

March 31  
**2013**

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Dalhousie University  
**Annual  
Financial  
Report**

**Published June 2013**

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**DALHOUSIE UNIVERSITY**  
**ANNUAL FINANCIAL REPORT**

**March 31, 2013**

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*Vice-President  
Finance and Administration*

**TO:** The Dalhousie Community

**FROM:** Ken R. Burt, Vice-President (Finance and Administration)

**DATE:** June 25, 2013

**RE: The 2012-2013 Annual Financial Report**

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The attached Annual Financial Report provides readers with an account of the stewardship exercised over the financial resources entrusted to Dalhousie University. This comprehensive overview of Dalhousie's financial affairs describes developments affecting the University's finances, summarizes budget developments for the current year, compares budgeted and actual Operating Fund results, explains material variances, and then concludes with the audited Financial Statements for the year ended March 31, 2013. The 2012-13 operational year for Dalhousie University included a merger on September 1, 2012 with the Nova Scotia Agricultural College resulting in a new Faculty of Agriculture located in Truro/Bible Hill.

The 2012-13 Operating Budget of \$330 million was approved by the Board of Governors at the June 26<sup>th</sup>, 2012 meeting. 2012-13 was the second year of a new three-year Memorandum of Understanding (MOU) between the universities and the Government of Nova Scotia and included a further 3% reduction in the operating grant, bringing a total reduction to date to 10% (since 2010-11).

The university achieved a 2012-13 operating budget surplus of \$1.53 million, marking the twenty-fifth consecutive year that the university has achieved a balance or surplus from regular operations. The major contributing factors of the surplus were the higher than expected student enrolment with associated tuition revenue of \$1.7 million which was offset by approved mid-year increased allocations of \$332,000 of additional student financial assistance costs, \$144,000 for additional energy costs related to natural gas supply disruptions and \$138,000 increase in contingency costs related to restructuring expenditures. The 2012-13 surplus has been appropriated to meet priority capital projects for 2013-14.

Financial Statements are the formal record of the financial activities for the period ending March 31, 2013 and are used to provide an overview of the financial condition of the University. The highlights to be noted include: Consolidated University revenue from all sources grew to \$622.3 million in 2012-13 increasing by 8.5% from the previous year largely related to the merger. Total assets of the University as of March 31, 2013 increased to \$1,558 million up 16% from the previous year, due to the merger with the Agricultural College in Bible Hill, and consequent adjustment of land and buildings to a fair value of \$73 million at the transition date of the merger, and a \$65 million increase in the endowment investment fund value due to market improvements and new gifts received during the year.

Investor confidence appeared to increase last year despite the continued budget impasse in the U.S. and as attention to the European debt bailout packages seem to wane. Instead, the markets seemed to focus on employment growth announcements in the United States and signals that new housing construction in the U.S. was gaining strength. Consequently, U.S. and international equity markets flourished with a number of strong rallies, particularly in the latter part of the year. Expectations that economic growth in China could “slow” to 8% led to softer commodity prices. Consequently, Canadian equity market returns lagged behind other markets as over 40% of Canada’s equity market is represented by the energy and commodity sectors. The year was also good for real asset investments such as real estate and infrastructure. Dalhousie’s diversified Endowment investment portfolio generated a 10.8% return for the year. A number of endowments that had not fully recovered from the 2008-09 market slump continued to receive spending support from the University’s operating budget. The University’s Pension Plan had a 10.0% return for the year, increasing assets by \$80 million. Contributions for the year added another \$39.4 million, while \$43.4 million was paid out in pension benefits and Plan expenses.

The last valuation for the Dalhousie University Staff Pension Plan was at March 31, 2010. Pension assets at that time were \$689.9 million, but the going concern funded status showed a \$73.4 million deficit and there was a \$129.5 million solvency deficit. In 2012, there were a number of changes to the Nova Scotia Pension Regulations proposed by Government which will benefit the university, including permanent solvency relief. We are still awaiting the finalization of these regulatory changes.

The University continued to make progress in the area of campus renewal. The 2012-13 annual facilities renewal budget allocation of \$15.3 million was augmented by \$1.5 million in project funding from Student Housing and \$1.8 million in operating surplus carried forward from 2011-12. Numerous major projects were completed with upgrades in accessibility, safety, building systems and structures, and redevelopment of campus space, including: continued work on the Dunn Building and Shirreff Hall exterior conservation and the first phase of the Medjuck Building stonework and window replacement, LSC Biology lab upgrades, SUB transformer and switchgear replacement, continuation of Sexton Campus hot water conversion and hazardous materials survey and remediation in the first phase of a campus-wide review.

In 2012-13 construction was substantially completed on a major addition to the Life Sciences Centre to house the Canadian Excellence Research Chairs (CERC) and numerous other researchers in the areas of oceans and the structural work was completed on a new multipurpose building on LeMarchant Street which will include a 324 bed student residence and other student services support space and which is scheduled to open in late 2013-14.

The year 2012-13 will be remembered for the continued unsteady recovery from the market collapse of 2008 and while the world economies are continuing to struggle, for Dalhousie, the year will be remembered as a positive year in our continued growth toward being Canada’s best University with the addition of the new Faculty of Agriculture and Bible Hill Campus, and our strong student enrolment has provided for continued financial stability for university operations and renewal of our physical infrastructure.



Ken R. Burt

**SECTION A**

**Dalhousie Financial Overview**

**March 31, 2013**

## INTRODUCTION

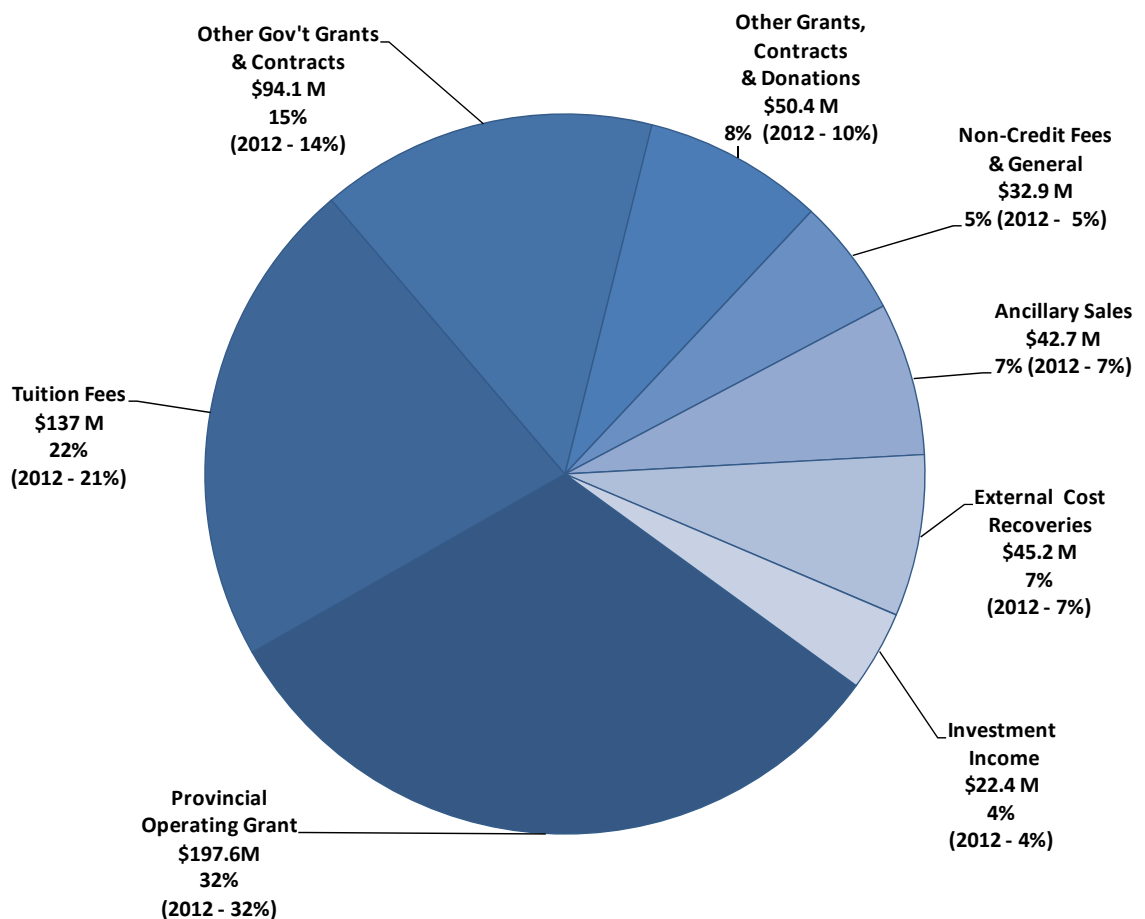
The 2012-13 year at Dalhousie has been tremendously exciting as the University completed a merger with the Nova Scotia Agricultural College. The addition of Dalhousie's newest Faculty – the Faculty of Agriculture located in Truro/Bible Hill came into effect on September 1, 2012. As a result the financial activities of the Agricultural Campus are included in this report and represent a portion of the year-over-change in revenues and expenditures.

## TOTAL REVENUE

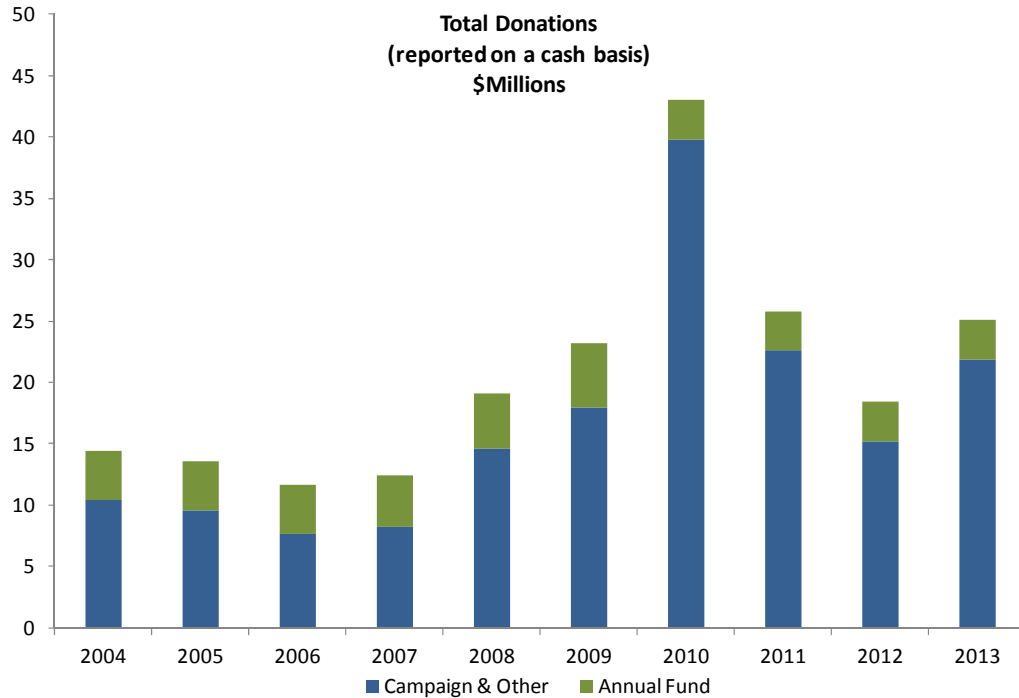
Dalhousie's total revenue from all funds (operating, ancillary, capital, endowment, research and special purpose) increased by 8.5% to \$622.3 million in 2012-13.

- General operations (including endowment) contributed \$35.6 million of the increase of which \$26 million relates to the Agricultural Campus.
- Other funds contributed \$13.1 million of the increase.

### **2012-13 Revenues: \$622.3 million (2011-12: \$573.6 million)**



- The 'Bold Ambitions' campaign has now eclipsed the \$250 million goal in gifts and pledges with more than \$163 million in contributions received to date;
- \$85 million in new endowment gifts included in the campaign total to date; and
- \$25.2 million in gifts raised in 2012-13 alone.

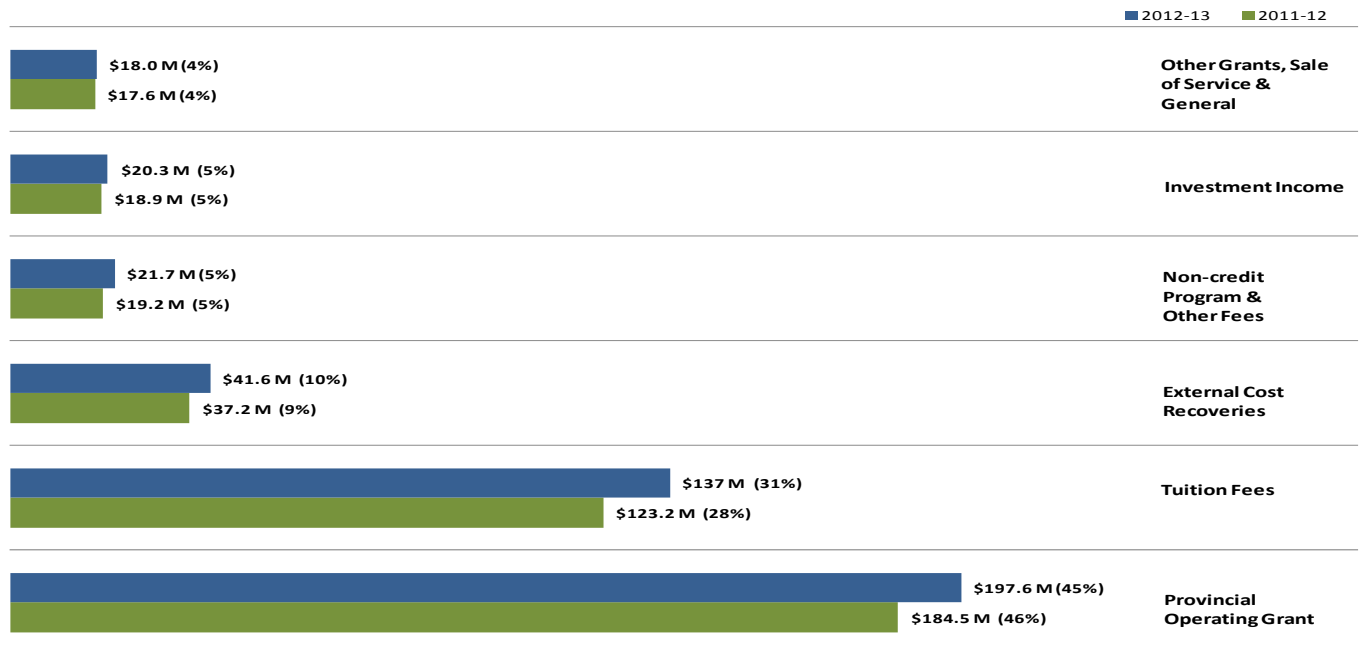


## **OPERATING AND ENDOWMENT REVENUE & EXPENSE**

Provincial operating grants are the largest source of operating revenue representing 45% of gross operating revenue. Tuition revenue contributes 31% of Dalhousie's gross operating and endowment revenue.

- Operating grants were reduced by 3% or \$4.9 million for the Halifax Campus;
- Operating grants for the Agricultural Campus (from the Departments of Labour and Advanced Education and Agriculture) resulted in a year-over-year increase of \$18.0 million in Dalhousie provincial grant revenue;
- Tuition revenue growth was generated by the new Faculty of Agriculture (\$5.2 million), tuition fee adjustments (\$4.7 million) and increased enrolment in general programs (\$2.0 million) and Faculty based premium programs (\$1.9 million); and
- Other operating revenue sources were \$8.7 million higher than the previous year.

