

Dalhousie University

Annual Financial Report

March 31, 2017



Published June 2017



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**Message from
Vice-President,
Finance & Administration,
Dalhousie University**

Plans are well underway to mark the 200th anniversary of the founding of Dalhousie and recognize our many contributions to our country and the world around us. The bicentennial is an important and rare milestone for our community. It provides an opportunity to pause and reflect on our successes and challenges while looking forward with optimism to our third century. 2016-17 has been an exciting year with progress across key strategic areas. I have highlighted a few of particular note below.

In our recent spring convocations, we celebrated the achievements of 3,575 graduates. Their stories and accomplishments are inspiring. Student financial assistance is an important success factor for many of our students. In 2016-17, \$67.4 million in direct support (including student employment) was provided to students. Over the last five years total student support has grown by \$8.9 million. The growth has been possible through new endowment gifts, success in attracting provincial support through the Nova Scotia Graduate Scholarship program and increased operating budget allocations.

The University's most important assets continue to be our faculty, staff and students. Recognizing this, Dalhousie has adopted a people-first human resources strategy and a pivotal diversity and inclusiveness strategy. These strategies are built to ensure that our workforce is representative, our student's access to educational opportunities is on an equitable footing, our curriculum is diverse and our community is welcoming. Respect must be a critical aspect of Dalhousie's way forward.

In addition to the excellent teaching and learning environment faculty provide for our students, 2016-17 has been a remarkable year for faculty research. Dalhousie's research excellence in the ocean sector was recognized through the award of \$94 million from the federal government through the Canada First Research Excellence Fund program. This award along with a significant donor contribution and partner contributions will provide \$220 million to support the collaborative research and teaching opportunities for the safe and sustainable development of the Ocean Frontier. During the year, the Ocean Tracking Network and MEOPAR received commitments for renewed funding and several other multi-million dollar research projects were confirmed totaling \$107.3 million in funding.

It has also been a productive year for renewal of campus infrastructure. Continued annual commitment to investment in campus maintenance and renewal of facilities and technology through the operating budget and external sources continues to be imperative to address the challenge of providing quality space and IT resources to support learning and research. A multi-year program to renew and upgrade our IT infrastructure was initiated in 2016-17 and will gain momentum in the next year ahead.

In 2016-17, through the significant contribution from the Federal Government (Post-Secondary Institutions Strategic Investment Fund (SIF)) and other contributors, a transformational \$64 million investment to Dalhousie's Engineering and Architecture and Planning campus is now underway. This project will provide new space and address a significant backlog of deferred maintenance on the Sexton Campus. We have made

tremendous progress on the new Fitness Centre, scheduled to open during our bicentennial. This centre is the first major addition to fitness and recreation facilities for students in more than three decades. Planning for expanded and enhanced facilities to support a home for the Fountain School of Performing Arts is also underway and supported by a significant gift for the Joseph Strug Concert Hall. This gift along with others are the catalyst for an exciting capital campaign chaired by high profile performing artist, Sarah McLachlan.

It is through the work of the entire Dalhousie community that achievements are possible and I appreciate these significant contributions that make Dalhousie a leader in our community. It is our responsibility to advance the University's mission and shared strategic priorities, guided by Strategic Direction 2014-18, particularly as we prepare for Dalhousie's 200th Anniversary. There will be an opportunity for everyone to find a way to participate in the celebration.



Ian Nason,
Vice-President, Finance & Administration

Financial Overview



FINANCIAL PERFORMANCE

The financial performance of the University is organized using separate 'Fund' categories. This approach groups 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.



Operating Fund

The Operating Fund encompasses the day-to-day revenue and expenditures required to operate the University and to carry out the Academic mission. Government grants, tuition revenue and other general revenues support operating expenditures. Budget allocations to Faculties and major service and support units are based on Budget Advisory Committee recommendations and are presented in the 2016-17 Operating Budget Report.



Ancillary Fund

Ancillary units provide important services to the University community and are segregated from the core functions of teaching and research. The ancillary operations include Student Community Services (Residence Life and Housing), the Bookstore, Food Services, the Dalhousie Arts Centre and Dalplex. Overall, ancillary units are expected to cover their expenditures as a group. Results for these units compared to budget are presented in the 2016-17 Operating Budget Report.



Endowment Fund

University operations are supplemented by the University's 1400 endowment funds. Endowments support student bursaries and scholarships, research, library materials and services, academic chairs and salaries. The funds must be spent according to the terms of the individual endowments as established by donors. Endowment funds are an important supplement to the operations of the University and are incorporated into the Operating Budget Report.

Assets

Capital Fund

The Capital Fund accounts for funds received and expended on property, plant and equipment, which have a use into the future. Capital reserves are funds set aside by the University to support future costs of large scale capital upgrades or replacements and are included in the Capital Fund. Capital projects are initiated once funding plans are approved, and as recommended by the Capital Projects and Facilities Committee.



Research Funds

Research Fund expenditures are supported by revenues which are restricted for the purposes designated by the funders and sponsors. These funds cannot be used to support operations. Researchers are accountable to manage and report to funders and sponsors on 3267 segregated research grant and contract accounts.

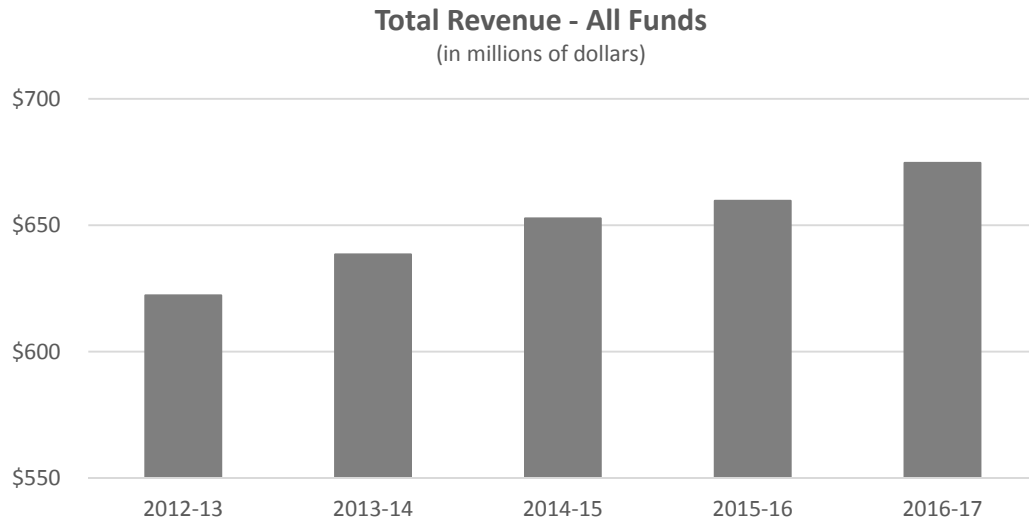


Special Purpose Funds

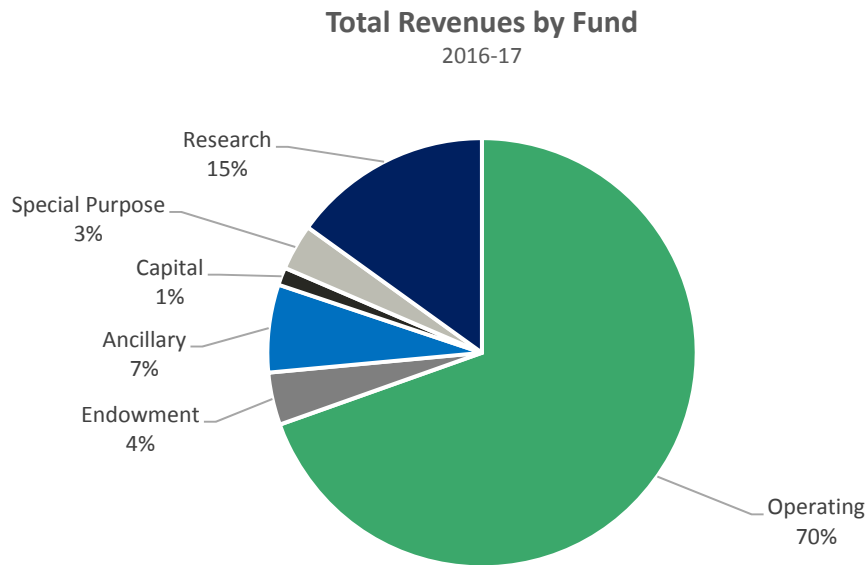
Special Purpose Fund expenditures are supported by revenues which are restricted for the purposes established by contributors. Special Purpose Account Holders are identified and accountable to manage 985 special purpose accounts utilized for a variety of purposes including annual giving, conferences, service and lab accounts, and joint projects with contributions from external parties.

REVENUE – ALL FUNDS

Total revenue from all funds is \$674.7 million; an increase of 2.7% over the prior year. The following graph shows the growth in total revenue across all funds since 2012-13:



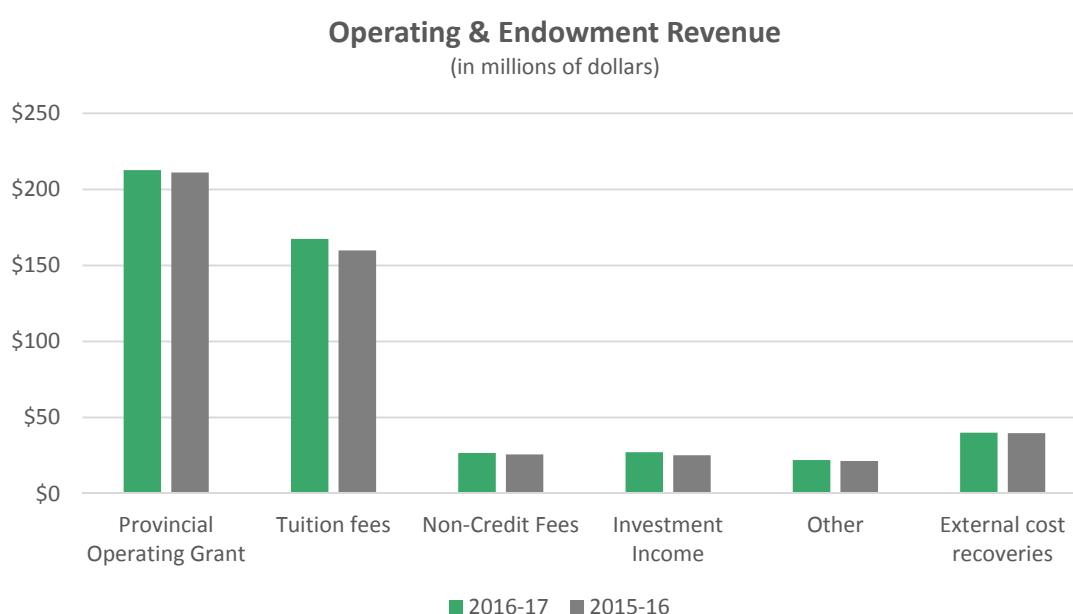
A breakdown of revenue by fund is below:



Operating & Endowment Revenue

The 2016-17 Operating Budget Report reflects revenues of \$405.8 million. These revenues consist mainly of government operating grants, tuition and endowment revenues. In addition to these centrally managed revenue streams certain revenues are managed directly through Faculty and service unit budgets. In Faculties, examples include revenue from auxiliary fees, full cost recovery programs, extended learning and farm revenues. Other revenues included in this category are the student services fee, application fees, King's transfer for teaching services and revenue from services provided to external parties. The University's total operating and endowment revenue reported in fiscal 2016-17 was \$496.1 million; a net increase of \$13.2 million (2.7%) from the previous year.

