	3,535	-	3,535	47	-	-	-	-	-	47
Dalhousie Analytics	908	861	-	861	-	-	-	-	-	-	-
Inter-University Services	101	101	-	101	-	-	-	-	-	-	-
President's Office / Provost's Office	4,609	4,568	-	4,568	41	-	-	-	-	-	41
Registrar & Admissions	6,268	6,059	209	6,268	-	-	-	-	-	-	-
Research Services	2,124	2,213	(89)	2,124	-	-	-	-	-	-	-
University Secretariat/ Internal Audit	1,100	1,166	(66)	1,100	-	-	-	-	-	-	-
TOTAL ADMINISTRATION	33,020	32,617	14	32,631	389	-	-	-	-	-	389

(1) This column reflects the transfer of variances to (or from) appropriation or Endowment carry forward in accordance with university policy and accounting requirements.

* The information in this report is a consolidation of the Endowment and Operating Expenditure budgets. Columns 1 and 6 above report the Final Budget,

Columns 4 and 9 show the Total Actual expenditure and Columns 5 and 10 the consolidated Variance in column 11.

Dalhousie University

Operating Budget Results - Detailed Analysis of Budget, Actual and Variance

Year ended March 31, 2018

(thousands of dollars)

	Operating					Endowment					Consolidated * Column 11 Operating and Endowment Variance Fav/(Unfav)
	* Column 1	* Column 2	* Column 3	* Column 4	* Column 5	* Column 6	* Column 7	* Column 8	* Column 9	* Column 10	
	Final Budget	Actual before Transfer of Variance	Transfer of Variance for Appropriation ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Final Budget	Actual before Transfer of Variance	Transfer of Variance to Carryforward ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	
GENERAL	1,660	1,601	-	1,601	59						59
FACILITIES MANAGEMENT	21,198	21,350	-	21,350	(152)						(152)
STUDENT AFFAIRS											
Awards Office & Student Services Centre - Sexton	432	432	-	432	-						-
Student Support Services (including Vice-Provost's Office)	4,644	4,613	31	4,644	-						-
Student Wellness (including Counselling)	1,448	1,453	(5)	1,448	-						-
Recreation and Athletics	868	724	144	868	-						-
Transfer to Endowment Carryforward						151	149	2	151	-	2
TOTAL STUDENT AFFAIRS	7,392	7,222	170	7,392	-						2
ANCILLARIES											
Dalhousie Arts Centre	380	399	-	399	(19)						(19)
Dalplex and Arena	181	189	(8)	181	-						-
Food Services	(43)	173	(216)	(43)	-						-
Residence Life	1,546	1,477	69	1,546	-						(38)
University Bookstore	(115)	(222)	145	(77)	(38)						-
University Housing	(2,258)	(1,809)	(449)	(2,258)	-	243	238	5	243	-	5
Transfer to Endowment Carryforward						243	238	-	238		5
TOTAL ANCILLARIES	(309)	207	(459)	(252)	(57)						(52)

(1) This column reflects the transfer of variances to (or from) appropriation or Endowment carry forward in accordance with university policy and accounting requirements.

* The information in this report is a consolidation of the Endowment and Operating Expenditure budgets. Columns 1 and 6 above report the Final Budget, Columns 4 and 9 show the Total Actual expenditure and Columns 5 and 10 total the consolidated Variance in column 11.

2017-18 Audited Consolidated Financial Statements





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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Dalhousie University

We have audited the accompanying consolidated financial statements of Dalhousie University, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of revenue, expenses and changes in operating surplus, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dalhousie University as at March 31, 2018, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants
June 26, 2018
Halifax, Canada

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KPMG Canada provides services to KPMG LLP.

Dalhousie University
Consolidated Statement of Financial Position
March 31, 2018

(in thousands of dollars)

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 84,319	\$ 111,255
Accounts receivable	36,047	34,448
Due from related parties (note 3)	-	56
Inventories	2,448	2,563
Prepaid expenses	5,953	5,475
	<hr/>	<hr/>
	128,767	153,797
Investments (note 4)	742,084	696,598
Capital assets (note 5)	<hr/>	<hr/>
	1,018,256	935,392
	<hr/>	<hr/>
	\$ 1,889,107	\$ 1,785,787
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 94,346	\$ 69,482
Deferred revenue (note 7)	292,419	281,688
Current portion of long-term debt (note 8)	<hr/>	<hr/>
	7,085	7,084
	<hr/>	<hr/>
	393,850	358,254
Employee future benefits (note 9)	22,102	17,988
Deferred capital contributions (note 10)	246,133	226,581
Long-term debt (note 8)	<hr/>	<hr/>
	116,925	122,878
	<hr/>	<hr/>
	779,010	725,701
Net assets: (note 11)		
Endowment	481,372	456,412
Excess of pension liabilities over pension assets	(18,431)	(14,237)
Restricted funds	82,745	72,114
Capital fund	<hr/>	<hr/>
	564,411	545,797
	<hr/>	<hr/>
Commitments and contingent liabilities (note 12)	1,110,097	1,060,086
	<hr/>	<hr/>
	\$ 1,889,107	\$ 1,785,787

See accompanying notes to consolidated financial statements.