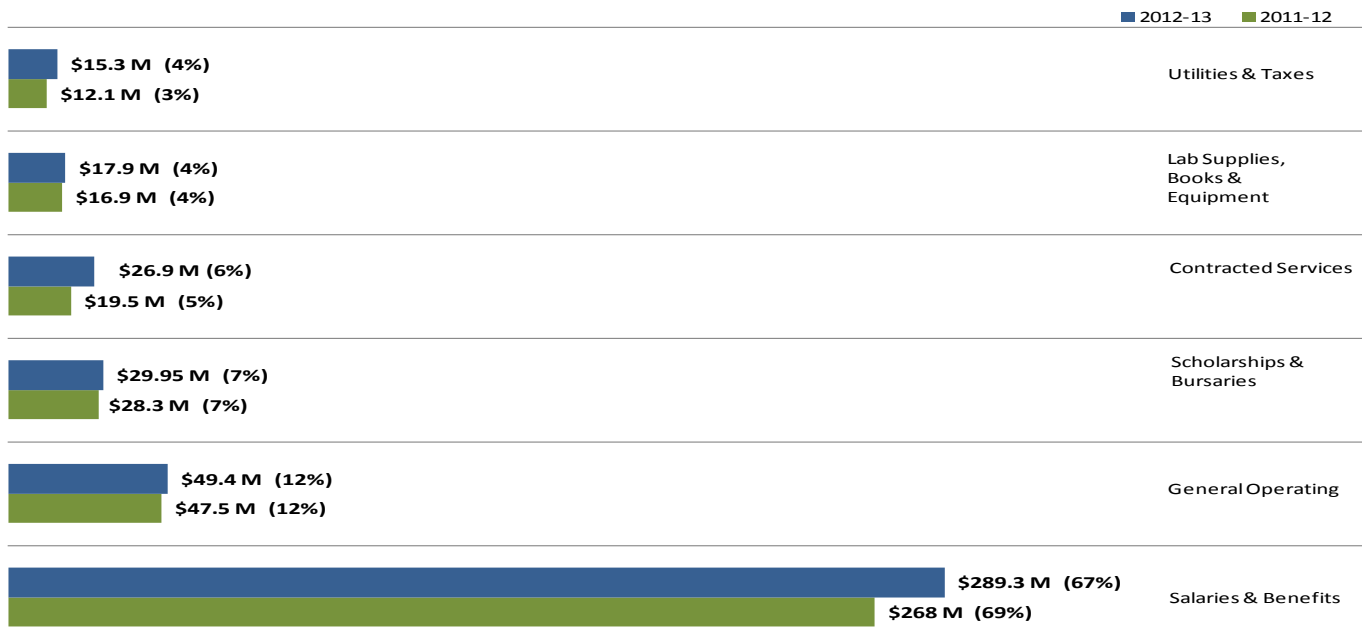
**2012-13 Operating & Endowment Revenue: \$436.2 million (2011-12: \$400.6 million)**



**Operating and Endowment Expenses**

The dominant share of University operating and endowment expenditure is salaries, wages, employee benefits and pension at \$284.3 million or 67% of the total spending. The \$21.3 million increase from 2011-12 relates in part to the Agricultural Campus and to escalation in the various components of compensation. In 2000, compensation expenditures represented 75% of the total operating and endowment expenditure budget. In the intervening period since 2000, investments in various other strategic areas including student assistance and service, fundraising and campus renewal have resulted in a shift in operating budget spending trends.

**2012-13 Operating & Endowment Expense: \$428.3 million (2011-12: \$392.3 million)**

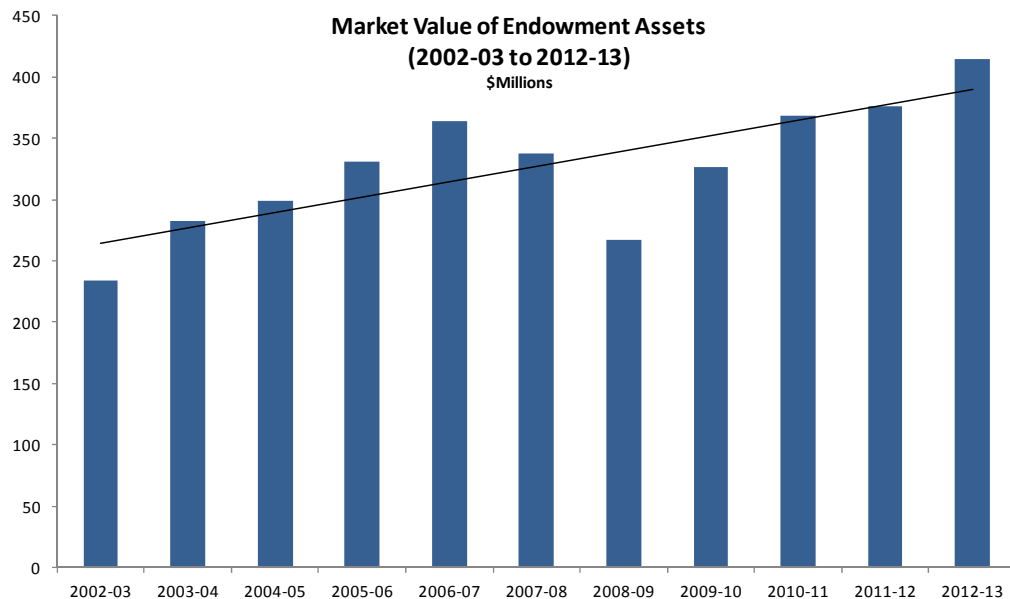




## ENDOWMENTS

There are now more than 1,300 individual endowments at Dalhousie including new endowed gifts of \$18.3 million received in 2012-13. The University's Endowment Management Policy includes three key objectives:

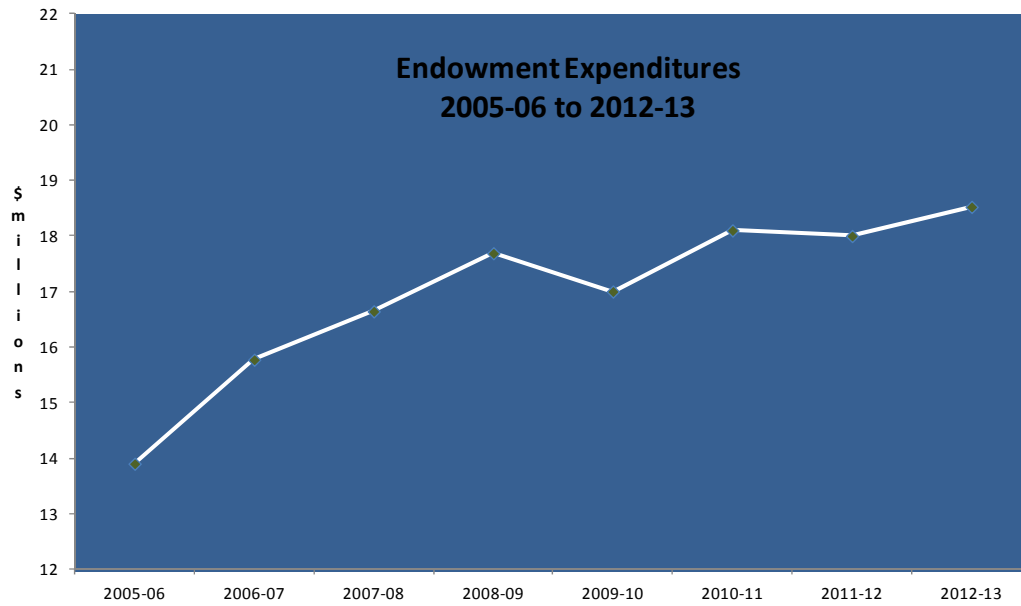
- To balance present spending needs with expected future requirements;
- To protect the purchasing power of the capital base while achieving stability in year-to-year spending; and
- To attain real increases in spending through capital appreciation from new gifts, capital investment gains, and the capitalization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



The Dalhousie endowment reached a record level of \$415 million as at March 31, 2013. The Bold Ambitions campaign has added \$85 million to the endowment and despite a decade in which the University weathered two severe market downturns, endowed assets have achieved positive results on an annualized basis over this multi year period.

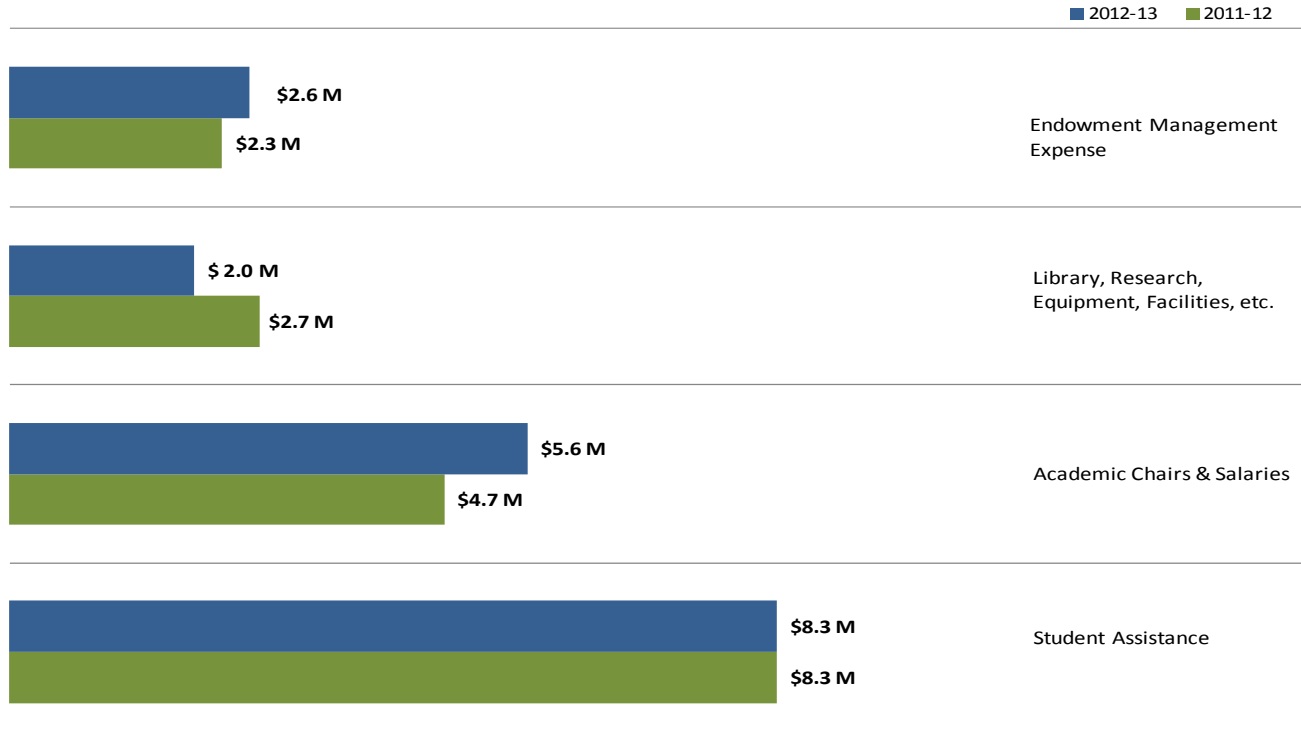
The University's endowment spending policy is referred to as a 'banded inflation policy.' The policy allows for annual spending increases at the rate of CPI as long as the resulting spending rate remains within a band of 3.75% to 5.75% of the endowment's market value. The objectives of this approach are to provide stable year-to-year spending allocations that maintain purchasing power over time. A study of the endowment investment program and spending rate was completed earlier this year. The Investment Committee of the Board has endorsed a reduction of the initial spending rate from 4.75% to 4.25% in order to meet the key objectives of the Endowment Management Policy. This recommended change will be presented by the Investment Committee at the June 2013 Board of Governors' meeting.

In order to protect the capital base of newer endowments that had suffered a decline in value during 2008-09, spending allocations from these endowments were curtailed and a \$700,000 supplement has been provided from the operating budget so that the expenditure commitments of these funds is not disrupted. The supplement is expected to continue until these endowments fully recover from the market downturn.



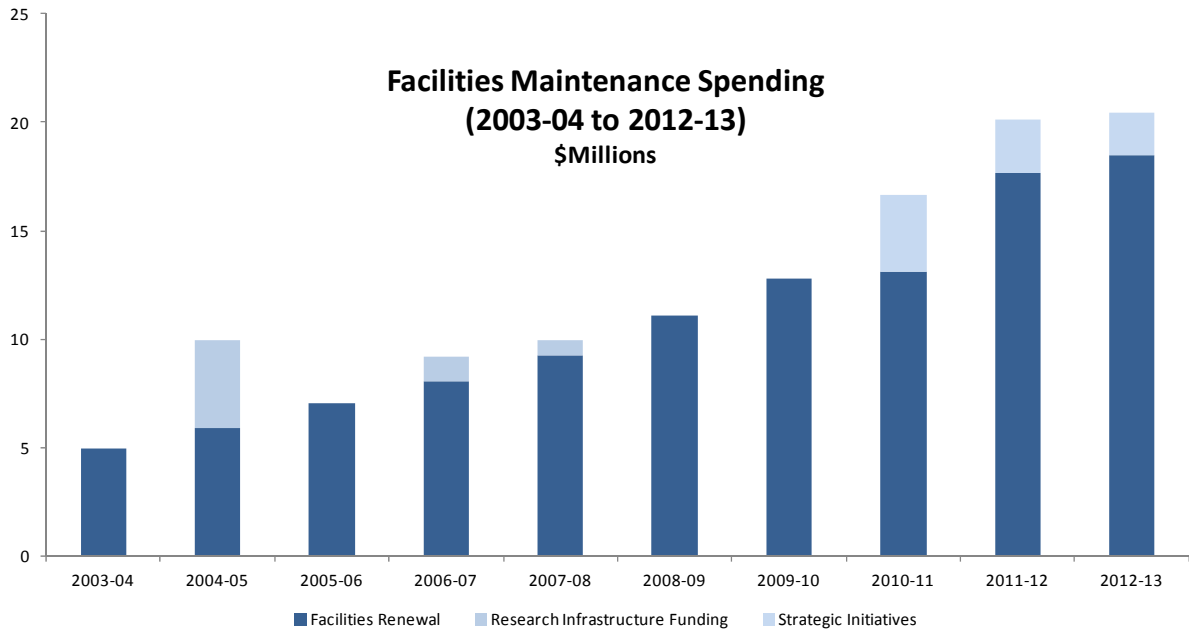
The chart above shows the history of endowment supported expenditures since 2005-06. Annual expenditures supported by endowment spending allocations have continued to trend higher over the period 2005-06 to 2012-13 providing an important source of funding for student bursaries and scholarships, research, library materials and services and academic chairs and salaries.

**2012-13 Endowment Expenditures: \$18.5 million (2011-12: \$18.0 million)**



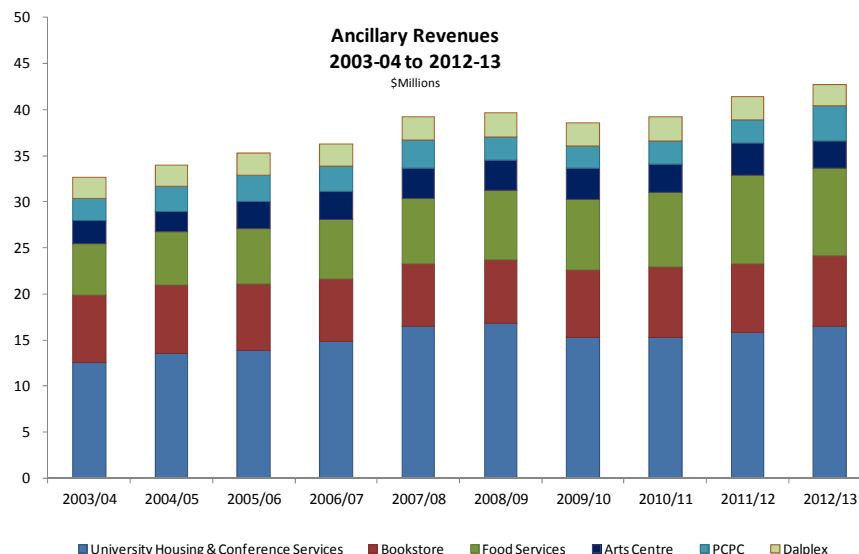
## CAMPUS RENEWAL

The Facilities Renewal Strategy Committee of the Board of Governors (2001) recommended a number of strategies to review Dalhousie’s aging physical infrastructure. The buildings and grounds of the University require a substantial annual investment to ensure these facilities are safe, and efficiently utilized to meet the current and future population of students, faculty and staff. As the graph indicates, great progress has been made in allocating increased resources to steward our campus assets.



## ANCILLARY ENTERPRISES

Dalhousie’s operations include a range of ancillary units to provide goods and services to our 18,500 enrolled students. These service units are spread across the Studley, Sexton, Carlton and Agricultural campuses and include University Housing and Conference Services, Residence Life, Bookstore, Food Services, Arts Centre (Rebecca Cohn), Dalplex and the Personal Computer Purchase Centre (PCPC).