The graph below provides a breakdown of total Operating & Endowment Revenues for 2016-17 compared to 2015-16.

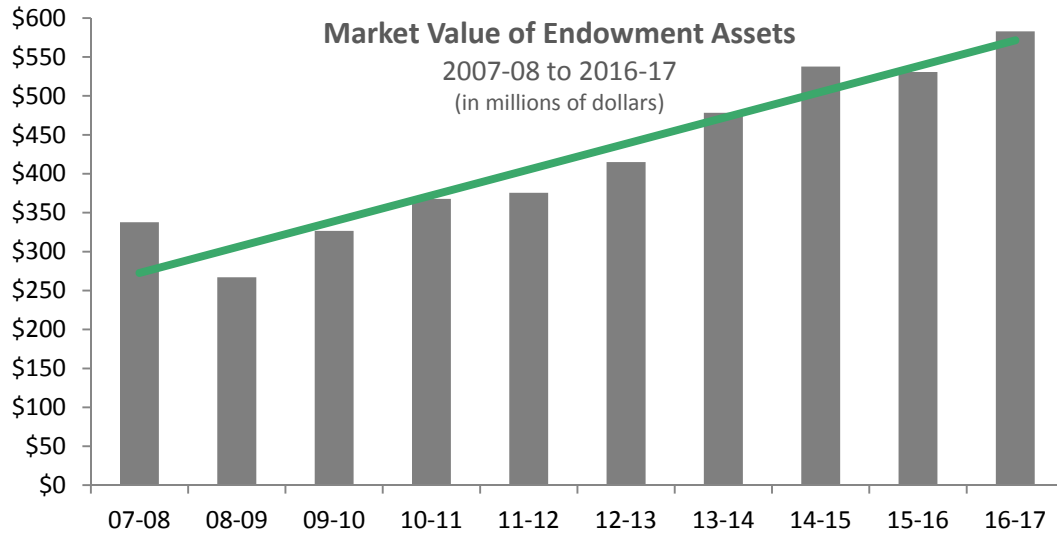


Provincial operating grants are the largest source of revenue for the University (42.9%) and increased by \$1.6 million in 2016-17. The overall increase relates to the 1% increase in the Provincial Operating Grant from the Department of Labour and Advanced Education, and minor adjustments to other grants.

Tuition revenue of \$167.5 million represents 33.8% of Dalhousie's operating and endowment revenue. Tuition fee revenue increased by \$7.6 million, a result of a 3% tuition increase across all programs, market adjustments in Engineering, Pharmacy and Agriculture programs, and enrolment related growth.

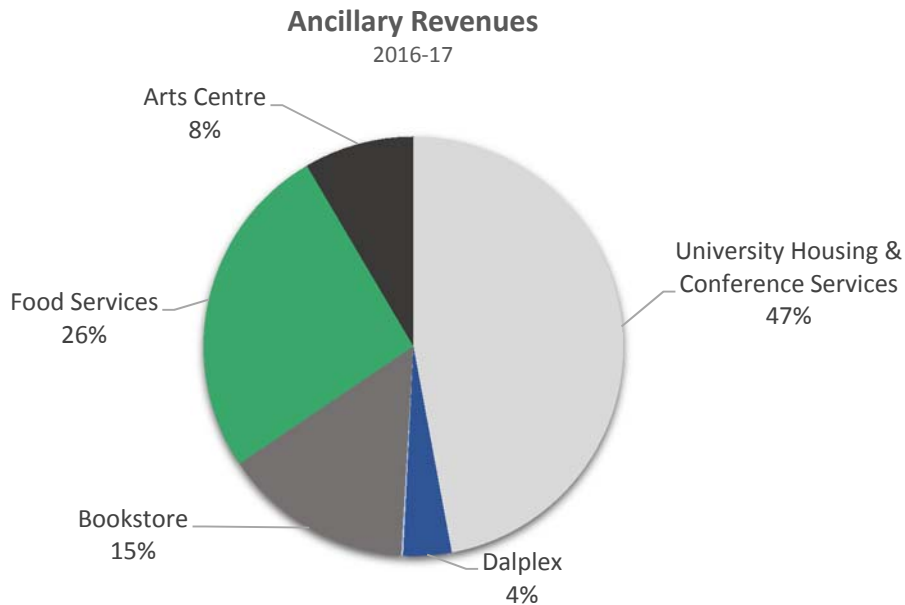
Endowment funds are an important supplement to the operations of the University. Investment income from endowment funds support scholarships for students, academic chairs and other Faculty program costs. In 2016-17 the endowment income totaled \$26.7 million.

Endowment funds are gifts received for which the purpose is restricted by the donor. Over time the earnings provide support for donor specified activities at the University. The market value of the University's endowment assets reached \$582.9 million as of March 31, 2017.



Ancillary Revenues

The University's ancillary operations provide essential support and business services to the Dalhousie community with a view to enhancing the student experience. Ancillary operations provide high quality and competitively priced services while covering the associated operating and capital cost. In 2016-17 the composition of Ancillary revenue was consistent with the prior year. The following graph shows the breakdown of Ancillary revenue.

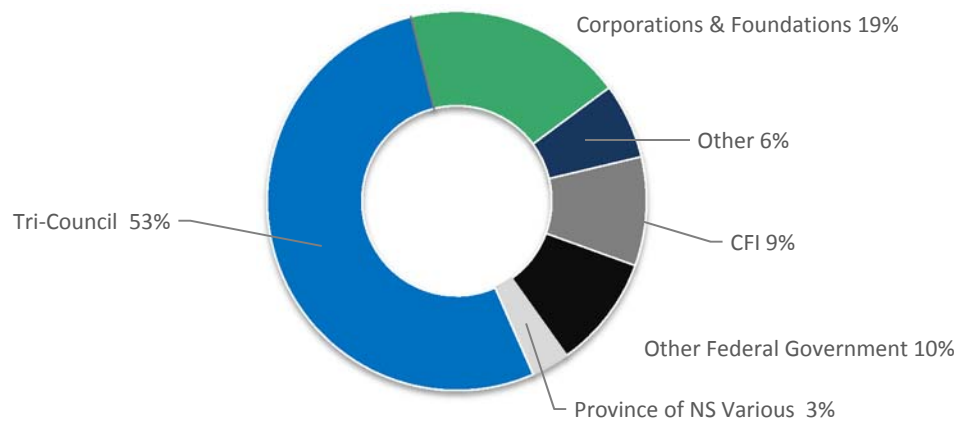


Research Revenues

Revenues received in the Research Fund must be used for the purposes specified by the approximately 300 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) and the Canada Foundation for Innovation (CFI).

Research Revenue Received by Funder

2016-17



The chart above reflects actual revenue received during the year while for financial statement purposes revenue is recognized when the expenditure occurs.

Special Purpose Revenues

Revenue received in the Special Purpose Fund must be used for the purposes specified by contributors and/or donors. The University manages 985 Special Purpose accounts for a variety of purposes such as Annual Giving accounts, conferences, and service and lab accounts that provide services to other areas of the University and some external clients. In addition, Special Purpose accounts host joint initiatives between Dalhousie and contributors.

EXPENDITURES – ALL FUNDS

The University's total expenditures from all funds in 2016-17 was \$651.2 million; an increase of 2.3% over the previous year. There has been consistent growth over the last five years totalling \$51.1 million.

Operating & Endowment Expenditures

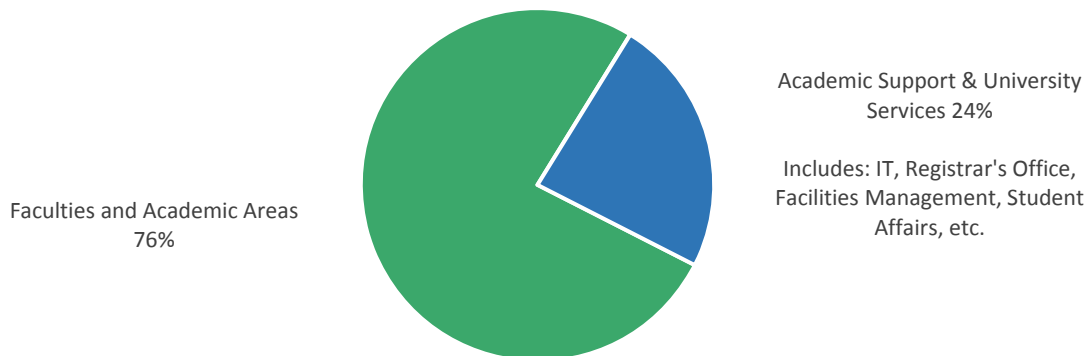
Operating and endowment expenditures increased to \$493.6 million from \$487.9 million in the previous fiscal year, an increase of \$5.7 million (1.2%).

Compensation

The largest expenditure of the Operating & Endowment Fund is salary and benefits costs (including pension). Compensation costs have increased \$7.5 million over 2015-16 (2.3%). The majority of this increase relates to annual compensation adjustments.