	2018	2017
Revenue:		
Provincial government operating grants	\$ 214,740	\$ 212,695
Other government grants and contracts	96,056	86,691
Corporations and foundations	29,881	28,375
Tuition fees	177,685	167,475
Non-credit and other fees	27,343	26,742
General	9,007	10,639
Gifts	10,204	13,720
Investment income	29,392	29,151
Ancillary sales and service	44,433	43,954
External cost recoveries	42,106	41,244
Amortization of deferred capital contributions (note 10)	<u>16,507</u>	<u>14,030</u>
	697,354	674,716
Expenses:		
Salaries and employee benefits	392,576	390,051
Pension expense adjustment (note 9)	(3,130)	(2,970)
Library acquisitions	8,400	7,584
Laboratory and teaching supplies	13,487	14,427
Equipment and service	18,156	18,477
Finance costs	5,701	5,923
Utilities and taxes	19,158	19,515
Externally contracted services	67,667	58,995
Scholarships, bursaries and prizes	53,200	52,167
Ancillary cost of sales and service	7,854	7,765
Travel	15,041	13,813
Amortization of capital assets	37,362	36,681
General operating	<u>28,802</u>	<u>28,786</u>
	664,274	651,214
Excess of revenue over expenses (consolidated all funds)	33,080	23,502
Less amounts:		
Committed to equity in capital assets	(18,614)	(14,075)
Committed to future pension benefits	(3,130)	(2,970)
Committed from (to) restricted funds	<u>(11,336)</u>	<u>(6,457)</u>
	(33,080)	(23,502)
Net change in operating surplus	-	-
Accumulated operating surplus, beginning of year	-	-
Accumulated operating surplus, end of year	\$ -	\$ -

See accompanying notes to consolidated financial statements.

Dalhousie University
Consolidated Statement of Changes in Net Assets
Year ended March 31, 2018

(in thousands of dollars)

							2018	2017
	Endowment	Excess of pension liabilities over assets	Unrestricted operating Funds	Restricted funds	Capital fund	Total	Total	
Net assets, beginning of year	\$456,412	\$ (14,237)	-	\$72,114	\$545,797	\$1,060,086	\$950,341	
Excess of revenue over expenses		3,130	7,372	3,964	18,614	33,080	23,502	
Endowed principal contribution	9,072		-	-	-	9,072	8,693	
Employee future benefits, remeasurements, and other items	-	(7,324)	-	-	-	(7,324)	66,276	
Realized Investment returns	37,671	-	-	-	-	37,671	33,743	
Transfer to Restricted Fund	-	-	(7,372)	7,372	-	-	-	
Transfers from endowment	(21,783)	-	-	(705)	-	(22,488)	(22,469)	
Net change for the year	24,960	(4,194)	-	10,631	18,614	50,011	109,745	
Net assets, end of year	\$481,372	\$ (18,431)	-	\$82,745	\$564,411	\$1,110,097	\$1,060,086	

See accompanying notes to consolidated financial statements.

Dalhousie University
Consolidated Statement of Cash Flows
Year ended March 31, 2018

(in thousands of dollars)

	2018	2017
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 33,080	\$ 23,502
Items not involving cash:		
Amortization of capital assets	37,362	36,681
Amortization of deferred capital contributions	(16,507)	(14,030)
Change in employee future benefits	(3,211)	(2,893)
Change in current assets	(1,906)	(210)
Change in current liabilities	<u>35,596</u>	<u>54,223</u>
Cash provided by operating activities	<u>84,414</u>	<u>97,273</u>
Cash flows from investing activities:		
Purchase of capital assets	(120,226)	(74,791)
Net increase in investments	<u>(45,486)</u>	<u>(52,162)</u>
Cash used in investing activities	<u>(165,712)</u>	<u>(126,953)</u>
Cash flows from financing activities:		
Endowment contributions	9,072	8,693
Endowment realized gains	37,671	33,743
Endowment transfers	(22,488)	(22,469)
Deferred capital contributions received	36,059	27,409
Retirement of long-term debt	-	(1,145)
Principal payments on long-term debt	<u>(5,952)</u>	<u>(6,202)</u>
Cash provided by financing activities	<u>54,362</u>	<u>40,029</u>
Net increase (decrease) in cash and cash equivalents	<u>(26,936)</u>	<u>10,349</u>
Cash and cash equivalents, beginning of year	111,255	100,906
Cash and cash equivalents, end of year	<u>\$ 84,319</u>	<u>\$ 111,255</u>

See accompanying notes to consolidated financial statements.

1. Authority and purpose:

Dalhousie University (the “University”) operates under the authority of the Statutes of Nova Scotia 1863, Chapter 24 as amended. The University is a Board-governed comprehensive research university offering a full range of undergraduate, graduate, professional, and continuing studies programs. The University is a registered charitable organization and as such, is exempt from income taxes under Section 149 of the Income Tax Act of Canada.

2. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Part III of the Chartered Professional Accountants Canada (“CPA Canada”) Handbook – Accounting which sets out generally accepted accounting principles for not-for-profit organizations in Canada (“GAAP”) and includes the significant accounting policies summarized below:

(a) Use of estimates:

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the related amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed annually and, as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

(b) Basis of consolidation:

The consolidated financial statements include the accounts of the Concepts in Chemistry Inc. (CIC) a wholly owned subsidiary of the University incorporated on June 22, 2010 for the commercialization of chemistry textbooks developed by the Chemistry departments. This subsidiary has a nominal effect on the consolidated financial statements.

(c) Revenue recognition:

Revenue that is restricted in its use by an external contributor is deferred and recognized in the period in which the related expenses are incurred.

Grants and donations for the purchase of capital assets are recorded as deferred capital contributions and amortized to revenue over the useful lives of the related assets.

Endowment contributions stipulating that the principal should be retained in perpetuity are recorded as a direct increase in endowment principal. Restricted investment returns from these endowment investments are deferred and recognized when the related expense occurs.

Revenue received without restriction includes the operating grant from the Province of Nova Scotia, tuition fees and sales of services and goods. These amounts are reported as revenue at the time the services are provided or the goods are sold provided collection of the related receivable is probable, persuasive evidence of an arrangement exists and the price is fixed or determinable.