## **SECTION B**

**Report on the 2012-13**

**Budget vs Actual Operating Results**

## 2012-13 FISCAL YEAR

### OPERATING BUDGET VERSUS ACTUAL RESULTS

#### INTRODUCTION

An important development for Dalhousie in 2012-13 was the merger between the University and the former Nova Scotia Agricultural College. Effective September 1, 2012 Dalhousie assumed responsibility for the operations at the Agricultural Campus in Truro. This report provides summary and detail financial information on the approved University operating budget for the Studley, Carlton and Sexton campuses in Halifax, the Agricultural Campus in Truro and a consolidated report providing total revenue and expenditure for the combined operation on an annual basis. For simplicity the report references the Halifax Campus and the Truro Campus.

#### I – HALIFAX CAMPUS

##### 2012-13 APPROVED OPERATING BUDGET

In June 2012 the Board of Governors approved the 2012-13 Operating Budget for the University. The balanced budget included operating revenues and expenditures of \$331 million. This report provides a comparison of the budget to actual results for the year in summary and by Faculty/unit with commentary on major variances from budget for the Halifax Campus (page 12 to 14). Please note that the approved budget preceded the merger with NSAC and so the Truro Campus commentary is addressed separately on pages 19 to 20.

##### THE FINAL BUDGET

The summary on page 12 shows the Approved Budget and Final Budget for the 2012-13 fiscal year. The Final Budget reflects compensation adjustments and strategic initiatives allocations made to Faculties/units in the Responsibility Centre Category.

##### ACTUAL RESULTS

The Halifax campus achieved a surplus of \$1,531,000 for year 2012-13 due to higher than budgeted tuition revenue. Commentary on tuition and other revenue and expenditure variances is provided as follows:

1. Provincial Government Grant- Nova Scotia Bursary Program

In 2012-13 the provincial bursary program provided support of \$1,283 to each Nova Scotia student attending a Nova Scotia university (\$261 for other Canadian students). The Nova Scotia Bursary expenditure line in the General Operating Expenditures section reflects an offsetting amount as this program is fully funded by the Province. The offsetting variances of \$70,000 on these lines reflect actual experience with this program for the 2012-13 fiscal year.

2. Investment Income – Endowment and Related Expenditure Lines

Endowment income is recognized each year in an amount sufficient to meet expenditures from individual endowments and hence there is no impact on the bottom line. The annual revenue and expenditures for each of more than 1,300 individual endowments will vary from budget and unspent amounts are carried forward for use in a subsequent year or re-invested with the capital.

The following table summarizes expenditures by Responsibility Centre and the offsetting variance in Endowment income. The underspending in centrally-managed student assistance occurred in the Killam scholarship fund. The success of Killam scholars in earning external scholarship support following the commencement of their programs at Dalhousie reduces the draw on the Killam fund and consequently these unspent funds are available for future years to support graduate scholars. Underspending in the academic endowment area occurred in three primary areas: a large gift from an externally held endowment will be expensed on student assistance over the next decade; deferred spending from a Faculty of Medicine endowment will be used for a major laboratory refit in 2013-14; and delays in appointment of senior academics occurred for a number of endowed chairs.

| <b>2012-13 Summary of Endowment Revenue and Expenditures</b> |               |               |                 |
|--|---------------|---------------|-----------------|
| <b>( '000's of dollars)</b>                                  |               |               |                 |
|  | <b>Budget</b> | <b>Actual</b> | <b>Variance</b> |
| <b>Endowment Revenue</b>                                     | 19,959        | 17,840        | 2,119           |
| <b>Operating Supplement to Endowment</b>                     | 700           | 614           | 86              |
|  | <b>20,659</b> | <b>18,454</b> | <b>2,205</b>    |
| <b>Endowment Expenditures:</b>                               |               |               |                 |
| <b>Student Assistance</b>                                    | 5,580         | 5,173         | 407             |
| <b>Endowment Management Expense</b>                          | 2,501         | 2,619         | (118)           |
| <b>Academic</b>  | 12,198        | 10,283        | 1,915           |
| <b>Academic Support</b>                                      | 19            | -             | 19              |
| <b>Student Services</b>                                      | 114           | 104           | 10              |
| <b>University Housing</b>                                    | 247           | 275           | (28)            |
|  | <b>20,659</b> | <b>18,454</b> | <b>2,205</b>    |

### 3. Investment Income - Operating

The University's short term investment program has benefitted from higher than projected cash balances throughout the year relating to cash flows on capital projects.

### 4. Tuition Fees

Overall enrolment exceeded the budgeted level going into the fall 2012 term. Winter term course registrations also rose on a year-over-year basis adding to the positive variance in tuition revenue totalling \$1,655,000.

### 5. Scholarships, Bursaries and Student Assistance- Operating Supported

Student financial assistance in bursaries and scholarships exceeded the budget for the year. This higher level of support was anticipated in the fall term.

### 6. Energy, Water, Taxes and Insurance

During the first eight months of the year heating fuel prices remained at a moderate level leading to the expectation of a positive variance by year end. Unfortunately, a disruption in natural gas supply pushed the price higher and consumed the energy budget flexibility leaving this budget line in an unfavourable position by \$144,000.

## 7. Contingency

The contingency budget was over committed in 2012-13 to provide support for restructuring expenditures in Faculties and units.

## 8. Responsibility Centre Expenditures

The budgets for various units within the Responsibility Centre Expenditure section include endowment expenditures which vary from the amount available for spending in any given year as described in note 2 above.

- a) **Academic** – No variances are reported in any of the Faculties and major academic units as budget savings/overruns are carried forward in accordance with University policy. Aside from the endowment line the only other variance relates to the annual transfer from King's for teaching services. The \$163,000 favourable variance was due to increased King's enrolments.
- b) **Administration** – The major item resulting in the overall favourable variance in Administration is increased revenue from student applications for the coming academic year. There are also favourable variances in certain units including Communications and Marketing, Environmental Health and Safety and External Relations that will be carried forward to fund strategic investments in 2013-14.
- c) **General** – The unfavourable variance of \$42,000 relates to an increase in the reserve for accounts receivable collection.
- d) **Facilities Management** – Facilities Management results includes positive and negative variances in various areas resulting in an overall unfavourable variance of \$89,000.
- e) **Student Services** – The favourable variance in Student Services will be carried forward to meet budget pressures in 2013-14 and beyond.

## 9. Total Surplus for the Year

The 2012-13 operating results generated a net positive variance (surplus) of \$1,531,000. The funds have been appropriated at year end and will be available on a one-time only basis for priority facilities renewal projects in 2013-14. (A high priority will be supplementing the allocation of facilities renewal budget for the abatement of hazardous materials required in certain University buildings).

**DALHOUSIE UNIVERSITY**  
**2012-13 OPERATING BUDGET RESULTS**

(\$ 000's omitted)

| <b>HALIFAX CAMPUS</b>                                  |                            |                             |               |                                 |
|--|----------------------------|-----------------------------|---------------|---------------------------------|
|  | <b>Approved<br/>Budget</b> | <b>Final<br/>Budget (1)</b> | <b>Actual</b> | <b>Variance<br/>Fav (Unfav)</b> |
| <b>REVENUE</b>   |                            |                             |               |                                 |
| Provincial Government Grants                           |                            |                             |               |                                 |
| Operating  | 166,123                    | 166,123                     | 166,123       | -                               |
| Nova Scotia Bursary Program Grant                      | 9,454                      | 9,454                       | 9,524         | 70                              |
| Enrolment Expansion                                    | 2,940                      | 2,940                       | 2,940         | -                               |
| Facilities/Space                                       | 1,000                      | 1,000                       | 1,000         | -                               |
| Targeted   | 50                         | 50                          | 50            | -                               |
|  | 179,567                    | 179,567                     | 179,637       | 70                              |
| Federal Indirect Costs of Research Grant               | 6,275                      | 6,275                       | 6,263         | (12)                            |
| Investment   |                            |                             |               |                                 |
| Endowment  | 19,959                     | 19,959                      | 17,840        | (2,119) (2)                     |
| Operating ( net of bank & finance charges)             | 2,100                      | 2,100                       | 2,491         | 391                             |
| Tuition Fees   | 120,396                    | 120,396                     | 122,051       | 1,655                           |
| Facilities Renewal Fee                                 | 2,630                      | 2,630                       | 2,661         | 31                              |
|  | 330,927                    | 330,927                     | 330,943       | 16                              |
| <b>GENERAL OPERATING EXPENDITURES</b>                  |                            |                             |               |                                 |
| Non-Space Equipment                                    | 2,533                      | 2,533                       | 2,533         | -                               |
| Scholarships, Bursaries and Student Assistance         |                            |                             |               |                                 |
| Operating  | 10,155                     | 10,155                      | 10,487        | (332)                           |
| Nova Scotia Bursary Program                            | 9,454                      | 9,454                       | 9,524         | (70)                            |
| Endowment  | 5,580                      | 5,580                       | 5,173         | 407 (2)                         |
| Campus Renewal- Annual Facilities Maintenance          | 15,300                     | 15,300                      | 15,331        | (31)                            |
| - Long term  | 7,330                      | 7,330                       | 7,330         | -                               |
| Strategic Initiatives - Projects                       | 2,508                      | 2,307                       | 2,307         | -                               |
| Energy, Water, Taxes and Insurance (net of recoveries) | 15,238                     | 15,238                      | 15,382        | (144)                           |
| Endowment Management Expenses                          | 2,501                      | 2,501                       | 2,619         | (118) (2)                       |
| Contingency  | 1,600                      | 1,600                       | 1,738         | (138)                           |
|  | 72,199                     | 71,998                      | 72,424        | (426)                           |
| <b>RESPONSIBILITY CENTRE EXPENDITURES</b>              |                            |                             |               |                                 |
| Academic   | 192,122                    | 197,169                     | 195,062       | 2,107 (2)                       |
| Academic Support                                       | 10,761                     | 11,317                      | 11,325        | (8) (2)                         |
| Administration   | 25,213                     | 26,239                      | 26,164        | 75                              |
| General  | 1,100                      | 1,101                       | 1,143         | (42)                            |
| Facilities Management                                  | 16,707                     | 16,944                      | 17,033        | (89)                            |
| Student Services                                       | 5,981                      | 6,022                       | 6,012         | 10 (2)                          |
| Provision for Compensation (including pension)         | 6,500                      | 28                          | -             | 28                              |
|  | 258,384                    | 258,820                     | 256,739       | 2,081                           |
| <b>TOTAL RESPONSIBILITY CENTRE EXPENDITURES</b>        | 258,384                    | 258,820                     | 256,739       | 2,081                           |
| <b>TOTAL OPERATING EXPENDITURES</b>                    | 330,583                    | 330,818                     | 329,163       | 1,655                           |
| <b>NET ANCILLARY EXPENDITURES</b>                      | 344                        | 109                         | 249           | (140) (2)                       |
| <b>TOTAL EXPENDITURES</b>                              | 330,927                    | 330,927                     | 329,412       | 1,515                           |
| <b>TOTAL SURPLUS FOR THE YEAR</b>                      | -                          | -                           | 1,531         | 1,531 (3)                       |

(1) The final budget includes the distribution of the Provision for Compensation Adjustments to Faculty and Unit budgets.

(2) Actual endowment expenditures and revenue will vary from the amount available for spending in any given year due to various factors. See note 2 on page 9.

(3) The year end surplus has been appropriated for facilities renewal priorities.



**DALHOUSIE UNIVERSITY**  
**2012-13 OPERATING BUDGET RESULTS - DETAIL**  
(\$000's omitted)

|   | Approved<br>Budget (1) | Final<br>Budget | Actual (3)     | Variance<br>Fav (Unfav) | Transfer to<br>(from)<br>Appropriation |
|---|------------------------|-----------------|----------------|-------------------------|--|
| <b>ACADEMIC</b>                                       |                        |                 |                |                         |  |
| Architecture and Planning                             | 4,199                  | 4,365           | 4,365          | -                       | 21                                     |
| Arts and Social Sciences                              | 19,802                 | 20,385          | 20,385         | -                       | (293)                                  |
| Computer Science                                      | 5,842                  | 5,993           | 5,993          | -                       | (141)                                  |
| Dentistry   | 9,033                  | 9,347           | 9,347          | -                       | 31                                     |
| Engineering   | 17,062                 | 17,683          | 17,683         | -                       | 558                                    |
| Graduate Studies                                      | 1,784                  | 1,868           | 1,868          | -                       | 77                                     |
| Health Professions                                    | 24,193                 | 24,850          | 24,850         | -                       | 1,455                                  |
| Law   | 10,006                 | 10,289          | 10,289         | -                       | (126)                                  |
| Management  | 11,841                 | 12,228          | 12,228         | -                       | 342                                    |
| Medicine  | 39,537                 | 40,643          | 40,643         | -                       | 2,438                                  |
| Science   | 31,116                 | 31,867          | 31,867         | -                       | 31                                     |
| University Library                                    | 13,103                 | 13,422          | 13,422         | -                       | (205)                                  |
| College of Continuing Education                       | 916                    | 932             | 932            | -                       | 75                                     |
| College of Sustainability                             | 1,244                  | 1,290           | 1,290          | -                       | (13)                                   |
| Centres, Institutes & Special Projects                | 1,769                  | 1,627           | 1,627          | -                       | 41                                     |
| Engineering & Computer Science Career Services        | 606                    | 621             | 621            | -                       | 149                                    |
| Faculty Related Costs (eg.Travel, Leave Grants, PDA.) | 2,026                  | 2,309           | 2,309          | -                       | 571                                    |
| Kings' Transfer                                       | (3,327)                | (3,327)         | (3,490)        | 163                     | -                                      |
| Academic Initiatives                                  | 1,370                  | 777 (1)         | 777            | -                       | 206                                    |
| Endowment Expenditures less than Budget (net)         |                        | -               | (1,944)        | 1,944                   | (1,944)                                |
| <b>TOTAL ACADEMIC</b>                                 | <b>192,122</b>         | <b>197,169</b>  | <b>195,062</b> | <b>2,107</b>            | <b>3,273</b>                           |
| <b>ACADEMIC SUPPORT</b>                               |                        |                 |                |                         |  |
| Academic IT Initiatives                               | 237                    | - (1)           | -              | -                       | -                                      |
| Art Gallery   | 166                    | 154             | 154            | -                       | (17)                                   |
| Centre for Learning and Teaching                      | 1,180                  | 1,206           | 1,206          | -                       | 4                                      |
| Information Technology Services                       | 9,333                  | 10,112 (2)      | 10,112         | -                       | (307)                                  |
| Printing Centre                                       | (155)                  | (155)           | (157)          | 2                       | -                                      |
| Endowment Expenditures in excess of Budget (net)      |                        | -               | 10             | (10)                    | 10                                     |
| <b>TOTAL ACADEMIC SUPPORT</b>                         | <b>10,761</b>          | <b>11,317</b>   | <b>11,325</b>  | <b>(8)</b>              | <b>(310)</b>                           |
| <b>ADMINISTRATION</b>                                 |                        |                 |                |                         |  |
| Administrative Initiatives                            | 519                    | (1)             | -              | -                       | -                                      |
| Application Fees and Services Recovery                | (1,195)                | (1,195)         | (1,310)        | 115                     | -                                      |
| Communications & Marketing                            | 2,393                  | 2,890           | 2,890          | -                       | 1                                      |
| Environmental Health and Safety Office                | 633                    | 684             | 684            | -                       | 107                                    |
| External Relations                                    | 5,081                  | 5,184           | 5,184          | -                       | 193                                    |
| Financial Services                                    | 4,218                  | 4,335           | 4,320          | 15                      | -                                      |
| Human Resources                                       | 2,734                  | 2,982           | 3,037          | (55)                    | -                                      |
| Institutional Analysis and Research                   | 584                    | 609             | 609            | -                       | 51                                     |
| Inter-University Services                             | 95                     | 82              | 82             | -                       | -                                      |
| President's Office                                    | 3,373                  | 3,652           | 3,652          | -                       | 4                                      |
| Registrar & Admissions                                | 4,632                  | 4,801           | 4,801          | -                       | 121                                    |
| Research Services                                     | 1,363                  | 1,419           | 1,419          | -                       | 9                                      |
| University Secretariat/ Internal Audit                | 783                    | 796             | 796            | -                       | 11                                     |
| <b>TOTAL ADMINISTRATION</b>                           | <b>25,213</b>          | <b>26,239</b>   | <b>26,164</b>  | <b>75</b>               | <b>497</b>                             |

(1) The final budget includes allocations from Academic Initiatives, Academic IT Initiatives and Administrative Initiatives to budget units during the year.