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

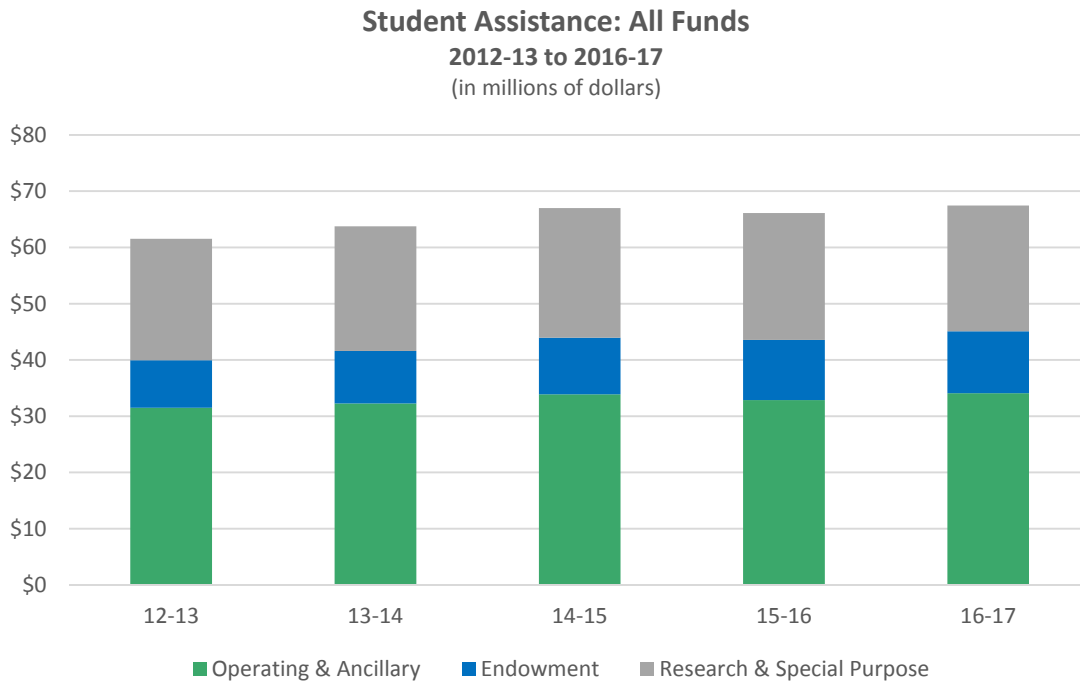
Distribution of Compensation Costs by Function



Student Assistance

Student assistance includes student employment, undergraduate and graduate scholarships and bursaries, and fellowships. In 2016-17 support for students from Operating and Endowment Funds totaled \$45.1 million. Research grants also provide significant financial support, particularly for graduate students. Total student support from all funds was \$67.4 million (2015-16 \$66.1 million).

The following graph outlines Student Assistance across all funds for the last five years.



Endowment Supported Expenditures

The University's Endowment Management Policy includes three key objectives:

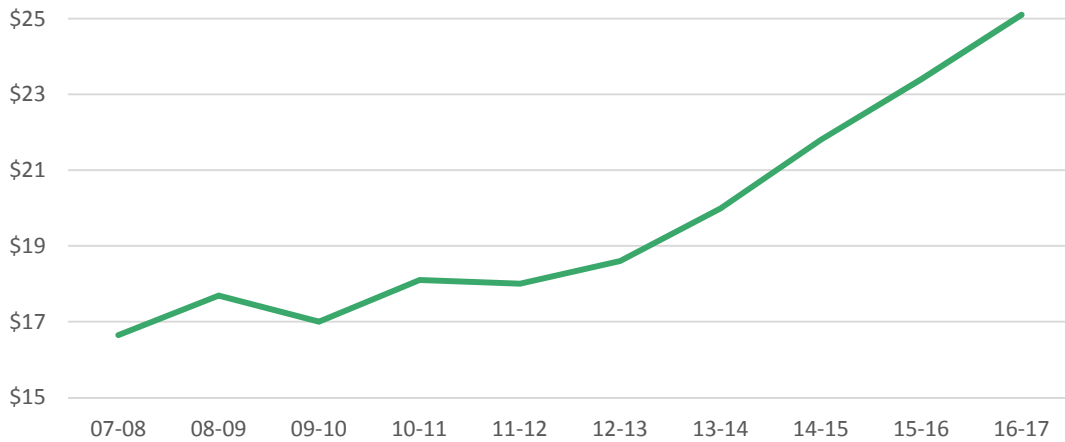
1. To balance present spending needs with expected future requirements;
2. To protect the purchasing power of the capital base while achieving stability in year-to-year spending; and
3. To attain real increases in spending through capital appreciation from new gifts, capital investment gains, and the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

The University's Endowment Spending Policy allows for annual spending increases at the rate of CPI as long as the resulting spending rate remains within a band of 3.75% to 5.0% of the endowment's market value. The objectives of this approach are to provide stable year-to-year spending allocations that maintain purchasing power over time.

The following graph provides a history of total expenditures supported by the University's 1400 endowments. Annual endowment expenditures have continued to trend higher over the prior year, providing an important source of funding for student bursaries and scholarships, academic chairs and salaries, research, library materials and services.

Endowment Spending

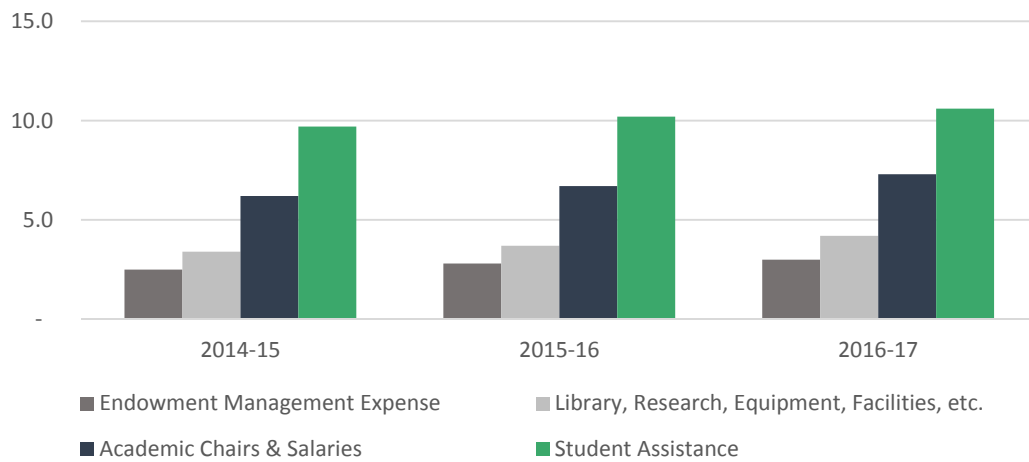
2007-08 to 2016-17
 (in millions of dollars)



The following graph shows the breakdown of endowment spending and growth over the last three years. Student assistance spending is the largest component of spending and has increased over time.

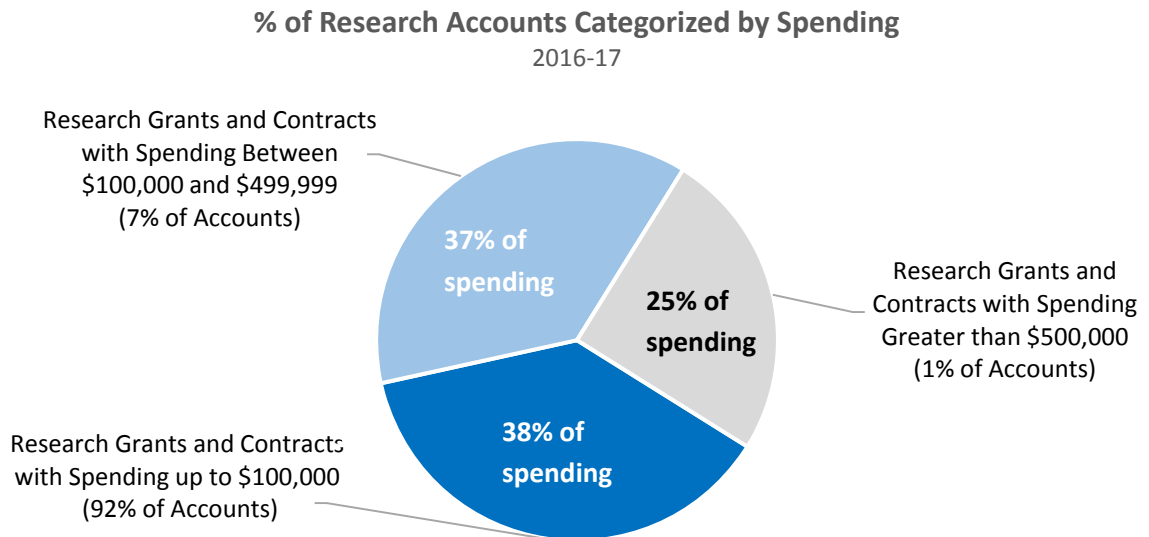
Endowment Spending by Category

2014-15 to 2016-17
 (in millions of dollars)



Research Expenditures

As the purpose of research revenue is restricted by the funder, revenue is only recorded when the related expenditures occur. In 2016-17 there was research expenditures of \$101.6 million. As reflected in the following chart, 25% of grants and contracts have expenditures greater than \$500,000 in 2016-17.



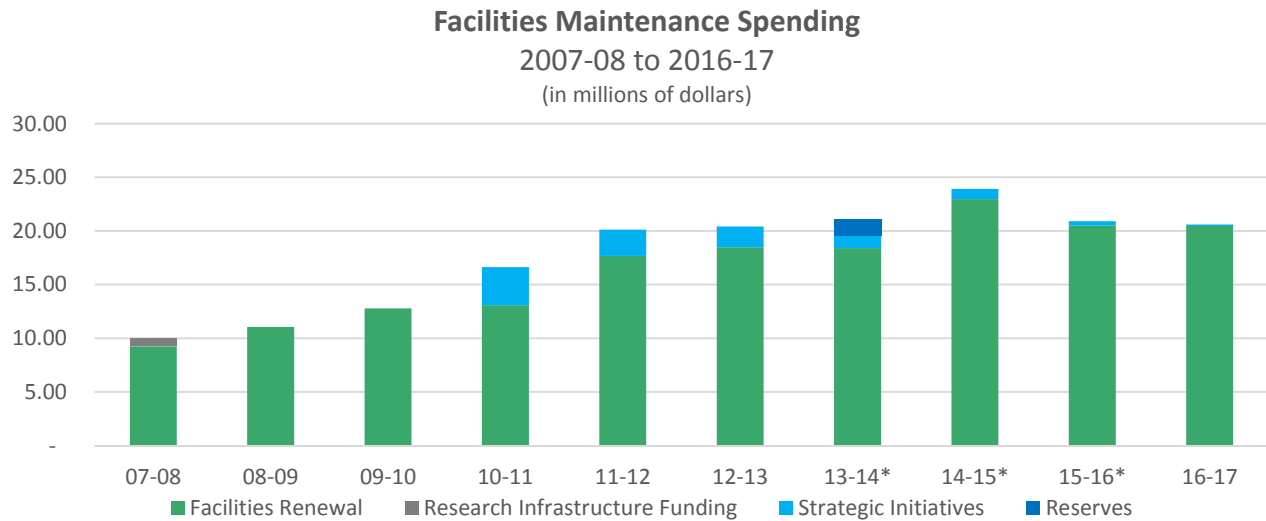
CAPITAL

The University accounts for all capital assets in the Capital Fund. Examples include construction of new buildings, building improvements (Facilities Renewal), and smaller items such as library books and research and lab equipment. The University invested \$74.8 million in capital assets in 2016-17.

Large capital projects are undertaken based on funding plans as recommended by the Board Capital Projects and Facilities Committee and 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. \$39.7 million was spent on large capital projects in 2016-17 which include the Dental Clinic, the Tupper Medical Building, Agricultural Campus Thermal Plant, IDEA (SIF) Projects and the Fitness Centre. The renovation and addition to the Student Union Building was also completed during the year.

As at March 31, the University maintains 156 buildings (exceeding 5.8 million gross square feet of space with a replacement value of \$1.5 billion), grounds and infrastructure. A substantial annual investment is required to maintain these facilities to meet the continued needs of students, faculty and staff.