2. Significant accounting policies (continued):

(d) Appropriations:

The University has approved a policy of permitting certain responsibility centres to carry forward unspent appropriations in one year for expenditure in the following years. For such responsibility centres, the policy provides that expenditures in excess of budget be met from the budget allocation of subsequent years.

(e) Cash and cash equivalents:

Cash and cash equivalents include amounts on deposit with financial institutions and investments with maturities of less than three months that are considered highly liquid. Cash and cash equivalents are recorded at amortized cost.

(f) Inventories:

Inventories are valued at the lower of cost on a weighted average basis and net realizable value.

(g) Investments:

Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as any investments in debt or equity securities that the University designated to be measured at fair value. Such designation must be made when the investment is initially recognized. This designation is irrevocable. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

The University holds investments in pooled funds, equities, long-term bonds and alternatives and records these at fair value. The change in fair value year-over-year is reflected in revenue and expense or deferred revenue.

Investments in interest-bearing securities with a term exceeding three months and relating to the investment of temporary cash surpluses are measured at amortized cost.

The values of private investments ("alternatives"), which comprise private externally managed co-mingled funds with underlying investments in equities, debt, real estate assets and infrastructure assets, are determined based on the latest valuations provided by the external investment managers of the fund (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through March 31. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Investments denominated in foreign currencies are translated using rates of exchange in effect at the consolidated statement of financial position date.

(h) Capital assets:

All capital assets are recorded at cost when acquired, except donated assets that are recorded at fair value at the date of contribution. Betterments that extend the estimated useful life of an asset are capitalized. Amortization is recorded on a straight-line basis over the estimated useful lives of those assets.

2. Significant accounting policies (continued):

The following assets are amortized on a straight-line basis over their estimated useful lives:

Asset	Rate
Buildings	40 years
Leasehold improvements	Term of lease
Equipment	3 to 10 years
Vehicles	5 years
Library books	10 years
Computing	3 years
Land improvements	20 years

Construction in progress is amortized once the asset is available for use.

(i) Employee future benefits:

The University maintains a defined benefit pension plan (the “Pension Plan”) providing pension benefits for certain employees. Effective April 1, 2014 the University adopted CPA Canada Handbook Accounting Part III, Section 3463: Reporting Employee Future Benefits by Not-For-Profit organizations. The University recognizes the accrued benefit obligation, net of the fair value of plan assets on the consolidated statement of financial position. Current service and finance costs are expensed during the year. Remeasurements such as actuarial gains and losses and past service costs are recognized as a direct change in the Statement of Changes in Net Assets.

The University uses an actuarial valuation prepared for funding purposes to measure the defined benefit obligation related to the pension plan. The accrued benefit obligation related to employee future benefits is determined from the most recently prepared actuarial valuation as at March 31, 2017, extrapolated to March 31, 2018.

(j) Contributed services:

Volunteers contribute an indeterminable number of hours per year. Due to the difficulty of determining fair value, contributed services are not recognized in the consolidated financial statements.

(k) Long-term debt:

Long-term debt is initially measured at fair value. Subsequently, long-term debt is measured at amortized cost.

(l) Derivative financial instruments:

Derivative financial instruments are utilized by the University to manage interest rate and foreign currency exposure.

Interest rate swaps

The University enters into interest rate swaps to reduce the impact of fluctuating interest rates on its long-term debt. The swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The University designates its interest rate swap agreements as hedges of underlying debt.

2. Significant accounting policies (continued):

When the University has reasonable assurance that the critical terms of the hedging item and the hedged item are the same, both at the inception of a hedging relationship and through the term, the University may choose to designate that hedge accounting will be applied. The University then formally documents the hedging relationship. Interest rate swaps in qualifying hedging relationships are not formally recognized until maturity. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

In the event that interest rate swaps are terminated or cease to be effective prior to maturity, any associated realized or unrealized gains or losses would be recognized in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished, or matures prior to the termination of the related derivative instrument, any gain or loss on such derivative instrument is recognized in revenue or expenses.

Foreign exchange contracts

The University enters into forward foreign exchange contracts to manage foreign exchange exposures. These contracts are carried at fair value and any resulting gain or loss on the derivative is recorded as revenue, expense or deferred revenue.

3. Related party transactions:

The Dalhousie University Club (the "University Club") is incorporated under the Societies Act of Nova Scotia and operates as a not-for-profit organization under the Income Tax Act and is exempt from income tax. The University provides the University Club with financing and a rent-free lease. General operating expense of the University includes \$395 (2017 - \$308) related to catering costs charged by the University Club. Included in accounts receivable of the University is \$335 (2017 - \$338) due from the University Club, with no set terms of repayment.

During the year, an interest free housing loan net to a senior employee of the University was paid in full (2017 - \$56).

4. Investments:

	2018	2017
Cash	\$ 2,212	\$ 3,164
Treasury bills, notes and GICs	85,609	93,696
Bonds	120,486	118,130
Canadian equities	100,535	99,794
US equities	137,962	126,692
Other international equities	107,775	99,283
Alternatives	187,505	155,839
	<hr/>	<hr/>
	\$ 742,084	\$ 696,598

Dalhousie University
Notes to Consolidated Financial Statements
Year ended March 31, 2018

(in thousands of dollars)

5. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 125,769	\$ --	\$ 125,769	\$ 125,769
Building	873,377	129,496	743,881	730,856
Leasehold improvements	3,256	2,856	400	620
Equipment	206,566	159,545	47,021	47,543
Vehicles	3,138	2,528	610	795
Library books	32,334	27,714	4,620	5,324
Computing	13,214	12,315	899	325
Land improvements	8,319	2,487	5,832	5,824
Construction in progress	89,224	--	89,224	18,336
	\$ 1,355,197	\$ 336,941	\$ 1,018,256	\$ 935,392

The total amount of assets under capital lease is \$4,144 (2017 - \$3,826), with related accumulated amortization of \$2,174 (2017 - \$1,896).