(2) During the year there was a transfer of responsibility for the DalCard system from Housing and Conference Services to Information Technology Services as the DalCard system was previously under the responsibility of Housing and Conference Services. As a result, \$334 has been transferred to the ITS budget.

(3) The actual column includes transfers of variances in accordance with University policy. (see detailed analysis on pages 15 and 16)

**DALHOUSIE UNIVERSITY**  
**2012-13 OPERATING BUDGET RESULTS - DETAIL**  
(\$000's omitted)

|  | Approved<br>Budget | Final<br>Budget | Actual <sup>(1)</sup> | Variance<br>Fav (Unfav) | Transfer to<br>(from)<br>Appropriation |
|--|--------------------|-----------------|-----------------------|-------------------------|--|
| <b><u>GENERAL</u></b>                                | 1,100              | 1,101           | 1,143                 | (42)                    | -                                      |
| <b><u>FACILITIES MANAGEMENT</u></b>                  | 16,707             | 16,944          | 17,033                | (89)                    | -                                      |
| <b><u>STUDENT SERVICES</u></b>                       |                    |                 |                       |                         |  |
| Awards Office & Student Services Centre -Sexton      | 393                | 423             | 423                   | -                       | -                                      |
| Counselling  | 1,145              | 1,222           | 1,222                 | -                       | 39                                     |
| Student Support Services and Vice President's Office | 3,754              | 3,833           | 3,833                 | -                       | 29                                     |
| Student Health                                       | 97                 | 93              | 93                    | -                       | 76                                     |
| Varsity, Intramurals & Clubs                         | 550                | 451             | 451                   | -                       | 32                                     |
| Student Services Initiatives                         | 42                 |                 |                       |                         |  |
| Endowment Expenditures in excess of Budget (net)     |                    | -               | (10)                  | 10                      | (10)                                   |
| <b>TOTAL STUDENT SERVICES</b>                        | <b>5,981</b>       | <b>6,022</b>    | <b>6,012</b>          | <b>10</b>               | <b>166</b>                             |
| <b><u>ANCILLARIES</u></b>                            |                    |                 |                       |                         |  |
| Dalhousie Arts Centre                                | 324                | 324             | 387                   | (63)                    | -                                      |
| Dalplex and Arena                                    | 181                | 181             | 181                   | -                       | (143)                                  |
| Food Services, incl. DalCard                         | (85)               | (35)            | (35)                  | -                       | 674                                    |
| Personal Computer Purchase Centre                    | -                  | -               | 49                    | (49)                    | -                                      |
| Residence Life                                       | 1,211              | 1,326           | 1,326                 | -                       | 27                                     |
| University Bookstore                                 | (283)              | (283)           | (283)                 | -                       | 114                                    |
| University Housing                                   | (1,004)            | (1,404)         | (1,404)               | -                       | (145)                                  |
| Endowment Expenditures less than Budget (net)        |                    | -               | 28                    | (28)                    | 28                                     |
| <b>TOTAL ANCILLARIES</b>                             | <b>344</b>         | <b>109</b>      | <b>249</b>            | <b>(140)</b>            | <b>555</b>                             |

(1) The actual column includes transfers of variances in accordance with University policy. (see detailed analysis on pages 15 and 16)

(2) The final budget includes allocations from Student Services Initiatives to budget units during the year.

(3) During the year there was a transfer of responsibility for the DalCard system from Housing and Conference Services to Information Technology Services as the DalCard system was previously under the responsibility of Housing and Conference Services. As a result, \$334 has been transferred.

**DALHOUSIE UNIVERSITY**  
**2012-13 OPERATING BUDGET RESULTS - DETAILED ANALYSIS OF CONSOLIDATED BUDGET, ACTUAL AND VARIANCE**  
**(000's)**

|  | 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 <sup>(1)</sup> | Actual         | Year End Variance Fav/(Unfav) | Final Budget  | Actual before Transfer of Variance | Transfer of Variance <sup>(1)</sup> | Actual        | Year End Variance Fav/(Unfav) | Operating and Endowment Variance Fav/(Unfav) |
| <b>ACADEMIC</b>                                  |                |                                    |                                     |                |                               |               |                                    |                                     |               |                               |  |
| Architecture and Planning                        | 4,321          | 4,306                              | 15                                  | 4,321          | -                             | 44            | 38                                 | 6                                   | 44            | -                             | -  |
| Arts and Social Sciences                         | 19,401         | 19,793                             | (392)                               | 19,401         | -                             | 984           | 885                                | 99                                  | 984           | -                             | -  |
| Computer Science                                 | 5,836          | 6,066                              | (230)                               | 5,836          | -                             | 157           | 68                                 | 89                                  | 157           | -                             | -  |
| Dentistry  | 9,238          | 9,251                              | (13)                                | 9,238          | -                             | 109           | 65                                 | 44                                  | 109           | -                             | -  |
| Engineering                                      | 17,002         | 16,497                             | 505                                 | 17,002         | -                             | 681           | 628                                | 53                                  | 681           | -                             | -  |
| Graduate Studies                                 | 1,499          | 1,493                              | 6                                   | 1,499          | -                             | 369           | 298                                | 71                                  | 369           | -                             | -  |
| Health Professions                               | 24,346         | 22,957                             | 1,389                               | 24,346         | -                             | 504           | 438                                | 66                                  | 504           | -                             | -  |
| Law  | 8,562          | 8,832                              | (270)                               | 8,562          | -                             | 1,727         | 1,583                              | 144                                 | 1,727         | -                             | -  |
| Management                                       | 11,729         | 11,378                             | 351                                 | 11,729         | -                             | 499           | 508                                | (9)                                 | 499           | -                             | -  |
| Medicine   | 36,161         | 34,936                             | 1,225                               | 36,161         | -                             | 4,482         | 3,269                              | 1,213                               | 4,482         | -                             | -  |
| Science  | 29,508         | 29,612                             | (104)                               | 29,508         | -                             | 2,359         | 2,224                              | 135                                 | 2,359         | -                             | -  |
| University Library                               | 13,224         | 13,451                             | (227)                               | 13,224         | -                             | 198           | 176                                | 22                                  | 198           | -                             | -  |
| College of Continuing Education                  | 876            | 800                                | 76                                  | 876            | -                             | 56            | 57                                 | (1)                                 | 56            | -                             | -  |
| College of Sustainability                        | 1,285          | 1,303                              | (18)                                | 1,285          | -                             | 5             | -                                  | 5                                   | 5             | -                             | -  |
| Centres, Institutes & Special Projects           | 1,603          | 1,569                              | 34                                  | 1,603          | -                             | 24            | 17                                 | 7                                   | 24            | -                             | -  |
| Engineering & Computer Science Career Services   | 621            | 472                                | 149                                 | 621            | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Faculty Related Costs                            | 2,309          | 1,738                              | 571                                 | 2,309          | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Kings' Transfer                                  | (3,327)        | (3,490)                            | -                                   | (3,490)        | 163                           | -             | -                                  | -                                   | -             | -                             | 163  |
| Academic Initiatives                             | 777            | 571                                | 206                                 | 777            | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Endowment Expenditures less than Budget (net)    | -              | -                                  | -                                   | -              | -                             | -             | -                                  | (1,944)                             | (1,944)       | 1,944                         | 1,944  |
| <b>TOTAL ACADEMIC</b>                            | <b>184,971</b> | <b>181,535</b>                     | <b>3,273</b>                        | <b>184,808</b> | <b>163</b>                    | <b>12,198</b> | <b>10,254</b>                      | <b>-</b>                            | <b>10,254</b> | <b>1,944</b>                  | <b>2,107</b>                                 |
| <b>ACADEMIC SUPPORT</b>                          |                |                                    |                                     |                |                               |               |                                    |                                     |               |                               |  |
| Academic IT Initiatives                          | -              | -                                  | -                                   | -              | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Art Gallery                                      | 136            | 142                                | (6)                                 | 136            | -                             | 18            | 29                                 | (11)                                | 18            | -                             | -  |
| Centre for Learning and Teaching                 | 1,205          | 1,202                              | 3                                   | 1,205          | -                             | 1             | -                                  | 1                                   | 1             | -                             | -  |
| Information Technology Services                  | 10,112         | 10,419                             | (307)                               | 10,112         | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Printing Centre                                  | (155)          | (157)                              | -                                   | (157)          | 2                             | -             | -                                  | -                                   | -             | -                             | 2  |
| Endowment Expenditures in excess of Budget (net) | -              | -                                  | -                                   | -              | -                             | -             | -                                  | 10                                  | 10            | (10)                          | (10)   |
| <b>TOTAL ACADEMIC SUPPORT</b>                    | <b>11,298</b>  | <b>11,606</b>                      | <b>(310)</b>                        | <b>11,296</b>  | <b>2</b>                      | <b>19</b>     | <b>29</b>                          | <b>-</b>                            | <b>29</b>     | <b>(10)</b>                   | <b>(8)</b>                                   |
| <b>ADMINISTRATION</b>                            |                |                                    |                                     |                |                               |               |                                    |                                     |               |                               |  |
| Administrative Initiatives                       | -              | -                                  | -                                   | -              | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Application Fees and Services Recovery           | (1,195)        | (1,310)                            | -                                   | (1,310)        | 115                           | -             | -                                  | -                                   | -             | -                             | 115  |
| Communications and Marketing                     | 2,890          | 2,889                              | 1                                   | 2,890          | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Environmental Health and Safety Office           | 684            | 577                                | 107                                 | 684            | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| External Relations                               | 5,184          | 4,991                              | 193                                 | 5,184          | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Financial Services                               | 4,335          | 4,320                              | -                                   | 4,320          | 15                            | -             | -                                  | -                                   | -             | -                             | 15   |
| Human Resources                                  | 2,982          | 3,037                              | -                                   | 3,037          | (55)                          | -             | -                                  | -                                   | -             | -                             | (55)   |
| Institutional Analysis and Research              | 609            | 558                                | 51                                  | 609            | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Inter-University Services                        | 82             | 82                                 | -                                   | 82             | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| President's Office                               | 3,652          | 3,648                              | 4                                   | 3,652          | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Registrar & Admissions                           | 4,801          | 4,680                              | 121                                 | 4,801          | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| Research Services                                | 1,419          | 1,410                              | 9                                   | 1,419          | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| University Secretariat/ Internal Audit           | 796            | 785                                | 11                                  | 796            | -                             | -             | -                                  | -                                   | -             | -                             | -  |
| <b>TOTAL ADMINISTRATION</b>                      | <b>26,239</b>  | <b>25,667</b>                      | <b>497</b>                          | <b>26,164</b>  | <b>75</b>                     | <b>-</b>      | <b>-</b>                           | <b>-</b>                            | <b>-</b>      | <b>-</b>                      | <b>75</b>                                    |

(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 on pages 13 and 14 of 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**  
**2012-13 OPERATING BUDGET RESULTS - DETAILED ANALYSIS OF CONSOLIDATED BUDGET, ACTUAL AND VARIANCE**  
**(000's)**

|  | 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 <sup>(1)</sup> | Actual     | Year End Variance Fav/(Unfav) | Final Budget | Actual before Transfer of Variance | Transfer of Variance <sup>(1)</sup> | Actual     | Year End Variance Fav/(Unfav) | Operating and Endowment Variance Fav/(Unfav) |
| <b>GENERAL</b>                                   | 1,101        | 1,143                              | -                                   | 1,143      | (42)                          | -            | -                                  | -                                   | -          | -                             | (42)   |
| <b>FACILITIES MANAGEMENT</b>                     | 16,944       | 17,033                             | -                                   | 17,033     | (89)                          | -            | -                                  | -                                   | -          | -                             | (89)   |
| <b>STUDENT SERVICES</b>                          |              |                                    |                                     |            |                               |              |                                    |                                     |            |                               |  |
| Awards Office                                    | 423          | 423                                | -                                   | 423        | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| Counselling                                      | 1,222        | 1,183                              | 39                                  | 1,222      | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| Student Services                                 | 3,833        | 3,804                              | 29                                  | 3,833      | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| Student Health                                   | 93           | 17                                 | 76                                  | 93         | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| Varsity, Intramurals & Clubs                     | 337          | 315                                | 22                                  | 337        | -                             | 114          | 104                                | 10                                  | 114        | -                             | -  |
| Endowment Expenditures in excess of Budget (net) | -            | -                                  | -                                   | -          | -                             | -            | -                                  | (10)                                | (10)       | 10                            | 10   |
| <b>TOTAL STUDENT SERVICES</b>                    | 5,908        | 5,742                              | 166                                 | 5,908      | -                             | 114          | 104                                | -                                   | 104        | 10                            | 10   |
| <b>ANCILLARIES</b>                               |              |                                    |                                     |            |                               |              |                                    |                                     |            |                               |  |
| Dalhousie Arts Centre                            | 324          | 387                                | -                                   | 387        | (63)                          | -            | -                                  | -                                   | -          | -                             | (63)   |
| Dalplex and Arena                                | 181          | 324                                | (143)                               | 181        | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| Food Services                                    | (35)         | (709)                              | 674                                 | (35)       | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| Personal Computer Purchase Centre                | -            | 49                                 | -                                   | 49         | (49)                          | -            | -                                  | -                                   | -          | -                             | (49)   |
| Residence Life                                   | 1,326        | 1,299                              | 27                                  | 1,326      | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| University Bookstore                             | (283)        | (397)                              | 114                                 | (283)      | -                             | -            | -                                  | -                                   | -          | -                             | -  |
| University Housing                               | (1,651)      | (1,534)                            | (117)                               | (1,651)    | -                             | 247          | 275                                | (28)                                | 247        | -                             | -  |
| Endowment Expenditures less than Budget (net)    | -            | -                                  | -                                   | -          | -                             | -            | -                                  | 28                                  | 28         | (28)                          | (28)   |
| <b>TOTAL ANCILLARIES</b>                         | (138)        | (581)                              | 555                                 | (26)       | (112)                         | 247          | 275                                | -                                   | 275        | (28)                          | (140)  |

(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 on pages 13 and 14 of 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.

## **II – TRURO CAMPUS**

On September 1, 2012 the merger of Dalhousie University and the Nova Scotia Agricultural College (NSAC) came into effect. The operating budget for the Dalhousie Agricultural Campus (former NSAC) is supported by operating grants from the Provincial Departments of Agriculture and Labour and Advanced Education and tuition revenue. The Agriculture grant is provided in accordance with a merger agreement with the Province of Nova Scotia for the three year period, 2012-13, 2013-14 and 2014-15. The grant from the Department of Labour and Advanced Education is determined annually as part of total operating assistance provided to the Nova Scotia university system.

The operating results for fiscal year 2012-13 cover the periods April 1 to August 31, 2012 (operated by the Province of Nova Scotia) and from September 1, 2012 to March 31, 2013 (operated by Dalhousie University). For comparative purposes the twelve month actual results are reported against the 2012-13 Final Budget (annual). Commentary on the Truro Campus Revenue and General Operating and Responsibility Centre Expenditures is provided as follows.

### **THE FINAL BUDGET**

In determining the 2012-13 Final Budget for the Truro Campus, the budget prepared by College staff in the pre-merger period was used as a starting point. Adjustments were then made to re-allocate budget amounts to Faculty unit managers with spending authority under the Dalhousie budget structure.

### **ACTUAL RESULTS**

The Truro Campus operations generated a surplus for the year of \$695,000. Contributing to the surplus was underspending in service and support units due to position vacancies during the year. The surplus will be carried forward for priority initiatives and projects at the Agricultural Campus in 2013-14 and priority will be given to the renewal of student residence and food service facilities. Explanations of significant variances in individual revenue and expenditure lines follow:

#### 1. Tuition

A modest decline in enrolment for 2012-13 resulted in an unfavourable variance of \$40,000 in tuition revenue.

#### 2. Energy, Water, Taxes & Insurance

During the year there was an overexpenditure in electricity costs and favourable variances in insurance and water for a net favourable variance of \$128,000.