The following graph shows the annual investment in facilities maintenance over 10 years.



*Includes one-time transition funds from the Province for Facilities projects on the Agricultural Campus.

The Facilities Condition Index (FCI) is a measure of the condition of buildings. 40% of Dalhousie’s buildings are in poor or very poor condition, which is above average compared to other U15 universities. The University's backlog of deferred maintenance increases over time as buildings age and necessary maintenance accrues. A commitment to annual investment in facilities renewal is imperative. The annual Facilities Renewal budget of \$20.4 million supports projects on both the Halifax and Agricultural campuses. The larger projects undertaken in 2016-17 include exterior conservation projects on the Cox Institute, Henry Hicks Administration Building, Howe Hall and the Weldon Law Building.

A significant one-time contribution from the Federal Government’s Strategic Infrastructure Fund will help address the backlog of deferred maintenance on the Sexton Campus. The University will continue to seek alternative sources of funding for capital infrastructure.

2016-17 Operating Budget Results



INTRODUCTION

The Board of Governors approved the University's 2016-17 operating budget in June of 2016. This report includes detailed financial information comparing the actual results for the year to the approved budget including commentary on the significant variances from budget.

THE FINAL BUDGET

The summary on page 12 shows the Approved Budget and the Final Budget for the University in 2016-17. The approved budget included a central provision for compensation adjustments that were distributed to Faculties and service units during the year and are reflected in the final budget. The final budget reflects base allocations from strategic initiatives made to Faculties/Units in the Responsibility Centre Expenditure category. Finally, the budget also includes increases in both tuition revenue and the Faculty of Health Professions expenditures. In 2016-17, the nursing program was modified and during the phase-in period (2016-17 to 2019-20) of the newly modified nursing program, tuition revenues and expenditures are adjusted. The schedules that follow the summary provide further detail on results for the individual Faculties and service units.

ACTUAL RESULTS

The University achieved a favourable variance (surplus) of \$775,000 for the year. The following table provides a breakdown of the contributing factors 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)		(198)	(198)
Tuition revenue	1,386	288	1,674
Other Revenue Changes	(515)	12	(503)
Reserve funds*	(1,300)	69	(1,231)
Student Support	(103)	(95)	(198)
Energy Costs	1,189	52	1,241
UOE/ Contingency	84	95	179
Unit Results:			-
Shortfalls	(17)	(694)	(711)
Savings	183	339	522
	907	(132)	775

*In Halifax there was a reduction in the reserve funds required to balance the budget while in Truro additional reserve funds were required to achieve a balance.

For further information on the assignment of the surplus see page 19. Commentary on the major revenue and expenditure variances for the year follows the summary and detailed schedules.

	Approved Budget	Final Budget (1)	Actual	Variance Fav (Unfav)
REVENUE				
Provincial Government Grants				
Operating - Labour and Advanced Education	171,860	171,860	171,860	-
- Department of Agriculture	19,957	19,957	19,759	(198)
Scholarship and Bursary Program Grants	11,096	11,096	10,901	(195)
Program Specific Grants	9,175	9,175	9,175	-
Facilities/Space Grant	1,000	1,000	1,000	-
	213,088	213,088	212,695	(393)
Federal Research Support Fund Grant	7,133	7,133	7,698	565
Investment				
Endowment	24,843	24,843	25,148	305
Operating (net of bank & finance charges)	2,750	2,750	2,654	(96)
Tuition Fees	152,139	152,621	154,295	1,674
Facilities Renewal Fee	3,139	3,139	3,205	66
Use of Reserve Funds	1,300	1,300	69	(1,231)
TOTAL REVENUE	404,392	404,874	405,764	890
GENERAL OPERATING EXPENDITURES				
Equipment and Furniture Allocation	2,372	2,372	2,372	-
Scholarships, Bursaries and Student Assistance				
Operating	10,641	10,641	10,839	(198)
NS Government Scholarship & Bursary Programs	11,096	11,096	10,901	195
Endowment	6,161	6,161	6,212	(51)
Campus Renewal- Annual Facilities Maintenance	20,382	20,382	20,448	(66)
- Long term	6,466	6,466	6,466	-
Strategic Initiatives - Projects	2,638	2,119	2,119	-
Energy, Water, Taxes and Insurance (net of recoveries)	22,176	22,176	20,935	1,241
Endowment Management Expenses	2,800	2,800	3,046	(246)
Contingency	1,900	1,900	1,831	69
TOTAL GENERAL OPERATING EXPENDITURES	86,631	86,113	85,169	944
RESPONSIBILITY CENTRE EXPENDITURES				
Academic	233,856	241,861	242,502	(641)
Academic Support	13,920	14,189	14,416	(227)
Administration	30,859	32,329	32,321	8
General	1,718	1,640	1,554	86
Facilities Management	20,932	21,238	21,312	(74)
Student Affairs	7,404	7,522	7,521	1
Undistributed Operating Expenditures	9,270	110	-	110
TOTAL RESPONSIBILITY CENTRE EXPENDITURES	317,959	318,889	319,626	(737)
TOTAL OPERATING EXPENDITURES	404,590	405,002	404,795	207
NET ANCILLARY EXPENDITURES	(198)	(128)	194	(322)
TOTAL EXPENDITURES	404,392	404,874	404,989	(115)
TOTAL SURPLUS FOR THE YEAR	-	-	775	775

(1) The final budget includes the distribution of the Undistributed Operating Expenditures and Base allocations from Strategic Initiatives. The tuition revenue budget and the Faculty of Health Professions budget have also been adjusted by \$482,000 respectively reflecting better than anticipated revenue during the phase in of the modified nursing program.

(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 15.

(3) The overall budget surplus has been appropriated and will be used as described in note 8 on page 19.

Dalhousie University
Operating Budget Results - Detail
 Year ended March 31, 2017

(thousands of dollars)

	Approved Budget	Final Budget ⁽¹⁾	Actual ⁽²⁾	Variance Fav (Unfav)	Transfer to (from) Appropriation
ACADEMIC					
Agriculture (including Farm & Support Units)	16,452	17,064	16,919	145	(161)
Architecture and Planning	4,506	4,665	4,665	-	(214)
Arts and Social Sciences	19,645	20,345	20,345	-	(227)
Arts and Social Sciences (special response)	500	500	500	-	412
Computer Science	6,986	7,148	7,148	-	544
Dentistry	9,662	10,117	10,117	-	(90)
Engineering	19,624	20,462	20,462	-	144
Graduate Studies	2,111	1,940	1,940	-	(6)
Health Professions	28,054	29,151	29,151	-	(539)
Law	11,209	11,338	11,338	-	(54)
Management	12,741	13,201	13,201	-	(685)
Medicine	46,315	47,654	47,654	-	(1,137)
Science	34,635	35,774	35,774	-	43
University Library	15,467	15,752	15,752	-	(121)
College of Continuing Education	1,184	1,202	1,202	-	438
College of Sustainability	1,165	1,201	1,201	-	122
Centres, Institutes & Special Projects	2,660	3,135	3,688	(553)	(561)
Cooperative Education Office	714	758	678	80	-
Faculty Related Costs (eg.Travel, Leave Grants, PDA.)	2,593	2,643	2,643	-	494
Kings' Transfer	(3,077)	(3,077)	(2,774)	(303)	-
Academic Initiatives	710	888	888	-	6
Endowment Expenditures greater than Budget (net)	-	-	10	(10)	10 ⁽³⁾
TOTAL ACADEMIC	233,856	241,861	242,502	(641)	(1,582)
ACADEMIC SUPPORT					
Art Gallery	218	232	232	-	-
Centre for Learning and Teaching	1,454	1,491	1,491	-	(59)
IT Infrastructure	964	1,188	1,478	(290)	803
Information Technology Services	11,270	11,262	11,262	-	(468)
Printing Centre	14	16	(46)	62	-
Endowment Expenditures less than Budget (net)	-	-	(1)	1	(1) ⁽³⁾
TOTAL ACADEMIC SUPPORT	13,920	14,189	14,416	(227)	275
ADMINISTRATION					
Application Fees and Services Recovery	(1,465)	(1,465)	(1,345)	(120)	-
Advancement	5,939	6,354	6,354	-	(11)
Communications & Marketing	3,057	3,106	3,106	-	41
Environmental Health and Safety Office	1,142	1,168	1,187	(19)	(90)
Financial Services	4,973	5,041	5,037	4	(91)
Human Resources	3,487	3,626	3,612	14	140
Dalhousie Analytics	871	931	833	98	-
Inter-University Services	98	98	98	-	-
President's Office	4,102	4,261	4,258	3	-
Registrar & Admissions	5,847	6,188	6,160	28	135
Research Services	1,804	1,996	1,996	-	17
University Secretariat/ Internal Audit	1,006	1,025	1,025	-	(43)
TOTAL ADMINISTRATION	30,859	32,329	32,321	8	98

(1) The final budget includes the distribution of the Undistributed Operating Adjustments and Base allocations from Strategic Initiatives. The tuition revenue budget and the Faculty of Health Professions budget have also been adjusted by \$482,000 respectively reflecting better than anticipated revenue during the phase in of the modified nursing program. The budget for MITACS and CREATE grants have been reallocated from Graduate Studies to Academic Initiatives.

(2) The actual column includes transfers of variances in accordance with University policy. (see detailed analysis in Appendix A)

(3) 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 15.

Dalhousie University
Operating Budget Results - Detail
 Year ended March 31, 2017

(thousands of dollars)

	Approved Budget	Final Budget	Actual (1)	Variance Fav (Unfav)	Transfer to (from) Appropriation
GENERAL	1,718	1,640	1,554	86	-
FACILITIES MANAGEMENT	20,932	21,238	21,312	(74)	(17)
STUDENT AFFAIRS					
Awards Office & Student Services Centre -Sexton	456	452	452	-	-
Counselling	1,375	1,342	1,342	-	48
Student Support Services (including Vice-Provost's Office)	4,436	4,582	4,582	-	104
Student Health	118	117	117	-	175
Recreation and Athletics	1,019	1,029	1,029	-	(208)
Endowment Expenditures less than Budget (net)	-	-	(1)	1	(1)
TOTAL STUDENT AFFAIRS	7,404	7,522	7,521	1	118
ANCILLARIES					
Dalhousie Arts Centre	368	368	368	-	-
Dalplex	181	181	181	-	113
Food Services, incl. DalCard	(43)	(43)	(43)	-	253
Residence Life	1,460	1,508	1,508	-	43
University Bookstore	(124)	(123)	(77)	(46)	(54)
University Housing	(2,040)	(2,019)	(2,019)	-	(286)
Daycare (Truro)	-	-	276	(276)	-
Endowment Expenditures excess of Budget (net)	-	-	-	-	-
TOTAL ANCILLARIES	(198)	(128)	194	(322)	69

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

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 as follows:

- i) Operating Grants (\$171.9 million): received as budgeted (including a 1% increase over the 2015-16 grant.)
- ii) Program Specific grants (\$9.2 million) and a grant to support space costs (\$1.0 million): all received as budgeted for the year.
- iii) Bursary and Scholarship Program Grants (\$10.9 million): Funding from the province directly offsets the spending for the programs (reviewed in section 5 below) resulting in no net impact on the operating budget.