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances for payroll taxes payable of \$10,957 (2017 - \$10,973).

7. Deferred revenue:

Deferred revenue includes grants, contributions and income received which are unspent at the end of the year and for which the contributor has specified a particular use. Investments for externally restricted endowments includes net unrealized gains which are reflected in deferred revenue. Deferred operating revenues include student fees, residence fees and grant income received in advance of year end relating to the period after March 31.

	2018	2017
Operating	\$ 29,473	\$ 26,897
Endowment	137,879	133,483
Research	76,349	75,347
Special purpose	48,718	45,961
	\$ 292,419	\$ 281,688

Dalhousie University
Notes to Consolidated Financial Statements
Year ended March 31, 2018

(in thousands of dollars)

8. Long-term debt:

	Payment amount	Repayment frequency	Maturity date	Interest rate	2018	2017
Peter Green Hall	7	Monthly	Dec 2017	5.89	\$ -	\$ 61
Residence renewal	58	Quarterly	Nov 2019	5.21	401	614
Central Services Parkade	22	Quarterly	Dec 2023	5.66	250	294
Residence renewal	47	Quarterly	Oct 2025	4.69	1,248	1,379
Howe Hall	136	Quarterly	Jan 2028	5.94	4,099	4,393
Collaborative Health Education Building I	171	Quarterly	Sept 2028	2.22	6,385	6,920
Risley Hall	385	Quarterly	Sept 2029	5.96	12,780	13,540
Life Sciences Research Institute	150	Monthly	May 2031	4.65	18,189	19,202
Collaborative Health Education Building II	163	Quarterly	Sept 2035	2.65	9,107	9,512
Mona Campbell Building	75	Monthly	Nov 2035	4.66	11,288	11,709
Steele Ocean Sciences Building	473	Quarterly	Mar 2037	3.23	26,392	27,403
LeMarchant Place	562	Quarterly	Sept 2037	3.30	31,954	33,131
Capital leases					1,917	1,804
					124,010	129,962
Less: current portion					(7,085)	(7,084)
					\$ 116,925	\$122,878

Principal payments due in each of the next five years on long-term debt are:

2019	\$ 7,085
2020	6,850
2021	6,791
2022	6,966
2023	7,045

The University uses interest rate swaps to manage interest rate risk (see note 13). The interest rates stated above are the effective rates on the swap agreements related to the underlying property debt. Interest of \$4,952 (2017 – \$5,036) relating to long-term debt has been included in interest expense. Interest of \$106 (2017 – \$125) relating to capital lease obligations has been included in interest expense.

Capital lease obligations are secured by leased assets as outlined in note 5.

9. Employee future benefits:

Pension

For certain employees, the University maintains a contributory defined benefit pension plan. Benefits are provided based on the best three years average pensionable earnings. Participating employees normally contribute 4.65% on the first five thousand dollars of earnings and 6.15% on the balance that are matched by the University. Effective July 1, 2012, employees contribute a further 2% of pensionable earnings.

The University also makes additional overmatching contributions and going concern deficit reduction payments to fund the plan.

The most recent actuarial valuation of the plan for funding purposes was as of March 31, 2017 and reflected a going concern plan deficit of \$25,206. The next actuarial valuation will be prepared as of March 31, 2018.

An extrapolation of the March 31, 2017 actuarial valuation to March 31, 2018 indicated a going concern plan deficit of \$18,431. Remeasurements of \$(7,324) have been recognized directly in the Statement of Changes in Net Assets.

The total cost of the defined benefit plan for the year of \$22,587 (2017 - \$26,310) less the amount of employer contributions in the year of \$25,717 (2017 - \$29,280) represents the pension expense adjustment of \$3,130 (2017 - \$2,970), which is recorded in the consolidated statement of revenue, expense and changes in operating surplus.

Retirement Service Award

The University provides a Retirement Service Award to eligible employees of the former Nova Scotia Agricultural College and the Technical University of Nova Scotia. The estimated present value of the retirement service award obligation is expensed on an annual basis.

The costs of the retirement service awards recognized during the year are \$432 (2017 - \$248).

Information about the University's employee future benefits is as follows:

	2018	2017
Pension benefit obligation		
Fair value of plan assets	\$ 1,308,488	\$ 1,242,753
Accrued benefit obligation	(1,326,919)	(1,256,990)
Pension benefit obligation	(18,431)	(14,237)
 Retirement service award obligation		
	(3,671)	(3,751)
 Employee future benefit obligation	\$ (22,102)	\$ (17,988)

9. Employee future benefits (continued):

The significant actuarial assumptions adopted in measuring the Employee future benefits are as follows:

Actuarial Assumptions	2018	2017
Pension Plan		
Rate of compensation increase	3.54%	3.59%
Discount rate	5.38%	5.43%
Retirement Service Award		
Rate of compensation increase	3.10%	3.10%
Discount rate	6.00%	6.00%

10. Deferred capital contributions:

Grants and gifts for the purchase of capital assets are recorded as deferred capital contributions and amortized to revenue over the useful life of the related assets. Deferred capital contributions represent the unamortized amount of grants and gifts received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the year.