#### 3. Responsibility Centres

- a) **Academic** – The Faculty of Agriculture is comprised of five departments – Business and Social Sciences, Engineering, Environmental Sciences, Plant and Animal Sciences and the Deans Office/General Faculty. The majority of the \$979,000 favourable variance relates to a number of faculty and staff positions which remained vacant for the year.

Also reporting to the Campus Principal are academic support units closely integrated with the teaching and research functions of the Faculty of Agriculture. These include the Farm Operation, Aquaculture, Grounds, Continuing and Distance Education and

International Services. As a group these support services generated a favourable variance of \$231,000 as a result of moderation in spending in this transition year.

The library operation was able to achieve economies through the University's subscription contracts in this first year of operations for a positive variance of \$190,000.

The positive variances for the Faculty and Library of \$1,210,000 and \$190,000 respectively have been appropriated in accordance with University policy and will be deployed in 2013-14 and beyond for strategic investments to support and advance teaching and research at the Agricultural Campus.

- b) **Academic Support, Administration, General, Facilities Management and Student Services** – Most of the units in these responsibility centre categories recorded favourable variances for the year due to positions that remained vacant for most or all of fiscal 2012-13. Budget savings in these areas contribute to the overall campus surplus with the exception of Student Services where an amount of \$151,000 has been carried forward and earmarked to supplement campus student services in 2013-14.
- c) **Transition Expenses** – Under the merger agreement one-time funding is provided to Dalhousie to address transitional activities. During the year a number of projects commenced to integrate processes, services and systems involving Information Technology Services, Human Resources, Registrar's Office, Financial Services and Facilities Management. In addition, high priority facilities renewal projects identified prior to the merger will be supported through one-time transition funding. Lastly, the Daycare operation on the Campus receives funding of \$70,000 for each of 2012-13, 2013-14 and 2014-15. Grant and other revenue of the Daycare was insufficient to support operating costs resulting in an unfavourable variance of \$45,000 in 2012-13.
- d) **Ancillaries** – The Campus ancillary units include the Bookstore, Food Services and Student Residence Operations. The seven months of University operation in 2012-13 did not permit time to complete an assessment and adjustment of the ancillary unit budgets including establishing appropriate revenue targets and business practices. As a result, the group experienced an unfavourable variance of \$93,000. Adjustments to the ancillary budget targets will be considered in 2013-14 once the assessment is complete.

**DALHOUSIE UNIVERSITY**  
**2012-13 OPERATING BUDGET RESULTS**  
(\$ 000's omitted)

**TRURO CAMPUS**

**REVENUE**

|  | <b>Final<br/>Budget</b> | <b>Actual *</b> | <b>Variance<br/>Fav (Unfav)</b> |
|--|-------------------------|-----------------|---------------------------------|
| Provincial Government Grants               |                         |                 |                                 |
| Operating- Department of Education         | 6,603                   | 6,603           | -                               |
| - Agriculture                              | 18,575                  | 18,575          |                                 |
| Department of Agriculture Transition Grant | 1,043                   | 1,043           | -                               |
| Nova Scotia Bursary Program                | 631                     | 637             | 6                               |
| Department of Agriculture Bursaries        | 184                     | 184             |                                 |
|  | <u>27,036</u>           | <u>27,042</u>   | <u>6</u>                        |
| Tuition Fees                               | 5,459                   | 5,419           | (40)                            |
| Investment Income - Endowment              | 70                      | 70              | -                               |
|  | <u>32,565</u>           | <u>32,531</u>   | <u>(34)</u>                     |

**TOTAL REVENUE**

**GENERAL OPERATING EXPENDITURES**

|  |              |              |            |
|--|--------------|--------------|------------|
| Scholarships, Bursaries & Student Assistance         |              |              |            |
| Operating  | 287          | 285          | 2          |
| NS Bursary Program                                   | 631          | 637          | (6)        |
| Endowment  | 70           | 70           | -          |
| Department of Agriculture                            | 184          | 184          | -          |
| Campus Renewal                                       | 1,890        | 1,890        | -          |
| Energy, Water, Taxes & Insurance (net of recoveries) | 2,169        | 2,041        | 128        |
| Contingency  | 300          | 282          | 18         |
|  | <u>5,531</u> | <u>5,389</u> | <u>142</u> |

**TOTAL GENERAL OPERATING EXPENDITURES**

**RESPONSIBILITY CENTRE EXPENDITURES**

|                         |               |               |            |
|-------------------------|---------------|---------------|------------|
| Academic                | 16,597        | 16,597        | -          |
| Academic Support        | 1,785         | 1,574         | 211        |
| Administration          | 3,653         | 3,186         | 467        |
| General                 | 1,065         | 1,044         | 21         |
| Facilities Management   | 2,083         | 2,057         | 26         |
| Student Services        | 1,290         | 1,290         | -          |
| Transition Expenditures | 1,043         | 1,088         | (45)       |
|                         | <u>27,516</u> | <u>26,836</u> | <u>680</u> |

**TOTAL RESPONSIBILITY CENTRE EXPENDITURES**

**TOTAL OPERATING EXPENDITURES**

**NET ANCILLARY EXPENDITURES**

**TOTAL EXPENDITURES**

**TOTAL SURPLUS (DEFICIT) FOR THE PERIOD**

|  |               |               |             |
|--|---------------|---------------|-------------|
|  | <u>33,047</u> | <u>32,225</u> | <u>822</u>  |
|  | <u>(482)</u>  | <u>(389)</u>  | <u>(93)</u> |
|  | <u>32,565</u> | <u>31,836</u> | <u>729</u>  |
|  | <u>-</u>      | <u>695</u>    | <u>695</u>  |

\* Represents actual revenue and expenditure for the pre merger period (April 1 to August 31, 2012) and for the University (September 1, 2012 to March 31, 2013).

**DALHOUSIE UNIVERSITY**  
**2012-13 OPERATING BUDGET RESULTS - DETAIL**

(\$000's omitted)

|   | Final<br>Budget | Actual         | Variance<br>Fav (Unfav) | Transfer to<br>(from)<br>Appropriation |
|---|-----------------|----------------|-------------------------|--|
| <b><u>ACADEMIC</u></b>                          |                 |                |                         |  |
| Faculty of Agriculture                          | 12,977          | 12,977         | -                       | 979                                    |
| Other Academic Units reporting to the Principal | 2,718           | 2,718          | -                       | 231                                    |
| Library Services                                | 902             | 902            | -                       | 190                                    |
| <b>TOTAL ACADEMIC</b>                           | <b>16,597</b>   | <b>16,597</b>  | <b>-</b>                | <b>1,400</b>                           |
| <b><u>ACADEMIC SUPPORT</u></b>                  |                 |                |                         |  |
| Information Technology Services                 | 1,593           | 1,377          | 216                     | -                                      |
| Print Centre                                    | 192             | 197            | (5)                     | -                                      |
| <b>TOTAL ACADEMIC SUPPORT</b>                   | <b>1,785</b>    | <b>1,574</b>   | <b>211</b>              | <b>-</b>                               |
| <b><u>ADMINISTRATION &amp; GENERAL</u></b>      |                 |                |                         |  |
| Application Fees                                | (17)            | (40)           | 23                      | -                                      |
| External Relations                              | 736             | 520            | 216                     | -                                      |
| Financial Services                              | 501             | 485            | 16                      | -                                      |
| Human Resources                                 | 456             | 337            | 119                     | -                                      |
| Registrar's Office (including Recruitment)      | 1,017           | 917            | 100                     | -                                      |
| Research Services                               | 464             | 464            | -                       | -                                      |
| Safety & Security                               | 496             | 503            | (7)                     | -                                      |
| <b>TOTAL ADMINISTRATION</b>                     | <b>3,653</b>    | <b>3,186</b>   | <b>467</b>              | <b>-</b>                               |
| <b><u>GENERAL UNIVERSITY</u></b>                | <b>1,065</b>    | <b>1,044</b>   | <b>21</b>               | <b>-</b>                               |
| <b><u>FACILITIES MANAGEMENT</u></b>             | <b>2,083</b>    | <b>2,057</b>   | <b>26</b>               | <b>-</b>                               |
| <b><u>STUDENT SERVICES</u></b>                  |                 |                |                         |  |
| Athletics                                       | 577             | 577            | -                       | 33                                     |
| Student Services                                | 713             | 713            | -                       | 118                                    |
| <b>TOTAL STUDENT SERVICES</b>                   | <b>1,290</b>    | <b>1,290</b>   | <b>-</b>                | <b>151</b>                             |
| <b><u>TRANSITION EXPENDITURES</u></b>           | <b>1,043</b>    | <b>1,088</b> * | <b>(45)</b>             |  |
| <b><u>ANCILLARIES</u></b>                       |                 |                |                         |  |
| Bookstore                                       | (32)            | (77)           | 45                      | -                                      |
| Food Services                                   | 141             | 237            | (96)                    | -                                      |
| Residence Operations                            | (591)           | (549)          | (42)                    | -                                      |
| <b>TOTAL ANCILLARIES</b>                        | <b>(482)</b>    | <b>(414)</b>   | <b>(93)</b>             | <b>-</b>                               |

\* Transition expenditures for process, policy and technology conversion including Human Resources, Office of the Registrar, Finance, Facilities projects, Information Technology Services and the Campus Daycare operation.



### **III – CONSOLIDATED OPERATING RESULTS**

The summary schedule on page 22 presents the fiscal year budget versus actual results for the merged Dalhousie operation. While the University was only responsible for the operation of the Truro Campus effective September 1, 2012, reporting on a twelve month basis provides a baseline of comparative budget information for both 2012-13 and Dalhousie's 2013-14 operating budget.

Commentary on the variances is provided in Section I (Halifax Campus) and Section II (Truro Campus) of this report.

**DALHOUSIE UNIVERSITY**  
**2012-13 CONSOLIDATED OPERATING BUDGET RESULTS**  
(\$ 000's omitted)

|  | FINAL BUDGET      |                     | Consolidated<br>Budget | Actual (2)     | Variance<br>Fav (Unfav) |
|--|-------------------|---------------------|------------------------|----------------|-------------------------|
|  | Halifax<br>Campus | Truro<br>Campus (1) |                        |                |                         |
| <b>REVENUE</b>   |                   |                     |                        |                |                         |
| Provincial Government Grants                           |                   |                     |                        |                |                         |
| Operating - Department of Education                    | 166,123           | 6,603               | 172,726                | 172,726        | -                       |
| - Agriculture  | -                 | 18,575              | 18,575                 | 18,575         | -                       |
| Department of Agriculture Transition Grant             | -                 | 1,043               | 1,043                  | 1,043          | -                       |
| Nova Scotia Bursary Program Grant                      | 9,454             | 631                 | 10,085                 | 10,161         | 76                      |
| Department of Agriculture Bursaries                    | -                 | 184                 | 184                    | 184            | -                       |
| Enrolment Expansion                                    | 2,940             | -                   | 2,940                  | 2,940          | -                       |
| Facilities/Space                                       | 1,000             | -                   | 1,000                  | 1,000          | -                       |
| Targeted   | 50                | -                   | 50                     | 50             | -                       |
|  | <u>179,567</u>    | <u>27,036</u>       | <u>206,603</u>         | <u>206,679</u> | <u>76</u>               |
| Federal Indirect Costs of Research Grant               | 6,275             |                     | 6,275                  | 6,263          | (12)                    |
| Investment   |                   |                     |                        |                |                         |
| Endowment  | 19,959            | 70                  | 20,029                 | 17,910         | (2,119)                 |
| Operating ( net of bank & finance charges)             | 2,100             | -                   | 2,100                  | 2,491          | 391                     |
| Tuition Fees   | 120,396           | 5,459               | 125,855                | 127,470        | 1,615                   |
| Facilities Renewal Fee                                 | 2,630             |                     | 2,630                  | 2,661          | 31                      |
|  | <u>330,927</u>    | <u>32,565</u>       | <u>363,492</u>         | <u>363,474</u> | <u>(18)</u>             |
| <b>GENERAL OPERATING EXPENDITURES</b>                  |                   |                     |                        |                |                         |
| Non-Space Equipment                                    | 2,533             | -                   | 2,533                  | 2,533          | -                       |
| Scholarships, Bursaries and Student Assistance         |                   |                     |                        |                |                         |
| Operating  | 10,155            | 287                 | 10,442                 | 10,772         | (330)                   |
| Nova Scotia Bursary Program                            | 9,454             | 631                 | 10,085                 | 10,161         | (76)                    |
| Endowment  | 5,580             | 70                  | 5,650                  | 5,243          | 407                     |
| Department of Agriculture                              | -                 | 184                 | 184                    | 184            | -                       |
| Campus Renewal- Annual Facilities Maintenance          | 15,300            | 1,890               | 17,190                 | 17,221         | (31)                    |
| - Long term  | 7,330             | -                   | 7,330                  | 7,330          | -                       |
| Strategic Initiatives - Projects                       | 2,307             | -                   | 2,307                  | 2,307          | -                       |
| Energy, Water, Taxes and Insurance (net of recoveries) | 15,238            | 2,169               | 17,407                 | 17,423         | (16)                    |
| Endowment Management Expenses                          | 2,501             | -                   | 2,501                  | 2,619          | (118)                   |
| Contingency  | 1,600             | 300                 | 1,900                  | 2,020          | (120)                   |
|  | <u>71,998</u>     | <u>5,531</u>        | <u>77,529</u>          | <u>77,813</u>  | <u>(284)</u>            |
| <b>RESPONSIBILITY CENTRE EXPENDITURES</b>              |                   |                     |                        |                |                         |
| Academic   | 197,169           | 16,597              | 213,766                | 211,659        | 2,107                   |
| Academic Support                                       | 11,317            | 1,785               | 13,102                 | 12,899         | 203                     |
| Administration   | 26,239            | 3,653               | 29,892                 | 29,350         | 542                     |
| General  | 1,101             | 1,065               | 2,166                  | 2,187          | (21)                    |
| Facilities Management                                  | 16,944            | 2,083               | 19,027                 | 19,090         | (63)                    |
| Student Services                                       | 6,022             | 1,290               | 7,312                  | 7,302          | 10                      |
| Transition Expenditures                                | -                 | 1,043               | 1,043                  | 1,088          | (45)                    |
| Provision for Compensation (including pension)         | 28                | -                   | 28                     | -              | 28                      |
|  | <u>258,820</u>    | <u>27,516</u>       | <u>286,336</u>         | <u>283,575</u> | <u>2,761</u>            |
| <b>TOTAL RESPONSIBILITY CENTRE EXPENDITURES</b>        | <u>258,820</u>    | <u>27,516</u>       | <u>286,336</u>         | <u>283,575</u> | <u>2,761</u>            |
| <b>TOTAL OPERATING EXPENDITURES</b>                    | <u>330,818</u>    | <u>33,047</u>       | <u>363,865</u>         | <u>361,388</u> | <u>2,477</u>            |
| <b>NET ANCILLARY EXPENDITURES</b>                      | 109               | (482)               | (373)                  | (140)          | (233)                   |
| <b>TOTAL EXPENDITURES</b>                              | <u>330,927</u>    | <u>32,565</u>       | <u>363,492</u>         | <u>361,248</u> | <u>2,244</u>            |
| <b>TOTAL SURPLUS FOR THE YEAR</b>                      | -                 | -                   | -                      | 2,226 (3)      | 2,226                   |

(1) The Truro Campus budget is presented on a 12 month basis for comparative purposes. Likewise, the actual results are for 12 months.

(2) The actual column above includes the Truro Campus results.

(3) Comprised of:

|                |              |
|----------------|--------------|
| Halifax Campus | 1,531        |
| Truro Campus   | 695          |
|                | <u>2,226</u> |

**SECTION C**

**2012-13**

**Audited Consolidated Financial Statements**

**Dalhousie University**

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**Management Notes on the Audited Consolidated  
Financial Statements**

**March 31, 2013**

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## MANAGEMENT NOTES ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

The consolidated financial statements of Dalhousie University have been audited by the firm of Ernst & Young and are presented in this section of the Annual Financial Report for the year ended March 31, 2013.

2012-13 is the first year of the adoption of Accounting Standards for Not-For-Profit Organizations. The changes as a result of the adoption of the new standards are described in note 3 to the financial statements. It should be noted that Dalhousie merged with the Nova Scotia Agricultural College on September 1, 2012 and the financial statements incorporate the activities of the Agricultural Campus for the seven months to March 31, 2013. These management notes provide a summary of the contents of the consolidated financial statements, a note on the University Pension Plan and the fund accounting approach used to measure financial activity at Dalhousie for the year.