The University also receives a grant from the Department of Agriculture to support the Agricultural Campus (\$19.8 million). The 1% budgeted increase was not advanced in 2016-17 resulting in a shortfall of \$198,000.

b) Federal Research Support Fund Grant:

Universities receive an annual grant from the Federal Government to defray a portion of the indirect costs incurred to support federally funded research (i.e. NSERC, SSHRC and CIHR) that are included in the operating budget (e.g. utilities and maintenance costs for research space). Near the end of the fiscal year the government announced supplementary funding exceeding the budgeted amount. This funding has been earmarked for priority research infrastructure costs in 2017-18.

2. Investment Income

Endowment Income (and Related Expenditure Lines):

The operating budget is supported by 1419 endowments and allocations from each endowment must be spent according to the purposes specified by the donor. This requirement means that 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
 ('000's of dollars)

	2016-17		
	Budget	Actual	Variance
Endowment Investment Income	24,843	25,148	305
Endowment Expenditures			
Student Assistance	6,161	6,212	(51)
Endowment Management Expense	2,800	3,046	(246)
Included in Responsibility Centres:			
Academic	15,432	15,442	(10)
Academic Support	69	68	1
Student Affairs	142	141	1
University Housing	239	239	-
Total Expenditures	24,843	25,148	(305)

The Endowment management expense varies from year to year based on growth of the endowment and general investment performance. A detailed breakdown of endowment expenditures compared to Faculty and support unit budgets is included in Appendix A.

Investment Income – Operating:

The University's short-term investment revenue is less than budget by \$96,000. This is a result of lower than anticipated cash flow but this has been mitigated somewhat by improved returns on new investments under the University's Expendable Funds Investment Policy.

3. Tuition Fees

Overall enrolment in 2016-17 increased by 93 students. The number of international students increased by 387 while there was a decrease in domestic students of 294. International students pay a differential fee in addition to the regular tuition resulting in an overall net increase in tuition revenue of \$1,674,000 compared to budget.

In 2016-17 the tuition revenue budget reflected an adjustment relating to a modification in the nursing program which anticipated a planned temporary decline in revenue during the transition period (2016-17 to 2019-20). The actual decline in tuition revenue was less than anticipated and therefore an adjustment has been made to the final tuition revenue and Health Professions budgets of \$482,000 respectively to reflect this positive experience.

4. Use of Reserve Funds

The 2016-17 budget for the Halifax Campus included a planned use of \$1.3 million in reserve funds to balance revenues and expenditures. As a result of an overall improvement in tuition revenue and savings in energy expenditures resulting from lower natural gas pricing, these reserve funds were not required.

The 2016-17 budget for the Agricultural Campus did not plan on the use of reserve funds. However, due to the shortfall in operating grant funding (\$198,000) on the Agricultural Campus, \$69,000 in available reserve was drawn to mitigate the shortfall.

5. Scholarships, Bursaries and Student Assistance

During the year additional support was provided to students through the operating budget allocation and from University endowments designated for this purpose. The positive variance in tuition revenue allowed the University to provide \$198,000 in additional support for students above the budget amount. The additional spending of \$51,000 on the endowment line is supported by endowment revenue as described above.

The Nova Scotia government also provides direct support for the Nova Scotia Bursary Program and the Nova Scotia Graduate Scholarship Program. Provincial funding for these programs directly offsets the variances in this section. The following table provides a breakdown of expenditures (and revenues) for both programs.

Provincially Supported Student Assistance Programs

('000's of dollars)

	2016-17		
	Budget	Actual	Variance
Nova Scotia Bursary Program	8,448	8,190	258
Nova Scotia Graduate Scholarship Program	2,648	2,711	(63)
	11,096	10,901	195

6. Energy, Water, Taxes and Insurance

There were savings of \$1,241,000 in energy costs in 2016-17 which were mainly a result of lower than budgeted natural gas pricing. Importantly, this budget also benefits from energy savings resulting from sustainable energy projects. These savings are used in the first instance to retire the costs of these projects. Ultimately, these savings accrue to benefit the operating budget in the future years.

7. Responsibility Centre and Ancillary Expenditures

This section provides an explanation of the significant variances in Faculties and support units. The budgets for various units include endowment expenditures that vary from the amount available for spending in any given year as described in note 2 above. Other variances are described as follows:

- a) **Academic** – University policy allows Faculties and major academic units to carry forward any budget savings/overruns. Overall, Faculties drew on \$1.6 million in carry forward; some Faculties had savings for the year while others used carry forward for projects and initiatives. As a result of the carry forward policy, there are only four variances reported in the Academic area:
- i) The \$145,000 favourable variance in the Faculty of Agriculture relates to improved revenues in Faculty support units (e.g. extended learning, farm revenue) which helped offset other cost pressures in the Agricultural Campus budget.
 - ii) The \$553,000 unfavourable variance in the Centres, Institutes and Special Projects line is the amount carried forward for research infrastructure relating directly to supplementary funding received during the year (see 1.b) above).
 - iii) The favourable variance of \$80,000 on the Cooperative Education Office line relates to one time savings from staff vacancies.
 - iv) The University receives revenue from the University of King's College under the agreement to provide teaching services to King's students. As a result of lower enrolments at King's there is a \$303,000 unfavourable variance on this line.
- b) **Academic Support, Administration and General and Student Affairs** –
- i) The Centre for Learning and Teaching and Information Technology Services used carry forward balances to support information technology and other strategic projects during the year.
 - ii) The Information Technology Infrastructure line has an unfavourable variance of \$290,000 due to a critical investment required on the Agricultural campus for network upgrades. During 2016-17 a multi-year plan to renew and upgrade IT infrastructure was developed and implemented late in the 2016-17 year. The funding carried forward will be devoted to approved projects planned in 2017-18.
 - iii) The Agricultural Campus Print Centre produced a surplus which benefited the overall campus budget.
 - iv) The net favourable variance in Student Affairs is being carried forward to support student wellness and other student support areas.
- c) **Ancillaries** – The University Residence Operations on both campuses drew on carry forward for projects to improve residence facilities (e.g. a long overdue upgrade of residence rooms in Chapman House and washroom upgrades in Howe Hall). In Halifax, the Bookstore drew on carry forward to enhance space utilization to improve service to students.

Post-merger the Province provided temporary transition funding to support the Day Care operation. Provincial support has ended and the 2016-17 results include \$276,000 in unfunded costs related to the operation and then closure of the Day Care in the fall of 2016. The University continues to work toward finding a viable option to this service. A shortfall of \$46,000 related to the operation of the bookstore was also reported.

8. Total Surplus for the Year

Overall, the University results for 2016-17 produced a net surplus of \$775,000. This is comprised of a \$907,000 surplus for the Halifax Campuses and a \$132,000 shortfall in the Agricultural Campus Budget. The Halifax surplus funds have been appropriated and will be used on a one-time basis as follows:

- a) \$600,000 to address priority projects arising from the introduction of the new provincial Accessibility Act.
- b) \$307,000 for student assistance will be added to the program in 2017-18.

As noted in the government grant section, the shortfall at the Agricultural Campus relates primarily to grant funding flows. This remains a topic of active discussion with the Province.

Dalhousie University
Operating Budget Results - Detailed Analysis of Budget, Actual and Variance
 Year ended March 31, 2017

(thousands of dollars)

	Operating					Endowment					Consolidated
	* Column 1	* Column 2	* Column 3	* Column 4	* Column 5	* Column 6	* Column 7	* Column 8	* Column 9	* Column 10	* Column 11
	Final Budget	Actual before Transfer of Variance	Transfer of Variance ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Final Budget	Actual before Transfer of Variance	Transfer of Variance ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Operating and Endowment Variance Fav/(Unfav)
ACADEMIC											
Agriculture (including Farm and Support Units)	16,989	17,005	(161)	16,844	145	75	108	(33)	75	-	145
Architecture and Planning	4,592	4,826	(234)	4,592	-	73	53	20	73	-	-
Arts and Social Sciences	18,876	19,073	(197)	18,876	-	1,469	1,499	(30)	1,469	-	-
FASS Special Response	500	88	412	500	-	-	-	-	-	-	-
Computer Science	6,955	6,610	345	6,955	-	193	(6)	199	193	-	-
Dentistry	9,926	10,057	(131)	9,926	-	191	150	41	191	-	-
Engineering	19,688	19,682	6	19,688	-	774	636	138	774	-	-
Graduate Studies	1,561	1,522	39	1,561	-	379	424	(45)	379	-	-
Health Professions	28,618	29,108	(490)	28,618	-	533	582	(49)	533	-	-
Law	8,843	8,940	(97)	8,843	-	2,495	2,452	43	2,495	-	-
Management	12,514	12,929	(415)	12,514	-	687	957	(270)	687	-	-
Medicine	41,891	42,686	(795)	41,891	-	5,763	6,105	(342)	5,763	-	-
Science	33,282	33,429	(147)	33,282	-	2,492	2,302	190	2,492	-	-
University Library	15,544	15,753	(209)	15,544	-	208	120	88	208	-	-
College of Continuing Education	1,140	724	416	1,140	-	62	40	22	62	-	-
College of Sustainability	1,195	1,073	122	1,195	-	6	6	-	6	-	-
Centres, Institutes & Special Projects	3,103	4,235	(579)	3,656	(553)	32	14	18	32	-	(553)
Cooperative Education Office	758	678	-	678	80	-	-	-	-	-	80
Faculty Related Costs (eg. Travel, Leave Grants, PDA)	2,643	2,149	494	2,643	-	-	-	-	-	-	-
Kings' Transfer	(3,077)	(2,774)	-	(2,774)	(303)	-	-	-	-	-	(303)
Academic Initiatives	888	882	6	888	-	-	-	-	-	-	-
Endowment Expenditures greater than Budget (net)	-	-	-	-	-	-	-	10	10	(10)	(10)
TOTAL ACADEMIC	226,429	228,675	(1,615)	227,060	(631)	15,432	15,442	-	15,442	(10)	(641)
ACADEMIC SUPPORT											
Art Gallery	164	164	-	164	-	68	68	-	68	-	-
Centre for Learning and Teaching	1,490	1,550	(60)	1,490	-	1	-	1	1	-	-
IT Infrastructure	1,188	675	803	1,478	(290)	-	-	-	-	-	(290)
Information Technology Services	11,262	11,730	(468)	11,262	-	-	-	-	-	-	-
Printing Centre	16	(46)	-	(46)	62	-	-	-	-	-	62
Endowment Expenditures less than Budget (net)	-	-	-	-	-	-	-	(1)	(1)	1	1
TOTAL ACADEMIC SUPPORT	14,120	14,073	275	14,348	(228)	69	68	-	68	1	(227)
ADMINISTRATION											
Application Fees and Services Recovery	(1,465)	(1,345)	-	(1,345)	(120)	-	-	-	-	-	(120)
Communications and Marketing	3,106	3,065	41	3,106	-	-	-	-	-	-	-
Environmental Health and Safety Office	1,168	1,277	(90)	1,187	(19)	-	-	-	-	-	(19)
Advancement	6,354	6,365	(11)	6,354	-	-	-	-	-	-	-
Financial Services	5,041	5,128	(91)	5,037	4	-	-	-	-	-	4
Human Resources	3,626	3,472	140	3,612	14	-	-	-	-	-	14
Dalhousie Analytics	931	833	-	833	98	-	-	-	-	-	98
Inter-University Services	98	98	-	98	-	-	-	-	-	-	-
President's Office	4,261	4,258	-	4,258	3	-	-	-	-	-	3
Registrar & Admissions	6,188	6,025	135	6,160	28	-	-	-	-	-	28
Research Services	1,996	1,979	17	1,996	-	-	-	-	-	-	-
University Secretariat/ Internal Audit	1,025	1,068	(43)	1,025	-	-	-	-	-	-	-
TOTAL ADMINISTRATION	32,329	32,223	98	32,321	8	-	-	-	-	-	8

(1) This column reflects the transfer of variances to (or from) appropriation or 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 column 11 which is the consolidated Variance on this schedule.