10. Deferred capital contributions (continued):

The changes in deferred capital contributions balance for the year are as follows:

	2018	2017
Balance, beginning of year	\$ 226,581	\$ 213,202
Contributions received during the year:		
Government grants and contracts	34,856	17,139
Corporations and foundations	227	650
General	30	4,599
Gifts	946	5,021
Total contributions received during the year	36,059	27,409
Recognized as revenue:		
Government grants and contracts	(14,184)	(11,679)
Corporations and foundations	(100)	(67)
General	(1,024)	(1,028)
Gifts	(1,199)	(1,256)
Total recognized as revenue	\$ (16,507)	\$ (14,030)
Balance, end of year	\$ 246,133	\$ 226,581
Balance by fund:		
Capital	\$ 211,830	\$ 191,819
Research	33,659	34,065
Special Purpose	644	697
Balance, end of year	\$ 246,133	\$ 226,581

11. Net assets:

(a) Endowment

Endowment principal consists of externally restricted donations received by the University and funds that have been internally designated. The investment returns generated from endowments must be used in accordance with the purposes established by the donor or by the University in the exercise of its discretion. University policy stipulates that over time the economic value of endowment principal should be protected by limiting the amount of returns that may be expended.

The University has established an Endowment Management policy with the following goals:

- To balance present spending needs with expected future requirements;
- To protect the purchasing power of the capital base of endowments while achieving stability in year-to-year spending;
- To attain real increases in spending through capital appreciation from new gifts, capital investment gains and the capitalization of income.

	Endowment March 31, 2017	Contributions	Realized Investment Returns	Transfer from Endowment	Endowment March 31, 2018
External restrictions	\$ 443,687	\$ 9,072	\$ 36,727	\$ (21,545)	\$ 467,941
Internal restrictions	12,725	-	944	(238)	13,431
	\$ 456,412	\$ 9,072	\$ 37,671	\$ (21,783)	\$ 481,372

(b) Excess of pension liabilities over pension assets:

The excess of pension liabilities over pension assets is determined by an actuarial valuation for funding purposes, as disclosed in note 9.

(c) Unrestricted Operating Funds

The excess of operating funds is transferred to Restricted Funds in line with the Spending Plan developed based on emerging priorities from the University Community.

(d) Restricted funds:

Restricted funds represent amounts set aside by the University for specific uses including unspent budget appropriations accumulated by academic and other budget units, operating surpluses from prior years, departmental research overhead and development funds and certain fundraising activities.

11. Net assets (continued) :

(e) Capital Fund:

The net assets invested in capital assets consists of the following:

	2018	2017
Capital assets	\$ 1,018,256	\$ 935,392
Less amounts financed by:		
Deferred capital contributions	(246,133)	(226,581)
Long-term debt	(124,010)	(129,962)
Working capital, pending project completion	(96,611)	(45,232)
Equity in capital assets	\$ 551,502	\$ 533,617
Capital reserve	12,909	12,180
Total Capital Fund	\$ 564,411	\$ 545,797

Capital reserves are funds set aside by the University for the costs of large scale capital upgrades or replacements planned for the future.

12. Commitments and contingent liabilities:

Effective April 1, 1988, the University became a member of the “Canadian Universities Reciprocal Insurance Exchange” (CURIE) self-insurance program. Membership was renewed effective January 1, 2018. Each CURIE member is required to participate for a minimum of five years. This long-term period creates an environment for CURIE where financial risk can be spread over time as well as among other subscribers. The University is subject to risk for insurance losses experienced by CURIE members and the University has met all of its obligations under the subscriber’s agreement. CURIE retains a surplus for adverse insurance claims experience. At December 31, 2017, the surplus was \$81,232.

As of March 31, 2018, there are a number of claims against the University the amount of which is undeterminable at this time. The University has filed a defense as appropriate to these claims. No provision has been made for such claims in the consolidated financial statements.

The University has outstanding capital commitments as of March 31, 2018, estimated at \$27,945.

Effective April 3, 2018, the University entered into a credit facility of \$43.5 million to finance the Fitness Centre and the Agricultural Campus Biomass project.

12. Commitments and contingent liabilities (continued):

The University has operating lease agreements. Future minimum lease payments required to meet non-cancellable terms are as follows:

2019	\$ 884
2020	647
2021	5
2022	5
2023	-

Certain of the alternative investments contain contractual commitments. At March 31, 2018, there were outstanding future commitments of \$2,870 CAD in Canadian real estate; \$7,218 CAD in Canadian Private debt; \$18,989 USD and €5,557 EUR in private equity investments.

The University has provided a loan guarantee of \$6,764 related to the external financing obtained by the Dalhousie Student Union ("DSU") for expansion and renovation of the Student Union Building.

13. Financial instruments:

Foreign currency risk:

The University is subject to gains and losses on certain investments due to the fluctuations in foreign currency exchange rates. The University manages this exposure using forward foreign exchange contracts. At March 31, the forward foreign exchange contracts covered periods up to 1 month.

Interest rate risk:

The University uses derivatives to hedge interest rate exposures on certain long-term debt. Interest rate swaps allow the University to raise long-term borrowing at floating rates and effectively swap them into fixed rates. Under the interest rate swaps, the University agrees with the counterparty to exchange, at specific intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount.

At March 31, 2018 interest rate swaps outstanding have a notional value of \$122,093 (2017 - \$128,096) and are designated as hedges for accounting purposes. The interest rate swap contracts result in the University securing long-term fixed interest rates in the range of 2.22% - 5.96% (2017 - 2.22% - 5.96%).

Although the University has no intention of settling these instruments at March 31, 2018, the interest rate swap contracts described in Note 8 have a fair value of (\$8,149) (2017 - (\$14,789)).

Credit risk:

The University is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. The University does not have a significant exposure to any individual customer or counterparty.