### **Financial Statements Contents**

The Independent Auditor's Report attests, without qualification, that the 2012-13 consolidated financial statements present the financial position of the University fairly. (page 25)

The Consolidated Statement of Financial Position (Balance Sheet) shows the assets, liabilities, and net assets (equity) of the University as at March 31, 2013. (page 26)

The Consolidated Statement of Revenue, Expense, and Changes in Operating Surplus records the revenue and matching expense of all funds of the University for the year. (page 27)

The Consolidated Statement of Changes in Net Assets provides a continuity of the major changes in each of the net asset balances shown on the Balance Sheet. (page 28)

The Consolidated Statement of Cash Flows discloses the sources and uses of cash by the University for the year. (page 29)

The Notes to the Consolidated Financial Statements are designed to give the reader information on the accounting practices and policies used by the University. The notes also provide more detailed information on balance sheet items and other financial matters, which may not be included in, or not obvious from a reading of, the consolidated financial statements. (pages 30 to 42)

Supplementary Schedule 1 (page 43) provides additional detail on a fund basis of University revenues and expenses.

Supplementary Schedules 2 and 3 (pages 44 and 45) provide a detailed breakdown of the Operating and Endowment Funds and Schedules 4 and 5 (pages 46 and 47) provide comparative data for the Ancillary, Special Purpose and Research columns on Schedule 1.

## **Pension Plan**

In preparing the annual audited consolidated financial statements the University must comply with Accounting Standards for Not-For-Profit Organizations. The standards require the use of significantly different assumptions and methods regarding the measurement of Pension Plan assets, liabilities and expense than those used for actuarial and funding purposes by pension actuaries.

Accounting assumptions are used for the purposes of preparing the University's consolidated financial statements. The differences in assumptions produce differences in outcomes. These consolidated financial statements report a pension asset of \$18.4 M whereas there is a deficit of \$66.3 M calculated on a market value basis and using actuarial standards as of the same date - March 31, 2013. The gap between the two measures is significant and results from various factors including the deficit smoothing and amortization techniques applied for accounting purposes which are not permitted for actuarial purposes.

The accounting standards dictate how the Pension Plan must be reported in the consolidated financial statements. Actuarial and legislative requirements dictate how the Plan's surplus/deficit position must be calculated. The actuarial calculation, as filed with the NS Superintendent of Pensions, and in accordance with the NS Pension Benefits Act, determines the annual contributions from the operating budget. Hence, it is the actuarial deficit in the Plan that must be addressed for budget planning purposes.

Management is aware that accounting standards are changing and will likely require changes in reporting for statements as early as 2014.

## **Funds**

The University follows a fund accounting approach, which aggregates the financial aspects of similar activities. The University maintains the following funds:

Operating - an unrestricted fund that accounts for the University's primary operating activities of instruction, non-sponsored research and related support activities.

Endowment - a restricted fund that accounts for the capitalization of externally and internally restricted amounts, primarily donations, which cannot be spent. Dalhousie also received \$1 million from estates, endowments and foundations, which are held and invested outside the University.

Ancillary - an unrestricted fund that accounts separately for all sales-producing operations that are supplementary to the University's primary operating activities. These operations include Student Community Services, the Arts Centre (Rebecca Cohn Auditorium), University Bookstore, Dalplex and Arena, Food Services and the Personal Computer Purchase Centre. These operations operate as a group on a self-sustaining basis.

Capital - a restricted fund that accounts for resources provided to the University for capital purposes and not reported in any other fund.

Special Purpose - a restricted fund including donations which are restricted mainly by external sources for purposes other than sponsored research

Research - a restricted fund that accounts for revenues and expenses for all sponsored research.

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**Independent Auditor's Report**

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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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the consolidated statements of revenue, expenses and changes in operating surplus, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and 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 audits. We conducted our audits 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 the auditors' 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, the auditors 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 financial position of **Dalhousie University** as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 and in accordance with Canadian accounting standards for not-for-profit organizations.

*Ernst & Young LLP*

Halifax, Canada,  
June 25, 2013.

Chartered accountants



**Dalhousie University**

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**Consolidated Financial Statements**

**March 31, 2013**

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**DALHOUSIE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2013**  
(thousands of dollars)

**ASSETS**

|  | 2013                | 2012<br>(note 3) | As at<br>April 1, 2011<br>(note 3) |
|--|---------------------|------------------|------------------------------------|
| <b>Current assets</b>                    |                     |                  |                                    |
| Cash and cash equivalents                | \$ 170,376          | 138,680          | 123,603                            |
| Accounts receivable                      | 42,595              | 30,524           | 32,356                             |
| Due from related parties (note 4)        | 219                 | 44               | 56                                 |
| Inventories                              | 2,406               | 2,085            | 2,528                              |
| Prepaid expense                          | 4,870               | 4,467            | 3,821                              |
|  | <u>220,466</u>      | <u>175,800</u>   | <u>162,364</u>                     |
| <b>Deferred pension asset</b> (note 5)   | 18,446              | 31,076           | 32,117                             |
| <b>Due from related parties</b> (note 4) | 423                 | 662              | 1,027                              |
| <b>Investments</b> (note 6)              | 535,067             | 470,984          | 412,649                            |
| <b>Capital assets</b> (note 7)           | 783,871             | 668,494          | 644,522                            |
|  | <u>\$ 1,558,273</u> | <u>1,347,016</u> | <u>1,252,679</u>                   |

**LIABILITIES AND NET ASSETS**

|  |                     |                  |                  |
|--|---------------------|------------------|------------------|
| <b>Current liabilities</b>                     |                     |                  |                  |
| Accounts payable and accrued liabilities       | \$ 65,689           | 49,137           | 53,928           |
| Deferred revenue (note 8)                      | 202,075             | 157,025          | 148,937          |
| Current portion of long-term debt (note 10)    | 6,156               | 4,254            | 2,748            |
|  | <u>273,920</u>      | <u>210,416</u>   | <u>205,613</u>   |
| <b>Deferred capital contributions</b> (note 9) | 224,272             | 153,118          | 152,616          |
| <b>Long-term debt</b> (note 10)                | 140,415             | 105,940          | 56,231           |
|  | <u>638,607</u>      | <u>469,474</u>   | <u>414,460</u>   |
| <b>Net assets</b> (note 11)                    |                     |                  |                  |
| Endowment principal                            | 363,803             | 344,589          | 335,910          |
| Restricted for future pension benefits         | 18,446              | 31,076           | 32,117           |
| Restricted funds                               | 93,731              | 80,726           | 67,689           |
| Equity in capital assets                       | 443,686             | 421,151          | 402,503          |
|  | <u>919,666</u>      | <u>877,542</u>   | <u>838,219</u>   |
|  | <u>\$ 1,558,273</u> | <u>1,347,016</u> | <u>1,252,679</u> |

Commitments and contingent liabilities (note 12)

(See accompanying notes to the financial statements)

**DALHOUSIE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF REVENUE, EXPENSE**  
**AND CHANGES IN OPERATING SURPLUS**  
**AS AT MARCH 31, 2013**  
**(thousands of dollars)**

|  | Total          |                |
|--|----------------|----------------|
|  | 2013           | 2012           |
|  |                | ( note 3)      |
| <b>Revenue</b>                                   |                |                |
| Provincial government operating grants           | \$ 197,544     | 184,477        |
| Other government grants and contracts            | 94,136         | 81,303         |
| Corporations and foundations                     | 27,283         | 31,658         |
| Tuition fees                                     | 137,009        | 123,243        |
| Non-credit and other fees                        | 21,654         | 19,179         |
| General  | 11,235         | 9,232          |
| Gifts  | 6,364          | 7,663          |
| Investment income                                | 22,374         | 19,487         |
| Ancillary sales and service                      | 42,715         | 41,381         |
| External cost recoveries                         | 45,195         | 41,543         |
| Amortization of deferred capital contributions   | 16,773         | 14,431         |
| <b>Total revenue</b>                             | <b>622,282</b> | <b>573,597</b> |
| <b>Expense</b>                                   |                |                |
| Salaries and employee benefits                   | 342,269        | 318,502        |
| Pension expense adjustment                       | 12,630         | 1,041          |
| Library acquisitions                             | 5,771          | 5,405          |
| Laboratory and teaching supplies                 | 12,282         | 10,936         |
| Equipment and service                            | 14,917         | 16,440         |
| Finance costs                                    | 6,424          | 4,664          |
| Utilities and taxes                              | 16,682         | 13,399         |
| Externally contracted services                   | 54,807         | 49,581         |
| Scholarships, bursaries and prizes               | 48,259         | 45,439         |
| Ancillary cost of sales and service              | 11,133         | 10,205         |
| Travel   | 13,094         | 11,764         |
| Amortization of capital assets                   | 32,924         | 30,998         |
| General operating                                | 28,944         | 23,991         |
| <b>Total expense</b>                             | <b>600,136</b> | <b>542,365</b> |
| Excess of revenue over expense                   | 22,146         | 31,232         |
| Use of excess of revenue over expense            |                |                |
| Committed to equity in capital assets            | (21,307)       | (18,648)       |
| Committed to future pension benefits (note 5)    | 12,630         | 1,041          |
| Committed to restricted funds                    | (13,469)       | (13,625)       |
| Net change in operating surplus                  | -              | -              |
| Accumulated operating surplus, beginning of year | -              | -              |
| Accumulated operating surplus, end of year       | \$ -           | -              |

(See accompanying notes to the financial statements)

**DALHOUSIE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**AS AT MARCH 31, 2013**  
(thousands of dollars)

|  | 2013                   |  |                     |                                |                | 2012               |
|--|------------------------|--|---------------------|--------------------------------|----------------|--------------------|
|  | Endowment<br>Principal | Restricted<br>For Future<br>Pension Benefits | Restricted<br>Funds | Equity in<br>Capital<br>Assets | Total          | ( note 3)<br>Total |
| <b>Net Assets, Beginning of Year</b>                     | \$ 344,589             | 31,076                                       | 80,726              | 421,151                        | 877,542        | 838,219            |
| Excess of Revenue over Expense<br>(Expense over Revenue) | -                      | (12,630)                                     | 13,469              | 21,307                         | 22,146         | 31,232             |
| Gifts of Endowed Principal                               | 18,253                 | -  | -                   | -                              | 18,253         | 8,363              |
| Contributed Land   | -                      | -  | -                   | 1,228                          | 1,228          | -                  |
| Transfers to (from) endowment<br>principal               | 961                    | -  | (464)               | -                              | 497            | (272)              |
| <b>Net Change for the Year</b>                           | <u>19,214</u>          | <u>(12,630)</u>                              | <u>13,005</u>       | <u>22,535</u>                  | <u>42,124</u>  | <u>39,323</u>      |
| <b>Net Assets, End of Year</b> (note 12)                 | <u>\$ 363,803</u>      | <u>18,446</u>                                | <u>93,731</u>       | <u>443,686</u>                 | <u>919,666</u> | <u>877,542</u>     |

(See accompanying notes to the financial statements)

**DALHOUSIE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS AT MARCH 31, 2013**  
**(thousands of dollars)**

|   | 2013              | 2012<br>(note3)  |
|---|-------------------|------------------|
| <b>Cash flows from operating activities:</b>    |                   |                  |
| Excess of revenue over expense                  | \$ 22,146         | 31,232           |
| Items not involving cash:                       |                   |                  |
| Amortization of capital assets                  | 32,924            | 30,998           |
| Increase in capital assets                      | (72,181)          | -                |
| Amortization of deferred capital contributions  | (16,773)          | (14,431)         |
| Increase (decrease) in deferred pension asset   | 12,630            | 1,041            |
| Decrease in due from related parties            | 239               | 365              |
| Change in current assets                        | (12,970)          | 1,641            |
| Change in current liabilities                   | 61,602            | 8,664            |
| Cash provided by (used in) operating activities | <u>27,617</u>     | <u>59,510</u>    |
| <b>Cash flows from investing activities</b>     |                   |                  |
| Purchase of capital assets                      | (74,892)          | (54,970)         |
| Net increase in investments                     | (64,083)          | (63,702)         |
| Cash used in investing activities               | <u>(138,975)</u>  | <u>(118,672)</u> |
| <b>Cash flows from financing activities</b>     |                   |                  |
| Endowment gifts                                 | 18,253            | 8,363            |
| Increase in endowment principal                 | 497               | (272)            |
| Deferred capital contributions received         | 87,927            | 14,933           |
| Issue of long-term debt                         | 40,000            | 54,328           |
| Principal payments on long-term debt            | (3,623)           | (3,113)          |
| Cash provided by financing activities           | <u>143,054</u>    | <u>74,239</u>    |
| Net increase in cash and cash equivalents       | 31,696            | 15,077           |
| Cash and cash equivalents, beginning of year    | 138,680           | 123,603          |
| Cash and cash equivalents, end of year          | <u>\$ 170,376</u> | <u>138,680</u>   |

(See accompanying notes to the financial statements)

**Dalhousie University**

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**Notes to the Consolidated  
Financial Statements**

**March 31, 2013**

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**1. Authority and Purpose:**

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

**2. Significant Accounting Policies:**

These consolidated financial statements have been prepared in accordance with Part III of the Canadian Institute of Chartered Accountants (“CICA”) Accounting Handbook – Accounting Standards for Not-For-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit enterprises in Canada (“GAAP”) and includes the significant accounting policies described hereafter.

## 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 amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

## b) Basis of Consolidation:

The accompanying financial statements consolidate the accounts of the University and its wholly-owned subsidiary Concepts in Chemistry Inc., which was incorporated on June 22, 2010. The Halifax Marine Research Institute, which was incorporated on May 10, 2011 under the *Canadian Corporation Act – Part III*, is a controlled entity and operates as a tax exempt, not-for-profit organization under the *Income Tax Act*. The financial statements of the subsidiary and controlled entity are prepared using the same reporting period as the University, using consistent accounting policies. All intercompany balances and transactions have been eliminated on consolidation. The subsidiary and the controlled entity together have 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 income from these endowment investments is recognized when the related expense occurs.

Revenue received without restrictions 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.

## 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 and 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.

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.

## h) Capital Assets:

All capital assets are recorded at cost as 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.

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

|                        |               |
|------------------------|---------------|
| 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      |



## i) Long-lived amortized assets:

Capital assets and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying value of an asset to be held and used with the total undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

## j) Pension Plan:

The University maintains a defined benefit pension plan (the "Pension Plan") providing pension benefits for certain employees. The University accounts for the Pension Plan using the deferral and amortization approach. Pension Plan assets are valued at fair market value for purposes of calculating expected return on plan assets. The cost is computed on an accrual basis using the projected unit credit method of estimating the cost of service and management's best estimates of investment performance, salary escalation, and other factors. The University will amortize actuarial gains or losses (such as changes in actuarial assumptions and experience gains and losses) over a certain minimum amount. The amortization is over the expected average remaining service life of 12 years (2009 - 12 years) for active employees. Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service life of employees active at the date of amendment. The most recent actuarial valuation of the pension plan for funding purposes was as of March 31, 2010, and the next required valuation will be as of March 31, 2013.

## k) Contributed Services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in these consolidated financial statements.

## l) Related Party Transactions:

The University has loans to a related party whose sole relationship with the University is in the capacity of management. These loans are measured at fair value.

The University measures monetary related party transactions in the normal course of business at the exchange amount, which is the amount of consideration agreed to by the related parties.

## m) Derivative Financial Instruments:

Derivative financial instruments are utilized by the University in the management of its interest rates and foreign currency exposure.

Interest rate swaps

The University enters into interest rate swaps in order 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.

When both at the inception of a hedging relationship and through the term, the University has reasonable assurance that the critical terms of the hedging item and the hedged item are the same, 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. Long-term debt is initially measured at fair value. Subsequently long-term debt is measured at amortized cost.

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 expense, or deferred revenue.