Dalhousie University
Operating Budget Results - Detailed Analysis of Budget, Actual and Variance
 Year ended March 31, 2017

(thousands of dollars)

	Operating					Endowment					Consolidated
	* Column 1	* Column 2	* Column 3	* Column 4	* Column 5	* Column 6	* Column 7	* Column 8	* Column 9	* Column 10	* Column 11
	Final Budget	Actual before Transfer of Variance	Transfer of Variance ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Final Budget	Actual before Transfer of Variance	Transfer of Variance ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Operating and Endowment Variance Fav/(Unfav)
GENERAL	1,640	1,554	-	1,554	86	-	-	-	-	-	86
FACILITIES MANAGEMENT	21,238	21,329	(17)	21,312	(74)	-	-	-	-	-	(74)
STUDENT AFFAIRS											
Awards Office & Student Services Centre - Sexton	452	452	-	452	-	-	-	-	-	-	-
Counselling	1,342	1,294	48	1,342	-	-	-	-	-	-	-
Student Support Services (including Vice-Provost's Office)	4,582	4,478	104	4,582	-	-	-	-	-	-	-
Student Health	117	(58)	175	117	-	-	-	-	-	-	-
Recreation and Athletics	887	1,096	(209)	887	-	142	141	1	142	-	-
Endowment Expenditures less than Budget (net)	-	-	-	-	-	-	-	(1)	(1)	1	1
TOTAL STUDENT AFFAIRS	7,380	7,262	118	7,380	-	142	141	-	141	1	1
ANCILLARIES											
Dalhousie Arts Centre	368	368	-	368	-	-	-	-	-	-	-
Dalplex and Arena	181	68	113	181	-	-	-	-	-	-	-
Food Services	(43)	(296)	253	(43)	-	-	-	-	-	-	-
Residence Life	1,508	1,465	43	1,508	-	-	-	-	-	-	-
University Bookstore	(123)	(23)	(54)	(77)	(46)	-	-	-	-	-	(46)
University Housing	(2,258)	(1,972)	(286)	(2,258)	-	239	239	-	239	-	-
Daycare (Truro)	-	276	-	276	(276)	-	-	-	-	-	(276)
TOTAL ANCILLARIES	(367)	(114)	69	(45)	(322)	239	239	-	239	-	(322)

(1) This column reflects the transfer of variances to (or from) appropriation or 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 column 11 which is the consolidated Variance on this schedule.

2016-17 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, 2017, and the consolidated statements of revenue, expense 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, 2017, 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 27, 2017
Halifax, Canada

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 111,255	\$ 100,906
Accounts receivable	34,448	34,326
Due from related parties (note 5)	56	-
Inventories	2,563	2,544
Prepaid expenses	5,475	5,462
	<u>153,797</u>	<u>143,238</u>
Investments (note 3)	696,598	644,436
Capital assets (note 4)	<u>935,392</u>	<u>897,282</u>
	<u>\$ 1,785,787</u>	<u>\$ 1,684,956</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 69,482	\$ 70,285
Deferred revenue (note 7)	281,688	226,662
Current portion of long-term debt (note 8)	7,084	8,142
	<u>358,254</u>	<u>305,089</u>
Employee future benefits (note 9)	17,988	87,157
Deferred capital contributions (note 10)	226,581	213,202
Long-term debt (note 8)	<u>122,878</u>	<u>129,167</u>
	725,701	734,615
Net assets: (note 11)		
Endowment	456,412	435,878
Excess of pension liabilities over pension assets	(14,237)	(83,483)
Restricted funds	72,114	66,224
Capital fund	545,797	531,722
	<u>1,060,086</u>	<u>950,341</u>
Commitments and contingent liabilities (note 12)	<u>\$ 1,785,787</u>	<u>\$ 1,684,956</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Revenue, Expense and Changes in Operating Surplus

Year ended March 31, 2017

(in thousands of dollars)

	2017	2016
Revenue:		
Provincial government operating grants	\$ 212,695	\$ 211,137
Other government grants and contracts	86,691	88,209
Corporations and foundations	28,375	28,434
Tuition fees	167,475	159,875
Non-credit and other fees	26,742	25,762
General	10,639	9,229
Gifts	13,720	8,670
Investment income	29,151	25,552
Ancillary sales and service	43,954	43,873
External cost recoveries	41,244	41,898
Amortization of deferred capital contributions (note 10)	14,030	14,292
	<u>674,716</u>	<u>656,931</u>
Expenses:		
Salaries and employee benefits	390,051	381,647
Pension expense adjustment (note 9)	(2,970)	(6,764)
Library acquisitions	7,584	7,438
Laboratory and teaching supplies	14,427	13,883
Equipment and service	18,477	17,949
Finance costs	5,923	5,963
Utilities and taxes	19,515	21,089
Externally contracted services	58,995	54,615
Scholarships, bursaries and prizes	52,167	50,255
Ancillary cost of sales and service	7,765	8,056
Travel	13,813	14,512
Amortization of capital assets	36,681	38,316
General operating	28,786	29,387
	<u>651,214</u>	<u>636,346</u>
Excess of revenue over expenses	23,502	20,585
Less amounts:		
Committed to equity in capital assets	(14,075)	(19,624)
Committed to future pension benefits	(2,970)	(6,764)
Committed from (to) restricted funds	(6,457)	5,803
	<u>(23,502)</u>	<u>(20,585)</u>
Net change in operating surplus	<u>-</u>	<u>-</u>
Accumulated operating surplus, beginning of year	<u>-</u>	<u>-</u>
Accumulated operation surplus, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

Dalhousie University
Consolidated Statement of Changes in Net Assets
Year ended March 31, 2017

(in thousands of dollars)

					2017	2016
	Endowment	Excess of pension liabilities over assets	Restricted funds	Capital fund	Total	Total
Net assets, beginning of year	\$ 435,878	\$ (83,483)	\$ 66,224	\$ 531,722	\$ 950,341	\$ 975,155
Excess of revenue over expenses	-	2,970	6,457	14,075	23,502	20,585
Endowed principal contribution	8,693	-	-	-	8,693	12,009
Employee future benefits remeasurements and other items	-	66,276	-	-	66,276	(81,112)
Realized investment returns	33,743	-	-	-	33,743	45,161
Transfers from endowment	(21,902)	-	(567)	-	(22,469)	(21,457)
Net change for the year	20,534	69,246	5,890	14,075	109,745	(24,814)
Net assets, end of year	\$ 456,412	\$ (14,237)	\$ 72,114	\$ 545,797	\$ 1,060,086	\$ 950,341

See accompanying notes to consolidated financial statements.

Dalhousie University
Consolidated Statement of Cash Flows
Year ended March 31, 2017

(in thousands of dollars)

	2017	2016
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 23,502	\$ 20,585
Items not involving cash:		
Amortization of capital assets	36,681	38,316
Amortization of deferred capital contributions	(14,030)	(14,292)
Change in employee future benefits	(2,893)	(6,782)
Decrease in due from related parties	(56)	380
Change in current assets	(154)	(7,414)
Change in current liabilities	54,223	(61,318)
Cash provided by operating activities	97,273	(30,525)
Cash flows from investing activities:		
Purchase of capital assets	(74,791)	(89,959)
Net increase in investments	(52,162)	(25,886)
Cash used in investing activities	(126,953)	(115,845)
Cash flows from financing activities:		
Endowment contributions	8,693	12,009
Endowment realized gains	33,743	45,161
Endowment transfers	(22,469)	(21,457)
Deferred capital contributions received	27,409	16,195
Retirement of long-term debt	(1,145)	(10,206)
Proceeds from long-term debt	-	17,800
Principal payments on long-term debt	(6,202)	(5,319)
Cash provided by financing activities	40,029	54,183
Net increase (decrease) in cash and cash equivalents	10,349	(92,187)
Cash and cash equivalents, beginning of year	100,906	193,093
Cash and cash equivalents, end of year	\$ 111,255	\$ 100,906

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, 2014, extrapolated to March 31, 2017.

(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. Investments:

	2017	2016
Cash	\$ 3,164	\$ 5,196
Treasury bills, notes and GICs	93,696	94,910
Bonds	118,130	117,347
Canadian equities	99,794	86,486
US equities	126,692	98,096
Other international equities	99,283	89,329
Alternatives	155,839	153,072
	\$ 696,598	\$ 644,436

4. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 125,769	\$ --	\$ 125,769	\$ 125,769
Building	838,960	108,104	730,856	700,616
Leasehold improvements	3,256	2,636	620	895
Equipment	196,753	149,210	47,543	51,475
Vehicles	3,059	2,264	795	1,056
Library books	31,772	26,448	5,324	6,183
Computing	12,277	11,952	325	510
Land improvements	7,877	2,053	5,824	6,170
Construction in progress	18,336	--	18,336	4,608
	\$ 1,238,059	\$ 302,667	\$ 935,392	\$ 897,282

The total amount of assets under capital lease is \$3,826 (2016 - \$4,259), with related accumulated amortization of \$1,896 (2016 - \$2,019).

5. 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 \$308 (2016 - \$269) related to catering costs charged by the University Club. Included in accounts receivable of the University is \$338 (2016 - \$301) due from the University Club, with no set terms of repayment.

During the year, an interest free housing loan was advanced to a senior employee of the University; \$56 (2016 - \$0). Full repayment is due July 2017. The transaction is measured at fair value.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances for payroll taxes payable of \$10,973 (2016 - \$10,561).

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.