13. Financial instruments

Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

14. Pledges

Pledges to the University at March 31, 2018 were \$88,775 (2017 - \$85,081). While these pledges are expected to be honored over the next several years, they have not been recorded as receivable on the consolidated statement of financial position.

15. Fine artwork collections

Fine artworks are recorded in the consolidated financial statements at nominal value.

Dalhousie University
 Consolidated Schedule of Revenue and Expense
 Year Ended March 31, 2018 (With Comparatives Figures for 2017)
 (unaudited)

(in Thousands of Dollars)

	Operating 2018 (Schedule 2)	Endowment 2018 (Schedule 3)	Ancillary 2018 (Schedule 4)	Capital 2018	Special Purpose 2018 (Schedule 5)	Research 2018 (Schedule 5)	Total 2018	Total 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Provincial government operating grants	214,740	-	-	-	-	-	214,740	212,695
Other government grants and contracts	15,344	-	504	700	4,378	75,130	96,056	86,691
Corporations and foundations	405	-	-	-	3,174	26,302	29,881	28,375
Tuition fees	177,685	-	-	-	-	-	177,685	167,475
Non-credit and other fees	27,276	-	58	-	9	-	27,343	26,742
General	3,709	-	-	1,437	3,481	380	9,007	10,639
Gifts	599	1,936	-	-	6,763	906	10,204	13,720
Investment	3,365	23,389	-	174	2,393	71	29,392	29,151
Ancillary sales and service	-	-	44,433	-	-	-	44,433	43,954
External cost recoveries	40,881	-	-	126	827	272	42,106	41,244
Amortization of deferred capital contributions	-	-	-	7,673	185	8,649	16,507	14,030
Total revenue	484,004	25,325	44,995	10,110	21,210	111,710	697,354	674,716
Expense								
Salaries								
Academic	166,233	5,081	66	-	788	10,759	182,927	180,260
Library	3,474	-	-	-	2	-	3,476	3,871
Plant maintenance	14,256	-	176	-	-	-	14,432	14,817
Administrative and support	102,473	840	6,207	-	4,748	24,259	138,527	134,841
Benefits costs	47,299	679	894	-	855	3,487	53,214	56,262
Total salaries and benefits	333,735	6,600	7,343	-	6,393	38,505	392,576	390,051
Library acquisitions	8,044	172	-	-	26	158	8,400	7,584
Laboratory and teaching supplies	5,581	122	-	-	1,073	6,711	13,487	14,427
Equipment and service	12,313	112	1,100	5	507	4,119	18,156	18,477
Finance costs	2,944	-	2,119	626	11	1	5,701	5,923
Utilities and taxes	17,733	-	1,423	-	-	2	19,158	19,515
Externally contracted services	23,129	3,382	11,467	418	5,098	24,173	67,667	58,995
Scholarships, bursaries and prizes	23,900	11,013	39	-	2,090	16,158	53,200	52,167
Ancillary cost of sales and service	-	-	7,854	-	-	-	7,854	7,765
Travel	6,582	466	78	-	1,690	6,225	15,041	13,813
Amortization of capital assets	-	-	-	37,362	-	-	37,362	36,681
General operating	17,406	808	1,101	37	2,804	6,646	28,802	28,786
Internal / interfund transfers	22,130	1,834	12,929	(46,952)	592	9,467	-	-
Total expense	473,497	24,509	45,453	(8,504)	20,284	112,165	667,404	654,184
Change in year before appropriations	10,507	816	(458)	18,614	926	(455)	29,950	20,532
Change in net assets	(10,507)	(816)	458	(18,614)	(926)	455	(29,950)	(20,532)
Surplus before pension expense adjustment	-	-	-	-	-	-	-	-
Pension expense adjustment	3,130	-	-	-	-	-	3,130	2,970
Net assets after pension adjustment	3,130	-	-	-	-	-	3,130	2,970

Schedule 1

Dalhousie University
 Consolidated Schedule of Revenue and Expense - Operating
 Year Ended March 31, 2018 (With Comparatives Figures for 2017)
 (unaudited)

(in Thousands of Dollars)