#### Foreign exchange contracts

The University enters into a combination of forward foreign exchange contracts and option 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.

n) Long-term debt:

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

### **3. First-Time Adoption of Accounting Standards For Not-For-Profit Organizations:**

These consolidated financial statements are the first financial statements which the University has prepared in accordance with Part III of the *CICA Handbook – Accounting*, which constitutes generally accepted accounting principles for not-for-profit entities in Canada (“GAAP”). In preparing its opening consolidated balance sheet as at April 1, 2011, (the “Transition Date”) the University has applied Section 1501, *First-Time Adoption by Not-For-Profit Organizations* (“Section 1501”), retrospectively (other than the permitted exemptions noted hereafter) using the following four principles such that it has:

- Recognized all assets and liabilities whose recognition is required by GAAP;
- Not recognized items as assets or liabilities if GAAP does not permit such recognition;
- Reclassified items recognized previously as one type of asset, liability or component of net assets, but are now recognized as a different type of asset, liability or component of net assets;
- Applied GAAP in measuring all recognized assets and liabilities.

The accounting policies that the University has used in the preparation of its opening consolidated balance sheet through the application of these principles has resulted in certain adjustments to balances which were presented in the consolidated balance sheet prepared in accordance with Part V of the *CICA Handbook – Accounting* (“Previous GAAP”). These adjustments were directly recorded to the University’s net assets at the Transition Date using the transitional provisions set out in Section 1501 and are described below.

**Exemptions elected upon transition**

Section 1501 provides a number of elective exemptions from the retrospective adoption of GAAP. The University has elected to use the following exemptions:

Election to measure land and buildings at fair value

The University has elected to record a selection of land and buildings at their estimated fair value at the Transition Date and to use these values as the deemed cost as of the related assets.

Election to measure financial instruments at fair value

The University has elected to record selected investments at fair value at the transition rate. This is a continuation of the policy followed under previous GAAP.

Election on employee future benefits

The University has elected to carry forward unrecognized actuarial gains and losses and past service costs that were determined using previous GAAP.

Reconciliation of net assets

The following table provides a reconciliation of net assets as at April 1, 2011 and March 31, 2012, and excess of revenue over expenses for the year ended March 31, 2012 as presented under Previous GAAP with those computed under GAAP.

|   | Net assets as<br>at April 1,<br>2011 | Net assets as<br>at March 31,<br>2012 | Excess of revenue<br>over expenses for<br>the year ended<br>March 31, 2012 |
|---|--------------------------------------|---------------------------------------|--|
| Net assets and excess of revenue over expense - Previous GAAP | \$553,743                            | \$592,741                             | \$37,146   |
| Fair value option for capital assets (a)                      | 266,613                              | 265,068                               | (1,545)  |
| Interest rate swaps in a qualifying hedging relationship (b)  | 4,755                                | 10,994                                | --   |
| Employee future benefit (c)                                   | 13,108                               | 8,739                                 | (4,369)  |
|   | <u>284,476</u>                       | <u>284,801</u>                        | <u>(5,914)</u>   |
| Net assets and excesses of revenue over expenses – GAAP       | <u>\$838,219</u>                     | <u>\$877,542</u>                      | <u>\$31,232</u>  |

(a) Fair value option for capital assets

As noted in above, using an elective exemption at the Transition Date, the University measured a selection of land and buildings at their estimated fair values. At the Transition Date, the carrying amount of the buildings and land improvements was increased by \$154,791; the carrying amount of the land was increased by \$111,822, with a corresponding increase of \$266,613 to net assets.

For the year ended March 31, 2012, amortization of the buildings increased by \$1,545.

(b) Interest rate swaps in a qualifying hedging relationship

The University has elected to apply hedge accounting to its interest rate swaps and is no longer required to record the fair value of cash flow hedges on the Consolidated Statement of Financial Position. This adjustment decreases the liability balance and increases net assets by \$4,755 at the Transition Date, and \$10,994 as at March 31, 2012.

(c) Employee future benefits

The University has made an accounting policy choice to apply the deferral and amortization approach to account for its employee future benefit plan. The unamortized transitional pension asset that arose on adoption of the CICA Handbook, Section 3461, is required to be recognized in opening net assets at the Transition Date. This resulted in an adjustment of \$13,107 at the Transition Date, and \$8,739 as at March 31, 2012.

Items that do not impact net assets:

Related Party Transactions

A financial instrument that is originated with a related party whose sole relationship is in the capacity of management, is initially recorded and subsequently measured at fair value. Consequently, the fair value of related party loans was estimated at the transition date with an assumed rate of between 3.2% and 4.35%, which was considered to be consistent with market rates for similar loans at that date. At the transition date, the difference between the fair value of the loan and the cash received was nominal and therefore no adjustment to fair value was recorded.

Closing price to value investments

In the prior year, the University used bid price to measure certain investments. The adjustment from bid price to close price has no impact on the net asset balance. The adjustment reduces deferred revenue and increases Investments on the Consolidated Statement of Financial Position by \$330 at the Transition Date and by \$1,203 as at March 31, 2012.

**4. 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 taxes. The University provides the University Club with financing and a rent-free lease. Included in general operating expense of the University is approximately \$232 (2012 - \$228) related to catering costs charged by the University Club. Included in accounts receivable of the University is \$233 (2012 - \$174) due from the University Club, with no set terms of repayment.

Interest free housing related loans have been advanced to senior employees of the University. The loans are secured and repayable over several years. The transactions are measured at fair value. The difference between exchange and fair value is nominal and therefore no fair value adjustment has been recorded for the years ended March 31, 2013 and 2012.

**5. Pension Plan:**

For certain employees, the University has a contributory defined benefit pension plan, which provides benefits based on the best three years average earnings. The participating employees normally contribute 4.65% on the first five thousand dollars of earnings and 6.15% on the balance of their earnings up to the pensionable maximum. Effective July 1, 2012, employees contribute a further 2 % of pensionable earnings. The University funds the balance of the cost of benefits under the plan with contributions on a regular basis. The most recent actuarial valuation of the plan for funding purposes was as of March 31, 2010, and reflected a going concern plan deficit of \$73,408. The University is required to complete an actuarial valuation as at March 31, 2013.

**DALHOUSIE UNIVERSITY**Notes to Consolidated Financial Statements (*continued*)

Year ended March 31, 2013

*(In Thousands of Dollars)*

For accounting purposes the funded status of the defined benefit plan as at March 31, 2013 in the consolidated financial statements is as follows:

| Pension benefit plan – for accounting purposes | 2013      | 2012      |
|--|-----------|-----------|
| Fair value of plan assets                      | \$873,277 | \$797,361 |
| Accrued benefit obligations                    | 1,082,392 | 1,002,200 |
| Funded status                                  |           |           |
| Plan deficit                                   | (209,115) | (204,839) |
| Balance of unamortized amounts                 | 227,561   | 235,915   |
| Accrued benefit asset                          | \$18,446  | \$31,076  |

The accrued benefit asset for accounting is created by the fact that experience losses are expensed over the average remaining service life of employees, notwithstanding the fact that the pension plan is in a deficit position. The deficit will most likely be funded by additional contributions in subsequent years.

The percentage of the fair value of plan assets by major category is as follows: equity securities 44.1% (2012 – 44.0%); debt securities 36.7% (2012 – 37.3%); alternatives 18.0% (2012 – 15.3%) and other 1.2% (2012 – 3.4%).

The significant assumptions used for accounting purposes are as follows:

| <b>Pension Benefits</b>                          | 2013  | 2012  |
|--|-------|-------|
| <b>Accrued Benefit Obligation</b>                |       |       |
| Rate of compensation increase                    | 3.59% | 4.2%  |
| Discount rate                                    | 4.0%  | 4.3%  |
| <b>Benefit Costs</b>                             |       |       |
| Expected long-term rate of return on plan assets | 5.75% | 5.68% |
| Rate of compensation increase                    | 4.2%  | 4.2%  |
| Discount rate                                    | 4.3%  | 5.0%  |

Pension benefit costs recognized in the year are \$35,551 (2012 - \$25,817). The cash amount of employer contributions to the defined pension benefit plan was \$22,921 (2012 - \$24,776).

**6. Investments:**

|                                 | 2013      | 2012      |
|---------------------------------|-----------|-----------|
| Cash                            | \$1,693   | \$6,254   |
| Treasury Bills, Notes and GIC's | 117,170   | 74,496    |
| Bonds                           | 109,907   | 111,839   |
| Canadian Equities               | 66,124    | 69,332    |
| US Equities                     | 67,253    | 58,561    |
| Non-North American Equities     | 77,318    | 70,707    |
| Alternatives                    | 95,602    | 79,795    |
|                                 | \$535,067 | \$470,984 |

**7. Capital Assets:**

|                          | 2013             |                          |                  | 2012             |                          |                  |
|--------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                          | Cost             | Accumulated Amortization | Net Book Value   | Cost             | Accumulated Amortization | Net Book Value   |
| Land                     | \$115,060        | \$ --                    | \$115,060        | \$113,832        | \$ --                    | \$113,832        |
| Buildings                | 575,373          | 34,918                   | 540,455          | 489,492          | 23,140                   | 466,352          |
| Leasehold Improvements   | 2,154            | 1,549                    | 605              | 2,154            | 1,118                    | 1,036            |
| Equipment                | 168,140          | 107,622                  | 60,518           | 144,730          | 94,767                   | 49,963           |
| Vehicles                 | 2,181            | 933                      | 1,248            | 1,063            | 726                      | 337              |
| Library Books            | 27,522           | 20,465                   | 7,057            | 26,127           | 18,957                   | 7,170            |
| Computing                | 11,319           | 11,159                   | 160              | 11,162           | 10,707                   | 455              |
| Land Improvements        | 6,765            | 471                      | 6,294            | 3,580            | 179                      | 3,401            |
| Construction in Progress | 52,474           | --                       | 52,474           | 25,948           | --                       | 25,948           |
|                          | <b>\$960,988</b> | <b>\$177,117</b>         | <b>\$783,871</b> | <b>\$818,088</b> | <b>\$149,594</b>         | <b>\$668,494</b> |

On August 31, 2012, the University acquired the assets of the Nova Scotia Agricultural College (the “Agricultural College”) from the Department of Agricultural of the Province of Nova Scotia for \$1. Those capital assets have been recorded at fair value and the deferred capital contribution will be recognized in income over the life of the corresponding capital assets. The contribution of land has been recorded directly to net assets.

**8. Deferred Revenue:**

Deferred revenue includes unspent grants, contributions, donations, or income received for which the contributor has specified a particular use. In accordance with GAAP, investments for externally restricted endowments include a market value adjustment in deferred revenue. Since these amounts are designated to fund certain expenditures, they are deferred and reported as revenue when the related expenses occur.

|   | 2013            |                 |                 |                    |                  | 2012             |
|---|-----------------|-----------------|-----------------|--------------------|------------------|------------------|
|   | Operating       | Endowed         | Special Purpose | Sponsored Research | Total            | Total            |
| Balance, Beginning of year                | \$19,264        | \$37,800        | \$25,829        | \$74,132           | \$157,025        | \$148,937        |
| Income                                    | 25,745          | 41,678          | 33,613          | 82,461             | 183,497          | 134,279          |
| Transferred from (to) principal           | --              | (446)           | --              | --                 | (446)            | 272              |
| Recognized as revenue in the current year | (19,264)        | (18,776)        | (25,829)        | (74,132)           | (138,001)        | (126,463)        |
| Balance, End of year                      | <b>\$25,745</b> | <b>\$60,256</b> | <b>\$33,613</b> | <b>\$82,461</b>    | <b>\$202,075</b> | <b>\$157,025</b> |

**DALHOUSIE UNIVERSITY**Notes to Consolidated Financial Statements (*continued*)

Year ended March 31, 2013

*(In Thousands of Dollars)***9. Deferred Capital Contributions:**

Deferred capital contributions represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Consolidated Statement of Revenue, Expense and Changes in Operating Surplus.

|                               | <b>2013</b> | <b>2012</b> |
|-------------------------------|-------------|-------------|
| Balance, Beginning of year    | \$153,118   | \$152,616   |
| Contributions received        | 87,927      | 14,933      |
| Amortization of contributions | (16,773)    | (14,431)    |
| Balance, End of Year          | \$224,272   | \$153,118   |

As noted in note 7, tangible contributions in the amount of \$73,409 have been recorded during the year.

**10. Long-Term Debt:**

|   | 2013      | 2012      |
|---|-----------|-----------|
| Howe Hall:  |           |           |
| - 5.86% due January 10, 2014, repayable in quarterly installments of \$136  | \$5,411   | \$5,630   |
| Peter Green Hall:   |           |           |
| - 5.88% due December 1, 2017, repayable in monthly installments of \$7      | 344       | 406       |
| Central Services Building Parkade:  |           |           |
| - 5.41% due December 1, 2013, repayable in quarterly installments of \$22   | 467       | 511       |
| Risley Hall:  |           |           |
| - 5.71% due September 1, 2014, repayable in quarterly installments of \$385 | 16,140    | 16,700    |
| Residence Renewal:  |           |           |
| - 4.96% due November 15, 2014, repayable in quarterly installments of \$58  | 1,365     | 1,530     |
| - 4.69% due October 12, 2015, repayable in quarterly installments of \$47   | 1,846     | 1,949     |
| Faculty of Management Building:   |           |           |
| - 5.06% due March 2, 2017, repayable in quarterly installments of \$236     | 3,562     | 4,344     |
| Student Residences:   |           |           |
| - 4.74% due December 29, 2015, repayable in quarterly installments of \$61  | 865       | 1,071     |
| Mona Campbell Building:   |           |           |
| - 4.23% due November 29, 2020, repayable in monthly installments of \$75    | 13,227    | 13,567    |
| Life Sciences Research Institute  |           |           |
| - 4.22% due May 16, 2021, repayable in monthly installments of \$150        | 22,850    | 23,670    |
| Life Sciences Centre Renewal  |           |           |
| - 1.50% due September 22, 2015, repayable at maturity                       | 10,206    | 10,206    |
| Dalhousie Ocean Sciences Building   |           |           |
| - 3.23% due March 20, 2022, repayable in quarterly installments of \$473    | 31,156    | 30,000    |
| LeMarchant Street Residence and Service Centre                              |           |           |
| - 3.3% due September 8, 2022, repayable in quarterly installments of \$562  | 37,492    | --        |
| Capital Leases  | 1,640     | 610       |
|   | 146,571   | 110,194   |
| Less: Current Portion   | 6,156     | 4,254     |
|   | \$140,415 | \$105,940 |

**DALHOUSIE UNIVERSITY**Notes to Consolidated Financial Statements (*continued*)

Year ended March 31, 2013

*(In Thousands of Dollars)*

The principal due within each of the next five years on long-term debt is as follows; 2014 - \$6,156; 2015 - \$6,194; 2016 - \$16,390; 2017 - \$6,081; 2018 - \$5,117. The University uses interest rate swaps to manage interest rate risk (see note 13).

Interest of \$89 (2012 - \$51) relating to capital lease obligations has been included in interest expense. The total amount of assets under capital lease is \$3,010 (2012 - \$2,886), with related accumulated amortization of \$1,195 (2012 - \$2133).

**11. Net Assets:***a) Endowment Principal:*

Endowment principal consists of restricted donations to the University and funds that have been internally designated. The investment income generated from endowments must be used in accordance with the various purposes established by the donor or by the University. However, benefactors, as well as University policy, stipulate that over time, the economic value of endowment principal should be protected by limiting the amount of income that may be expended.

To meet the foregoing requirement, 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; and
- to attain real increases in spending through capital appreciation from new gifts, capital investment gains and the capitalization of income.

|                       | Endowment<br>Principal<br>March 31, 2012 | New<br>Contributions | Transfer to/<br>from<br>Endowment<br>Principal | Endowment<br>Principal<br>March 31, 2013 |
|-----------------------|--|----------------------|--|--|
| External restrictions | \$334,891                                | \$18,253             | \$447  | \$353,591                                |
| Internal restrictions | 9,698                                    | --                   | 514  | 10,212                                   |
|                       | \$344,589                                | \$18,253             | \$961  | \$363,803                                |

*b) Restricted for Future Pension Benefits:*

The University's operating budget includes the cost of contributions made to the pension plan each year. The total amount recorded for pension expense in the annual consolidated financial statements differs from the contributed amount. This difference, which may vary significantly from year to year, results from the requirement to use assumptions and methodologies for accounting that differ from those used for funding purposes. For accounting purposes, the expense was \$12,630 more than contributions (2012 - \$1,041 more than contributions) made. The statutory contributions are determined by the actuary in accordance with the *Pension Benefit Act* of Nova Scotia to permit an appropriate level of funding over the long-term.



c) *Restricted Funds:*

Restricted funds represent amounts set aside by the University for specific uses such as 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.

d) *Equity in Capital Assets:*

Equity in capital assets represents the unamortized cost of capital assets acquired through the expenditure of unrestricted resources.