7. Deferred revenue (continued):

	2017	2016
Operating	\$ 26,897	\$ 25,298
Endowment	133,483	100,807
Research	75,347	65,862
Special purpose	45,961	34,695
	\$ 281,688	\$ 226,662

8. Long-term debt:

	Payment amount	Repayment frequency	Maturity date	Interest rate	2017	2016
Student residences	6	Quarterly	Dec 2016	4.74	\$ -	\$ 185
Kenneth C. Rowe Management Building	236	Quarterly	Mar 2017	5.06	-	960
Peter Green Hall	7	Monthly	Dec 2017	5.89	61	138
Residence renewal	58	Quarterly	Nov 2019	5.21	614	817
Central Services Parkade	22	Quarterly	Dec 2023	5.66	294	337
Residence renewal	47	Quarterly	Oct 2025	4.69	1,379	1,504
Howe Hall	136	Quarterly	Jan 2028	5.89	4,393	4,671
Collaborative Health Education Building I	171	Quarterly	Sept 2028	2.22	6,920	7,443
Risley Hall	385	Quarterly	Sept 2029	5.96	13,540	14,250
Life Sciences Research Institute	150	Monthly	May 2031	4.65	19,202	20,172
Collaborative Health Education Building II	163	Quarterly	Sept 2035	2.65	9,512	9,907
Mona Campbell Building	75	Monthly	Nov 2035	4.66	11,709	12,113
Steele Ocean Sciences Building	473	Quarterly	Mar 2037	3.23	27,403	28,385
LeMarchant Place	562	Quarterly	Sept 2037	3.30	33,131	34,272
Capital leases					1,804	2,155
					129,962	137,309
Less: current portion					(7,084)	(8,142)
					\$122,878	\$129,167

8. Long-term debt (continued):

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

2018	\$	7,084
2019		7,309
2020		6,751
2021		6,622
2022		6,800

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 \$5,036 (2016 – \$5,310) relating to long-term debt has been included in interest expense. Interest of \$125 (2016 – \$114) relating to capital lease obligations has been included in interest expense.

Capital lease obligations are secured by leased assets as outlined in note 4.

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, 2014 and reflected a going concern plan deficit of \$68,279. The next actuarial valuation will be prepared as of March 31, 2017.

An extrapolation of the March 31, 2014 actuarial valuation to March 31, 2017 indicated a going concern plan deficit of \$14,237. Remeasurements of \$(66,276) have been recognized directly in the Statement of Changes in Net Assets.

The total cost of the defined benefit plan for the year of \$26,310 less the amount of employer contributions in the year of \$29,280 represents the pension expense adjustment of \$2,970 (2016 - \$6,764), which is recorded in the consolidated statement of revenue, expense and changes in operating surplus.

9. Employee future benefits (continued):

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 \$248 (2016 - \$382).

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

	2017	2016
Pension benefit obligation		
Fair value of plan assets	\$ 1,242,753	\$ 1,122,728
Accrued benefit obligation	(1,256,990)	(1,206,211)
Pension benefit obligation	(14,237)	(83,483)
Retirement service award obligation	(3,751)	(3,674)
Employee future benefit obligation	\$ (17,988)	\$ (87,157)

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

Actuarial Assumptions	2017	2016
Pension Plan		
Rate of compensation increase	3.59%	3.59%
Discount rate	5.43%	5.45%
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:

	2017	2016
Balance, beginning of year	\$ 213,202	\$ 211,299
Contributions received during the year:		
Government grants and contracts	17,139	5,199
Corporations and foundations	650	-
General	4,599	3,126
Gifts	5,021	7,870
Total contributions received during the year	27,409	16,195
Recognized as revenue:		
Government grants and contracts	(11,679)	(11,857)
Corporations and foundations	(67)	-
General	(1,028)	(915)
Gifts	(1,256)	(1,520)
Total recognized as revenue	\$ (14,030)	\$ (14,292)
Balance, end of year	\$ 226,581	\$ 213,202
Balance by fund:		
Capital	\$ 191,819	\$ 176,216
Research	34,065	36,137
Special Purpose	697	849
Balance, end of year	\$ 226,581	\$ 213,202

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, 2016	Contributions	Realized Investment Returns	Transfer to (from) Endowment	Endowment March 31, 2017
External restrictions	\$ 423,748	\$ 8,693	\$ 32,970	\$ (21,724)	\$ 443,687
Internal restrictions	12,130	-	773	(178)	12,725
	<u>\$ 435,878</u>	<u>\$ 8,693</u>	<u>\$ 33,743</u>	<u>\$ (21,902)</u>	<u>\$ 456,412</u>

(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) 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) :

(d) **Capital Fund:**

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

	2017	2016
Capital assets	\$ 935,392	\$ 897,282
Less amounts financed by:		
Deferred capital contributions	(226,581)	(213,202)
Long-term debt	(129,962)	(137,309)
Cash flows, pending project completion	(45,232)	(25,856)
Equity in capital assets	\$ 533,617	\$ 520,915
Capital reserve	12,180	10,807
Total Capital Fund	\$ 545,797	\$ 531,722

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, 2013. 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, 2016, the surplus was \$84,908.

As of March 31, 2017, 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, 2017, estimated at \$43,987.

12. Commitments and contingent liabilities (continued):

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

2018	\$ 1,258
2019	837
2020	644
2021	-
2022	-

Certain of the alternative investments contain contractual commitments. At March 31, 2017, there were outstanding future commitments of \$191 CAD in Canadian real estate; \$11,631 USD and €4,209 EUR in private equity investments; and \$109 USD in infrastructure investments.

The University has provided a loan guarantee of \$7,000 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, 2017 interest rate swaps outstanding have a notional value of \$128,096 (2016 - \$135,016) 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% (2016 - 2.22% - 5.96%).

Although the University has no intention of settling these instruments at March 31, 2017, the interest rate swap contracts described in Note 8 have a fair value of (\$14,789) (2016 - (\$21,339)).

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, 2017 were \$85,081 (2016 - \$53,727). 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.

16. Comparative figures

Certain comparative information has been reclassified to conform to the current year's presentation.

Dalhousie University
Consolidated Schedule of Revenue and Expense
Year Ended March 31, 2017 (With Comparatives Figures for 2016)
(unaudited)

(in Thousands of Dollars)

	Operating 2017 (Schedule 2)	Endowment 2017 (Schedule 3)	Ancillary 2017 (Schedule 4)	Capital 2017	Special Purpose 2017 (Schedule 5)	Research 2017 (Schedule 5)	2017	Total 2016
Revenue	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	212,695	-	-	-	-	-	212,695	211,137
Other government grants and contracts	15,484	-	532	700	1,726	68,249	86,691	88,209
Corporations and foundations	335	-	-	-	3,302	24,738	28,375	28,434
Tuition fees	167,475	-	-	-	-	-	167,475	159,875
Non-credit and other fees	26,675	-	67	-	-	-	26,742	25,762
General	3,436	-	67	1,435	5,228	473	10,639	9,229
Gifts	154	2,623	-	-	10,703	240	13,720	8,670
Investment	3,071	24,083	-	499	1,436	62	29,151	25,552
Ancillary sales and service	-	-	43,954	-	-	-	43,954	43,873
External cost recoveries	40,050	-	-	279	652	263	41,244	41,898
Amortization of deferred capital contributions	-	-	-	6,086	299	7,645	14,030	14,292
Total revenue	469,375	26,706	44,620	8,999	23,346	101,670	674,716	656,931
Expense								
Salaries								
Academic	161,947	5,640	56	-	1,077	11,540	180,260	177,311
Library	3,818	-	-	-	53	-	3,871	3,702
Plant maintenance	14,620	-	197	-	-	-	14,817	12,954
Administrative and support	99,447	872	6,298	-	4,212	24,012	134,841	132,217
Benefits costs	49,842	832	968	-	998	3,622	56,262	55,463
Total salaries and benefits	329,674	7,344	7,519	-	6,340	39,174	390,051	381,647
Library acquisitions	7,381	71	-	-	47	85	7,584	7,438
Laboratory and teaching supplies	5,748	142	-	-	1,247	7,290	14,427	13,883
Equipment and service	12,063	114	933	139	726	4,502	18,477	17,949
Finance costs	2,815	-	2,093	1,004	11	-	5,923	5,963
Utilities and taxes	18,126	-	1,385	-	-	4	19,515	21,089
Externally contracted services	25,581	2,935	11,381	295	4,163	14,640	58,995	54,615
Scholarships, bursaries and prizes	22,545	10,636	462	-	2,058	16,466	52,167	50,255
Ancillary cost of sales and service	-	-	7,765	-	-	-	7,765	8,056
Travel	6,265	457	68	-	1,440	5,583	13,813	14,512
Amortization of capital assets	-	-	-	36,681	-	-	36,681	38,316
General operating	18,939	656	1,197	79	2,943	4,972	28,786	29,387
Internal / interfund transfers	19,323	2,792	11,748	(43,274)	546	8,865	-	-
Total expense	468,460	25,147	44,551	(5,076)	19,521	101,581	654,184	643,110
Change in year before appropriations	915	1,559	69	14,075	3,825	89	20,532	13,821
Change in net assets	(915)	(1,559)	(69)	(14,075)	(3,825)	(89)	(20,532)	(13,821)
Surplus before pension expense adjustment	-	-	-	-	-	-	-	-
Pension expense adjustment	2,970	-	-	-	-	-	2,970	6,764
Net assets after pension adjustment	2,970	-	-	-	-	-	2,970	6,764

Schedule 1

Dalhousie University
Consolidated Schedule of Revenue and Expense - Operating
Year Ended March 31, 2017 (With Comparatives Figures for 2016)
(unaudited)

(in Thousands of Dollars)