	Academic		Academic Support		Administration and General		Facilities and Construction Management		Student Services		Institution		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	214,740	212,695	214,740	212,695
Other government grants and contracts	7,401	7,502	-	-	-	-	-	9	275	275	7,668	7,698	15,344	15,484
Corporations and foundations	373	296	-	-	-	-	32	9	-	30	-	-	405	335
Tuition fees	13,977	13,180	-	-	-	-	-	-	-	-	163,708	154,295	177,685	167,475
Non-credit and other fees	12,648	12,881	-	-	3,384	2,956	-	-	7,910	7,633	3,334	3,205	27,276	26,675
General	-	-	12	10	1,142	845	1,582	1,572	973	1,009	-	-	3,709	3,436
Gifts	285	-	-	-	-	-	-	-	314	154	-	-	599	154
Investment	-	-	-	-	-	-	-	-	-	2	3,365	3,069	3,365	3,071
Ancillary sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External cost recoveries	35,485	34,141	2,353	2,387	1,138	1,198	1,229	1,435	676	889	-	-	40,881	40,050
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	70,169	68,000	2,365	2,397	5,664	4,999	2,843	3,025	10,148	9,992	392,815	380,962	484,004	469,375
Expense														
Salaries														
Academic	164,501	160,235	-	-	235	218	-	-	1,497	1,494	-	-	166,233	161,947
Library	3,474	3,818	-	-	-	-	-	-	-	-	-	-	3,474	3,818
Plant maintenance	67	70	-	-	-	-	14,189	14,550	-	-	-	-	14,256	14,620
Administrative and support	51,322	49,694	9,447	10,127	28,542	26,660	5,116	5,117	8,046	7,849	-	-	102,473	99,447
Benefits costs	34,174	35,893	1,742	2,026	5,509	5,655	4,371	4,687	1,503	1,581	-	-	47,299	49,842
Total salaries and benefits	253,538	249,710	11,189	12,153	34,286	32,533	23,676	24,354	11,046	10,924	-	-	333,735	329,674
Library acquisitions	8,008	7,336	-	-	33	42	-	-	3	3	-	-	8,044	7,381
Laboratory and teaching supplies	5,374	5,568	-	-	-	-	1	2	206	178	-	-	5,581	5,748
Equipment and service	5,372	4,121	4,203	5,151	622	661	1,705	1,679	411	451	-	-	12,313	12,063
Finance costs	166	119	57	2	71	74	61	65	18	25	2,571	2,480	2,944	2,815
Utilities and taxes	-	-	7	7	-	-	17,726	18,119	-	-	-	-	17,733	18,126
Externally contracted services	10,804	11,485	792	798	2,796	2,280	8,108	10,415	629	603	-	-	23,129	25,581
Scholarships, bursaries and prizes	3,048	2,747	1	-	-	-	-	-	9,622	8,897	11,229	10,901	23,900	22,545
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	4,339	4,039	79	134	1,262	1,102	63	54	839	936	-	-	6,582	6,265
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating	5,869	7,091	832	837	3,845	4,185	2,534	2,528	3,815	3,848	511	450	17,406	18,939
Internal / interfund transfers	9,830	9,197	(1,115)	(2,049)	(1,360)	(669)	11,781	9,789	603	471	2,391	2,584	22,130	19,323
Total expense	306,348	301,413	16,045	17,033	41,555	40,208	65,655	67,005	27,192	26,386	16,702	16,415	473,497	468,460
Surplus for the year (shortfall)														
Change in year before appropriations	(236,179)	(233,413)	(13,680)	(14,636)	(35,891)	(35,209)	(62,812)	(63,980)	(17,044)	(16,394)	376,113	364,547	10,507	915
(Increase) decrease in appropriations	2,460	2,190	(813)	(226)	(12)	(228)	(4,600)	(1,324)	(170)	(367)	(7,372)	(960)	(10,507)	(915)
Surplus before pension expense adjustment	(233,719)	(231,223)	(14,493)	(14,862)	(35,903)	(35,437)	(67,412)	(65,304)	(17,214)	(16,761)	368,741	363,587	-	-
Pension expense adjustment											(3,130)	(2,970)	(3,130)	(2,970)
Change in net assets after pension adjustment	(233,719)	(231,223)	(14,493)	(14,862)	(35,903)	(35,437)	(67,412)	(65,304)	(17,214)	(16,761)	371,871	366,557	3,130	2,970

Note 1: The increase in Appropriations for Facilities and Construction Management relates to Facilities Renewal Projects, not complete at year end.

Note 2: The appropriation in Institution relates to the 2017-18 Operating Surplus to be used to address a variety of pressures on a one-time basis.

Schedule 2

Dalhousie University

Consolidated Schedule of Revenue and Expense for Operating and Endowment
Year Ended March 31, 2018 (With Comparatives Figures for 2017)
(unaudited)

(in Thousands of Dollars)

	2018			2017		
	Operating	Endowment	Total	Operating	Endowment	Total
Revenue	\$	\$	\$	\$	\$	\$
Provincial government operating grants	214,740	-	214,740	212,695	-	212,695
Other government grants and contracts	15,344	-	15,344	15,484	-	15,484
Corporations and foundations	405	-	405	335	-	335
Tuition fees	177,685	-	177,685	167,475	-	167,475
Non-credit and other fees	27,276	-	27,276	26,675	-	26,675
General	3,709	-	3,709	3,436	-	3,436
Gifts	599	1,936	2,535	154	2,623	2,777
Investment	3,365	23,389	26,754	3,071	24,083	27,154
Ancillary sales and service	-	-	-	-	-	-
External cost recoveries	40,881	-	40,881	40,050	-	40,050
Amortization of deferred capital contributions	-	-	-	-	-	-
Total revenue	484,004	25,325	509,329	469,375	26,706	496,081
Expense						
Salaries						
Academic	166,233	5,081	171,314	161,947	5,640	167,587
Library	3,474	-	3,474	3,818	-	3,818
Plant maintenance	14,256	-	14,256	14,620	-	14,620
Administrative and support	102,473	840	103,313	99,447	872	100,319
Benefits costs	47,299	679	47,978	49,842	832	50,674
Total salaries and benefits	333,735	6,600	340,335	329,674	7,344	337,018
Library acquisitions	8,044	172	8,216	7,381	71	7,452
Laboratory and teaching supplies	5,581	122	5,703	5,748	142	5,890
Equipment and service	12,313	112	12,425	12,063	114	12,177
Finance costs	2,944	-	2,944	2,815	-	2,815
Utilities and taxes	17,733	-	17,733	18,126	-	18,126
Externally contracted services	23,129	3,382	26,511	25,581	2,935	28,516
Scholarships, bursaries and prizes	23,900	11,013	34,913	22,545	10,636	33,181
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	6,582	466	7,048	6,265	457	6,722
Amortization of capital assets	-	-	-	-	-	-
General operating	17,406	808	18,214	18,939	656	19,595
Internal / interfund transfers	22,130	1,834	23,964	19,323	2,792	22,115
Total expense	473,497	24,509	498,006	468,460	25,147	493,607
Surplus for the year (shortfall)						
Change in year before appropriations	10,507	816	11,323	915	1,559	2,474
Change in net assets	(10,507)	(816)	(11,323)	-	1,559	-
Surplus for the year	-	-	-	-	-	-

The combined results of operating and endowment funds are intended to provide a more complete reporting of the sources and uses of resources required for the operation of the University.

Schedule 3

Dalhousie University
 Consolidated Schedule of Revenue and Expense - Ancillary
 Year Ended March 31, 2018 (With Comparatives Figures for 2017)
 (unaudited)

(in Thousands of Dollars)

	Student				Transfer to				Total							
	Arts Centre 2018	2017	Community Services 2018	2017	Bookstore 2018	2017	Daycare 2017	2018	Dalplex 2018	2017	Food Service 2018	2017	Transfer to Operating 2018	2017	2018	2017
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other government grants and contracts	58	58	446	474	-	-	-	-	-	-	-	-	-	-	504	532
Corporations and foundations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tuition fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-credit and other fees	-	-	58	67	-	-	-	-	-	-	-	-	-	-	58	67
General	-	-	-	67	-	-	-	-	-	-	-	-	-	-	-	67
Gifts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary sales and service	4,154	3,728	20,835	20,394	6,352	6,522	67	1,497	1,657	11,595	11,586	-	-	44,433	43,954	
External cost recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	4,212	3,786	21,339	21,002	6,352	6,522	67	1,497	1,657	11,595	11,586	-	-	44,995	44,620	
Expense																
Salaries																-
Academic	-	-	66	56	-	-	-	-	-	-	-	-	-	-	66	56
Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	176	197	-	-	-	-	-	-	-	-	-	-	176	197
Administrative and support	680	635	3,676	3,554	754	725	301	970	970	127	113	-	-	6,207	6,298	
Benefits costs	87	94	511	538	139	141	35	133	135	24	25	-	-	894	968	
Total salaries and benefits	767	729	4,429	4,345	893	866	336	1,103	1,105	151	138	-	-	7,343	7,519	
Library acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and service	8	23	650	420	60	67	-	68	83	314	340	-	-	1,100	933	
Finance costs	193	131	1,724	1,758	101	103	-	22	23	79	78	-	-	2,119	2,093	
Utilities and taxes	74	69	1,105	1,069	12	10	-	120	124	112	113	-	-	1,423	1,385	
Externally contracted services	20	60	2,147	2,042	95	100	-	7	7	9,198	9,172	-	-	11,467	11,381	
Scholarships, bursaries and prizes	-	-	39	298	-	-	-	-	-	-	-	-	-	39	462	
Ancillary cost of sales and service	3,138	2,816	-	-	4,622	4,830	-	94	119	-	-	-	-	7,854	7,765	
Travel	1	8	52	49	14	2	-	5	-	6	9	-	-	78	68	
General operating	38	27	792	889	129	145	7	98	102	44	27	-	-	1,101	1,197	
Internal / interfund transfers	(8)	(77)	10,781	10,375	319	499	-	(12)	(19)	1,906	1,292	(57)	(322)	12,929	11,748	
Total expense	4,231	3,786	21,719	21,245	6,245	6,622	343	1,505	1,544	11,810	11,333	(57)	(322)	45,453	44,551	
Change in year before appropriations	(19)	-	(380)	(243)	107	(100)	(276)	(8)	113	(215)	253	57	322	(458)	69	
Net (increase) decrease in appropriations	-	-	380	243	(145)	54	-	8	(113)	215	(253)	-	-	458	(69)	
Surplus for the year (shortfall)	(19)	-	-	-	(38)	(46)	(276)	-	-	-	-	57	322	-	-	

¹ Student Community Services include Residence Life operations with expenditures of \$1.5 million (\$1.5 million in 2017).

² The Daycare on the Truro Campus closed in the fall of 2016.

Schedule 4

Dalhousie University
Consolidated Schedule of Revenue and Expense - Restricted Funds
Year Ended March 31, 2018 (With Comparatives Figures for 2017)
(unaudited)

(in Thousands of Dollars)

	Special Purpose		Research	
	2018	2017	2018	2017
Revenue	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-
Other government grants and contracts	4,378	1,726	75,130	68,249
Corporations and foundations	3,174	3,302	26,302	24,738
Tuition fees	-	-	-	-
Non-credit and other fees	9	-	-	-
General	3,481	5,228	380	473
Gifts	6,763	10,703	906	240
Investment	2,393	1,436	71	62
Ancillary sales and service	-	-	-	-
External cost recoveries	827	652	272	263
Amortization of deferred capital contributions	185	299	8,649	7,645
Total revenue	21,210	23,346	111,710	101,670
Expense				
Salaries				
Academic	788	1,077	10,759	11,540
Library	2	53	-	-
Plant maintenance	-	-	-	-
Administrative and support	4,748	4,212	24,259	24,012
Benefits costs	855	998	3,487	3,622
Total salaries and benefits	6,393	6,340	38,505	39,174
Library acquisitions	26	47	158	85
Laboratory and teaching supplies	1,073	1,247	6,711	7,290
Equipment and service	507	726	4,119	4,502
Finance costs	11	11	1	-
Utilities and taxes	-	-	2	4
Externally contracted services	5,098	4,163	24,173	14,640
Scholarships, bursaries and prizes	2,090	2,058	16,158	16,466
Ancillary cost of sales and service	-	-	-	-
Travel	1,690	1,440	6,225	5,583
Amortization of capital assets	-	-	-	-
General operating	2,804	2,943	6,646	4,972
Internal / interfund transfers	592	546	9,467	8,865
Total expense	20,284	19,521	112,165	101,581
Surplus for the year (shortfall)	926	3,825	(455)	89
Change in net assets	(926)	(3,825)	455	(89)
Surplus for the year	-	-	-	-

Schedule 5