	Academic		Academic Support		Administration and General		Facilities and Construction Management		Student Services		Institution		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue														
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	212,695	211,137	212,695	211,137
Other government grants and contracts	7,502	7,612	-	-	-	-	9	59	275	275	7,698	6,985	15,484	14,931
Corporations and foundations	296	131	-	-	-	-	9	19	30	-	-	-	335	150
Tuition fees	13,180	12,328	-	-	-	-	-	-	-	-	154,295	147,547	167,475	159,875
Non-credit and other fees	12,881	12,012	-	-	2,956	3,079	-	-	7,633	7,493	3,205	3,120	26,675	25,704
General	-	-	10	8	845	1,086	1,572	1,415	1,009	1,519	-	-	3,436	4,028
Gifts	-	2	-	-	-	-	-	-	154	-	-	-	154	2
Investment	-	-	-	-	-	-	-	-	2	4	3,069	4,106	3,071	4,110
Ancillary sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External cost recoveries	34,141	33,673	2,387	2,496	1,198	1,157	1,435	1,757	889	621	-	-	40,050	39,704
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	68,000	65,758	2,397	2,504	4,999	5,322	3,025	3,250	9,992	9,912	380,962	372,895	469,375	459,641
Expense														
Salaries														
Academic	160,235	157,040	-	-	218	213	-	-	1,494	1,547	-	-	161,947	158,800
Library	3,818	3,635	-	-	-	-	-	-	-	-	-	-	3,818	3,635
Plant maintenance	70	66	-	-	-	-	14,550	12,677	-	-	-	-	14,620	12,743
Administrative and support	49,694	48,885	10,127	10,734	26,660	26,241	5,117	4,826	7,849	7,265	-	-	99,447	97,951
Benefits costs	35,893	35,326	2,026	2,204	5,655	5,548	4,687	5,133	1,581	1,501	-	-	49,842	49,712
Total salaries and benefits	249,710	244,952	12,153	12,938	32,533	32,002	24,354	22,636	10,924	10,313	-	-	329,674	322,841
Library acquisitions	7,336	7,043	-	2	42	53	-	-	3	4	-	-	7,381	7,102
Laboratory and teaching supplies	5,568	5,385	-	-	-	-	2	4	178	170	-	-	5,748	5,559
Equipment and service	4,121	2,912	5,151	4,387	661	823	1,679	1,535	451	444	-	-	12,063	10,101
Finance costs	119	110	2	2	74	76	65	65	75	3	2,480	2,551	2,815	2,807
Utilities and taxes	-	-	7	7	-	-	18,119	19,613	-	-	-	-	18,126	19,620
Externally contracted services	11,485	10,845	798	1,090	2,280	2,791	10,415	7,849	603	709	-	-	25,581	23,284
Scholarships, bursaries and prizes	2,747	2,452	-	2	-	-	-	-	8,897	8,691	10,901	10,163	22,545	21,308
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	4,039	4,043	134	130	1,102	1,193	54	50	936	887	-	-	6,265	6,303
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating	7,091	6,069	837	723	4,185	4,657	2,528	2,895	3,848	3,642	450	407	18,939	18,393
Internal / interfund transfers	9,197	10,996	(2,049)	(1,688)	(669)	(465)	9,789	15,710	471	810	2,584	1,863	19,323	27,226
Total expense	301,413	294,807	17,033	17,593	40,208	41,130	67,005	70,357	26,386	25,673	16,415	14,984	468,460	464,544
Surplus for the year (shortfall)														
Change in year before appropriations	(233,413)	(229,049)	(14,636)	(15,089)	(35,209)	(35,808)	(63,980)	(67,107)	(16,394)	(15,761)	364,547	357,911	915	(4,903)
(Increase) decrease in appropriations	2,190	3,197	(226)	479	(228)	599	(1,324)	557	(367)	(507)	(960)	578	(915)	4,903
Surplus before pension expense adjustment	(231,223)	(225,852)	(14,862)	(14,610)	(35,437)	(35,209)	(65,304)	(71,210)	(16,761)	(16,268)	363,587	363,149	-	-
Pension expense adjustment	-	-	-	-	-	-	-	-	-	-	(2,970)	(6,764)	(2,970)	(6,764)
Change in net assets after pension adjustment	(231,223)	(225,852)	(14,862)	(14,610)	(35,437)	(35,209)	(65,304)	(71,210)	(16,761)	(16,268)	366,557	369,913	2,970	6,764

Schedule 2

DALHOUSIE UNIVERSITY
Consolidated Schedule of Revenue and Expense for Operating and Endowment
Year Ended March 31, 2017 (With Comparatives Figures for 2016)
(unaudited)

(in Thousands of Dollars)

	2017			2016		
	Operating	Endowment	Total	Operating	Endowment	Total
Revenue	\$	\$	\$			\$
Provincial government operating grants	212,695	-	212,695	211,137	-	211,137
Other government grants and contracts	15,484	-	15,484	14,931	-	14,931
Corporations and foundations	335	-	335	150	-	150
Tuition fees	167,475	-	167,475	159,875	-	159,875
Non-credit and other fees	26,675	-	26,675	25,704	-	25,704
General	3,436	-	3,436	4,028	-	4,028
Gifts	154	2,623	2,777	2	2,235	2,237
Investment	3,071	24,083	27,154	4,110	21,040	25,150
Ancillary sales and service	-	-	-	-	-	-
External cost recoveries	40,050	-	40,050	39,704	-	39,704
Amortization of deferred capital contributions	-	-	-	-	-	-
Total revenue	469,375	26,706	496,081	459,641	23,275	482,916
Expense						
Salaries						
Academic	161,947	5,640	167,587	158,800	5,078	163,878
Library	3,818	-	3,818	3,635	-	3,635
Plant maintenance	14,620	-	14,620	12,743	-	12,743
Administrative and support	99,447	872	100,319	97,951	818	98,769
Benefits costs	49,842	832	50,674	49,712	785	50,497
Total salaries and benefits	329,674	7,344	337,018	322,841	6,681	329,522
Library acquisitions	7,381	71	7,452	7,102	298	7,400
Laboratory and teaching supplies	5,748	142	5,890	5,559	156	5,715
Equipment and service	12,063	114	12,177	10,101	47	10,148
Finance costs	2,815	-	2,815	2,807	-	2,807
Utilities and taxes	18,126	-	18,126	19,620	-	19,620
Externally contracted services	25,581	2,935	28,516	23,284	2,724	26,008
Scholarships, bursaries and prizes	22,545	10,636	33,181	21,308	10,262	31,570
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	6,265	457	6,722	6,303	428	6,731
Amortization of capital assets	-	-	-	-	-	-
General operating	18,939	656	19,595	18,393	772	19,165
Internal / interfund transfers	19,323	2,792	22,115	27,226	2,002	29,228
Total expense	468,460	25,147	493,607	464,544	23,370	487,914
Surplus for the year (shortfall)						
Change in year before appropriations	915	1,559	2,474	(4,903)	(95)	(4,998)
Change in net assets	(915)	(1,559)	(2,474)	4,903	95	4,998
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, 2017 (With Comparatives Figures for 2016)
(unaudited)

(in Thousands of Dollars)

	Arts Centre		Student Community Services ¹		Bookstore		Daycare ²		Dalplex		Food Service		Transfer to Operating		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other government grants and contracts	58	58	474	459	-	-	-	-	-	-	-	-	-	-	532	517
Corporations and foundations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tuition fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-credit and other fees	-	-	67	58	-	-	-	-	-	-	-	-	-	-	67	58
General	-	-	67	-	-	-	-	-	-	-	-	-	-	-	67	-
Gifts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary sales and service	3,728	3,744	20,394	19,774	6,522	6,896	67	1,657	1,772	11,586	11,687	-	-	43,954	43,873	
External cost recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	3,786	3,802	21,002	20,291	6,522	6,896	67	1,657	1,772	11,586	11,687	-	-	44,620	44,448	
Expense																
Salaries																
Academic	-	-	56	52	-	-	-	-	-	-	-	-	-	-	56	52
Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	197	211	-	-	-	-	-	-	-	-	-	-	197	211
Administrative and support	635	670	3,554	3,500	725	745	301	970	1,033	113	63	-	-	6,298	6,011	
Benefits costs	94	94	538	540	141	156	35	135	148	25	13	-	-	968	951	
Total salaries and benefits	729	764	4,345	4,303	866	901	336	1,105	1,181	138	76	-	-	7,519	7,225	
Library acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and service	23	9	420	507	67	67	-	83	175	340	847	-	-	933	1,605	
Finance costs	131	135	1,758	1,845	103	133	-	23	34	78	80	-	-	2,093	2,227	
Utilities and taxes	69	75	1,069	1,150	10	11	-	124	121	113	109	-	-	1,385	1,466	
Externally contracted services	60	19	2,042	1,088	100	98	-	7	8	9,172	9,076	-	-	11,381	10,289	
Scholarships, bursaries and prizes	-	-	298	216	-	-	-	-	-	164	-	-	-	462	216	
Ancillary cost of sales and service	2,816	2,783	-	-	4,830	5,157	-	119	116	-	-	-	-	7,765	8,056	
Travel	8	3	49	42	2	8	-	-	2	9	4	-	-	68	59	
General operating	27	11	889	1,308	145	150	7	102	192	27	15	-	-	1,197	1,676	
Internal / interfund transfers	(77)	17	10,375	10,129	499	436	-	(19)	(7)	1,292	2,323	(322)	(14)	11,748	12,884	
Total expense	3,786	3,816	21,245	20,588	6,622	6,961	343	1,544	1,822	11,333	12,530	(322)	(14)	44,551	45,703	
Change in year before appropriations	-	(14)	(243)	(297)	(100)	(65)	(276)	113	(50)	253	(843)	322	14	69	(1,255)	
Net (increase) decrease in appropriations	-	-	243	297	54	65	-	(113)	50	(253)	843	-	-	(69)	1,255	
Surplus for the year (shortfall)	-	(14)	-	-	(46)	-	(276)	-	-	-	-	322	14	-	-	

¹ Student Community Services include Residence Life operations with expenditures of \$1.5 million (\$1.5 million in 2016).

² Transition Funding covered the costs of the Daycare operations prior to 2017.

Schedule 4

Dalhousie University
Consolidated Schedule of Revenue and Expense for Restricted Funds
Year Ended March 31, 2017 (With Comparatives Figures for 2016)
(unaudited)

(in Thousands of Dollars)

	Special Purpose		Research	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue				
Provincial government operating grants	-	-	-	-
Other government grants and contracts	1,726	1,831	68,249	70,930
Corporations and foundations	3,302	1,324	24,738	26,960
Tuition fees	-	-	-	-
Non-credit and other fees	-	-	-	-
General	5,228	3,897	473	242
Gifts	10,703	5,874	240	544
Investment	1,436	228	62	-
Ancillary sales and service	-	-	-	-
External cost recoveries	652	1,525	263	181
Amortization of deferred capital contributions	299	264	7,645	7,709
Total revenue	23,346	14,943	101,670	106,566
Expense				
Salaries				
Academic	1,077	899	11,540	12,482
Library	53	67	-	-
Plant maintenance	-	-	-	-
Administrative and support	4,212	3,561	24,012	23,876
Benefits costs	998	511	3,622	3,504
Total salaries and benefits	6,340	5,038	39,174	39,862
Library acquisitions	47	21	85	17
Laboratory and teaching supplies	1,247	599	7,290	7,569
Equipment and service	726	933	4,502	5,263
Finance costs	11	10	-	1
Utilities and taxes	-	-	4	3
Externally contracted services	4,163	2,700	14,640	15,618
Scholarships, bursaries and prizes	2,058	2,195	16,466	16,274
Ancillary cost of sales and service	-	-	-	-
Travel	1,440	1,322	5,583	6,400
Amortization of capital assets	-	-	-	-
General operating	2,943	3,061	4,972	5,462
Internal / interfund transfers	546	174	8,865	8,537
Total expense	19,521	16,053	101,581	105,006
Surplus for the year (shortfall)	3,825	(1,110)	89	1,560
Change in net assets	(3,825)	1,110	(89)	(1,560)
Surplus for the year	-	-	-	-

Schedule 5