Equity in capital assets consists of:

|   | <b>2013</b>      | <b>2012</b>      |
|---|------------------|------------------|
| Capital assets  | \$783,871        | \$668,494        |
| Less amounts financed by:   |                  |                  |
| Deferred capital contributions  | (224,272)        | (153,118)        |
| Long-term debt  | (146,572)        | (110,194)        |
| Financing drawn in advance  | 25,742           | 15,465           |
| Cash flows, pending repayments by ancillaries or other identified sources | 4,917            | 504              |
| <b>Equity in capital assets</b>   | <b>\$443,686</b> | <b>\$421,151</b> |

**12. Commitments and Contingent Liabilities:**

The University has capital projects valued in excess of \$137 million for a new residence and academic, general purpose and research facilities and projects. The portion that has been committed but unspent as at March 31, 2013 is \$42 million.

Effective April 1, 1988, the University became a member of the “Canadian Universities Reciprocal Insurance Exchange” (CURIE) self-insurance program, and membership was renewed effective January 1, 2008. 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. 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. CURIE retains surplus for adverse experience and the amount of surplus as at December 31, 2012 was \$60,500.

As of March 31, 2013, 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. Management is of the opinion that it is not likely that the claims against the University will be successful and no provision has been made for them in the accounts.

The University has a number of operating lease agreements for office, storage space and equipment. Future minimum lease payments required to meet non-cancelable terms are as follows: 2014 - \$2,473; 2015 - \$1,450; 2016 - \$1,025; 2017 - \$296.

Certain of the alternative investments contain contractual commitments. As at March 31, 2013, there were outstanding future commitments of \$1,412 CAD in Canadian real estate; \$4,650 CAD in private debt; \$26,647 USD and €1,380 EUR in private equity investments; and \$2,701 USD in infrastructure investments.

**13. Financial Instruments:**

## a) Fair Value of Financial Assets and Financial Liabilities

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to their relatively short terms to maturity.

The carrying value of debt obligations approximates their fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

The fair value of investments is determined by using published price quotations in an active market or third party valuation at year end and is disclosed in note 6.

## b) Foreign Currency Risk

The University undertakes revenue and purchase transactions in foreign currencies, and therefore is subject to gains and losses due to the fluctuations in foreign currency exchange rates.

The University manages its exposure to fluctuations in exchange rates by a combination of forward foreign exchange contracts and option contracts. At year-end, the forward foreign exchange contracts and option contracts covered periods of up to 1 month.

## c) Interest Rate Risk Management

The University uses derivatives to alter interest rate exposures. Interest rate swaps allow the University to raise long-term borrowing at floating rates and effectively swap them into fixed rates that are lower than those available to the University if fixed rate borrowings were made directly. 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.

Although the University has no intention of settling these instruments as at March 31, 2013, the interest rate swap contracts described in note 11 have a fair value of \$13,868 (2012 - \$10,994) greater than the recorded value.

At March 31, 2013, interest rate swaps outstanding have a notional value of \$ 136,686 (2012 - \$98,973) and are all designated as hedges for accounting purposes, which results in interest expense related to certain long-term debt to be recorded in the consolidated financial statements at the hedged rates rather than at the contractual interest rates. The interest rate swap contracts result in the University having a long-term interest rate in the range of 3.2% - 5.86% (2012 - 3.23% - 5.86%) on certain debt obligations.

The University has interest bearing loans on which general interest rate fluctuations apply.

## d) 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.

**14. Pledges:**

Pledges to the University as at March 31, 2013 were \$61,274 (2012 - \$55,745). While these pledges are expected to be honoured over the next several years, they have not been recorded as receivable.

**DALHOUSIE UNIVERSITY**

Notes to Consolidated Financial Statements (*continued*)

Year ended March 31, 2013

(*In Thousands of Dollars*)

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**15. Fine Artwork Collections:**

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

**16. Comparative Figures:**

Certain 2013 figures have been reclassified to conform to the 2013 financial statement presentation.

**Dalhousie University**

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**Supplementary Schedules**

**March 31, 2013**

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**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense**  
**Year Ended March 31, 2013 (With Comparatives Figures for 2012)**  
**(in Thousands of Dollars)**  
**(unaudited)**

|  | Operating<br>2013<br>(Schedule 2) | Endowment<br>2013<br>(Schedule 3) | Ancillary<br>2013<br>(Schedule 4) | Capital<br>2013 | Special<br>Purpose<br>2013<br>(Schedule 5) | Research<br>2013<br>(Schedule 5) | 2013            | Total<br>2012  |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------|--|----------------------------------|-----------------|----------------|
| Revenue  | \$                                | \$                                | \$                                | \$              | \$   | \$                               | \$              | \$             |
| Provincial government operating grants           | 197,544                           | -                                 | -                                 | -               | -  | -                                | 197,544         | 184,477        |
| Other government grants and contracts            | 13,192                            | -                                 | 68                                | -               | 232  | 80,644                           | 94,136          | 81,303         |
| Corporations and foundations                     | 154                               | -                                 | -                                 | -               | 47   | 27,082                           | 27,283          | 31,658         |
| Tuition fees                                     | 137,009                           | -                                 | -                                 | -               | -  | -                                | 137,009         | 123,243        |
| Non-credit and other fees                        | 21,654                            | -                                 | -                                 | -               | -  | -                                | 21,654          | 19,179         |
| General  | 3,018                             | -                                 | -                                 | 1,524           | 6,052                                      | 641                              | 11,235          | 9,232          |
| Gifts  | 61                                | 1,620                             | -                                 | -               | 4,377                                      | 306                              | 6,364           | 7,663          |
| Investment                                       | 3,115                             | 17,156                            | -                                 | 1,144           | 959  | -                                | 22,374          | 19,487         |
| Ancillary sales and service                      | -                                 | -                                 | 42,715                            | -               | -  | -                                | 42,715          | 41,381         |
| External cost recoveries                         | 41,627                            | -                                 | -                                 | 61              | 2,808                                      | 699                              | 45,195          | 41,543         |
| Amortization of deferred capital contributions   | -                                 | -                                 | -                                 | 7,053           | 924  | 8,796                            | 16,773          | 14,431         |
| <b>Total revenue</b>                             | <b>417,374</b>                    | <b>18,776</b>                     | <b>42,783</b>                     | <b>9,782</b>    | <b>15,399</b>                              | <b>118,168</b>                   | <b>622,282</b>  | <b>573,597</b> |
| Expense  |                                   |                                   |                                   |                 |  |                                  |                 |                |
| Salaries   |                                   |                                   |                                   |                 |  |                                  |                 |                |
| Academic   | 140,116                           | 4,450                             | -                                 | -               | 573  | 12,149                           | 157,288         | 145,703        |
| Library  | 3,494                             | 1                                 | -                                 | -               | -  | -                                | 3,495           | 3,921          |
| Plant maintenance                                | 12,193                            | -                                 | 261                               | -               | -  | -                                | 12,454          | 12,319         |
| Administrative and support                       | 86,357                            | 556                               | 5,935                             | -               | 3,418                                      | 25,479                           | 121,745         | 111,502        |
| Benefits costs                                   | 41,503                            | 638                               | 902                               | -               | 750  | 3,494                            | 47,287          | 45,057         |
| <b>Total salaries and benefits</b>               | <b>283,663</b>                    | <b>5,645</b>                      | <b>7,098</b>                      | <b>-</b>        | <b>4,741</b>                               | <b>41,122</b>                    | <b>342,269</b>  | <b>318,502</b> |
| Library acquisitions                             | 5,434                             | 205                               | -                                 | -               | 98   | 34                               | 5,771           | 5,405          |
| Laboratory and teaching supplies                 | 4,236                             | 24                                | -                                 | -               | 509  | 7,513                            | 12,282          | 10,936         |
| Equipment and service                            | 8,009                             | 37                                | 1,236                             | -               | 574  | 5,061                            | 14,917          | 16,440         |
| Finance costs                                    | 900                               | -                                 | 1,824                             | 3,682           | 17   | 1                                | 6,424           | 4,664          |
| Utilities and taxes                              | 15,256                            | -                                 | 1,398                             | -               | -  | 28                               | 16,682          | 13,399         |
| Externally contracted services                   | 24,584                            | 2,327                             | 8,954                             | -               | 3,224                                      | 15,718                           | 54,807          | 49,581         |
| Scholarships, bursaries and prizes               | 21,202                            | 8,226                             | 118                               | -               | 1,793                                      | 16,920                           | 48,259          | 45,439         |
| Ancillary cost of sales and service              | -                                 | -                                 | 11,133                            | -               | -  | -                                | 11,133          | 10,205         |
| Travel   | 5,573                             | 277                               | 63                                | -               | 730  | 6,451                            | 13,094          | 11,764         |
| Amortization of capital assets                   | -                                 | -                                 | -                                 | 32,924          | -  | -                                | 32,924          | 30,998         |
| General operating                                | 20,640                            | 339                               | 1,930                             | -               | 1,317                                      | 4,718                            | 28,944          | 23,991         |
| Internal / interfund transfers                   | 20,855                            | 829                               | 8,475                             | (48,131)        | 1,389                                      | 16,583                           | -               | -              |
| <b>Total expense</b>                             | <b>410,352</b>                    | <b>17,909</b>                     | <b>42,229</b>                     | <b>(11,525)</b> | <b>14,392</b>                              | <b>114,149</b>                   | <b>587,506</b>  | <b>541,324</b> |
| Change in year before appropriations             | 7,022                             | 867                               | 554                               | 21,307          | 1,007                                      | 4,019                            | 34,776          | 32,273         |
| Change in net assets                             | (7,022)                           | (867)                             | (554)                             | (21,307)        | (1,007)                                    | (4,019)                          | (34,776)        | (32,273)       |
| <b>Surplus before pension expense adjustment</b> | <b>-</b>                          | <b>-</b>                          | <b>-</b>                          | <b>-</b>        | <b>-</b>                                   | <b>-</b>                         | <b>-</b>        | <b>-</b>       |
| Pension expense adjustment                       | (12,630)                          | -                                 | -                                 | -               | -  | -                                | (12,630)        | (1,041)        |
| <b>Net assets after pension adjustment</b>       | <b>(12,630)</b>                   | <b>-</b>                          | <b>-</b>                          | <b>-</b>        | <b>-</b>                                   | <b>-</b>                         | <b>(12,630)</b> | <b>(1,041)</b> |

Schedule 1

**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense - Operating**  
**Year Ended March 31, 2013 (With Comparatives Figures for 2012)**  
**(in Thousands of Dollars)**  
**(unaudited)**

|  | Academic       |                | Academic Support |               | Administration and General |               | Facilities and Construction Management |               | Student Services |               | Institution    |                | Total          |                |
|--|----------------|----------------|------------------|---------------|----------------------------|---------------|--|---------------|------------------|---------------|----------------|----------------|----------------|----------------|
|  | 2013           | 2012           | 2013             | 2012          | 2013                       | 2012          | 2013                                   | 2012          | 2013             | 2012          | 2013           | 2012           | 2013           | 2012           |
| <b>Revenue</b>                                 | <b>\$</b>      | <b>\$</b>      | <b>\$</b>        | <b>\$</b>     | <b>\$</b>                  | <b>\$</b>     | <b>\$</b>                              | <b>\$</b>     | <b>\$</b>        | <b>\$</b>     | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      |
| Provincial government operating grants         | -              | -              | -                | -             | -                          | -             | -                                      | -             | -                | -             | 197,544        | 184,477        | 197,544        | 184,477        |
| Other government grants and contracts          | 5,159          | 4,970          | -                | -             | -                          | -             | 1,573                                  | 1,253         | 197              | 180           | 6,263          | 6,511          | 13,192         | 12,914         |
| Corporations and foundations                   | 126            | 175            | -                | -             | -                          | -             | 28                                     | 43            | -                | -             | -              | -              | 154            | 218            |
| Tuition fees                                   | 9,755          | 7,914          | -                | -             | -                          | -             | -                                      | -             | -                | -             | 127,254        | 115,329        | 137,009        | 123,243        |
| Non-credit and other fees                      | 10,197         | 8,515          | -                | -             | 2,867                      | 2,703         | -                                      | -             | 5,929            | 5,517         | 2,661          | 2,444          | 21,654         | 19,179         |
| General  | -              | -              | 53               | 50            | 565                        | 639           | 1,198                                  | 1,112         | 1,202            | 1,152         | -              | -              | 3,018          | 2,953          |
| Gifts  | 8              | 2              | 53               | 55            | -                          | -             | -                                      | -             | -                | -             | -              | -              | 61             | 57             |
| Investment                                     | -              | -              | -                | -             | -                          | -             | -                                      | -             | -                | -             | 3,115          | 2,903          | 3,115          | 2,903          |
| Ancillary sales and service                    | -              | -              | -                | -             | -                          | -             | -                                      | -             | -                | -             | -              | -              | -              | -              |
| External cost recoveries                       | 38,219         | 35,225         | 772              | 332           | 1,216                      | 1,045         | 1,313                                  | 480           | 107              | 82            | -              | -              | 41,627         | 37,164         |
| Amortization of deferred capital contributions | -              | -              | -                | -             | -                          | -             | -                                      | -             | -                | -             | -              | -              | -              | -              |
| <b>Total revenue</b>                           | <b>63,464</b>  | <b>56,801</b>  | <b>878</b>       | <b>437</b>    | <b>4,648</b>               | <b>4,387</b>  | <b>4,112</b>                           | <b>2,888</b>  | <b>7,435</b>     | <b>6,931</b>  | <b>336,837</b> | <b>311,664</b> | <b>417,374</b> | <b>383,108</b> |
| <b>Expense</b>                                 |                |                |                  |               |                            |               |  |               |                  |               |                |                |                |                |
| <b>Salaries</b>                                |                |                |                  |               |                            |               |  |               |                  |               |                |                |                |                |
| Academic                                       | 138,609        | 128,504        | -                | -             | 16                         | 41            | -                                      | -             | 1,491            | 1,315         | -              | -              | 140,116        | 129,860        |
| Library  | 3,494          | 3,888          | -                | -             | -                          | -             | -                                      | -             | -                | -             | -              | -              | 3,494          | 3,888          |
| Plant maintenance                              | 49             | 53             | -                | -             | -                          | -             | 12,144                                 | 12,038        | -                | -             | -              | -              | 12,193         | 12,091         |
| Administrative and support                     | 44,156         | 39,506         | 9,378            | 8,842         | 22,669                     | 20,581        | 4,081                                  | 3,397         | 6,073            | 5,567         | -              | -              | 86,357         | 77,893         |
| Benefits costs                                 | 30,004         | 28,952         | 1,752            | 1,713         | 4,479                      | 4,209         | 4,024                                  | 3,623         | 1,244            | 1,075         | -              | -              | 41,503         | 39,572         |
| <b>Total salaries and benefits</b>             | <b>216,312</b> | <b>200,903</b> | <b>11,130</b>    | <b>10,555</b> | <b>27,164</b>              | <b>24,831</b> | <b>20,249</b>                          | <b>19,058</b> | <b>8,808</b>     | <b>7,957</b>  | <b>-</b>       | <b>-</b>       | <b>283,663</b> | <b>263,304</b> |
| Library acquisitions                           | 5,397          | 5,037          | 1                | 3             | 31                         | 43            | -                                      | -             | 5                | 5             | -              | -              | 5,434          | 5,088          |
| Laboratory and teaching supplies               | 4,235          | 3,760          | -                | -             | -                          | -             | 1                                      | -             | -                | -             | -              | -              | 4,236          | 3,760          |
| Equipment and service                          | 2,925          | 3,023          | 3,038            | 2,740         | 562                        | 470           | 1,048                                  | 1,100         | 436              | 453           | -              | -              | 8,009          | 7,786          |
| Finance costs                                  | 96             | 87             | 3                | 4             | 105                        | 72            | 72                                     | 72            | -                | -             | 624            | 652            | 900            | 887            |
| Utilities and taxes                            | -              | -              | -                | -             | -                          | -             | 15,256                                 | 12,064        | -                | -             | -              | -              | 15,256         | 12,064         |
| Externally contracted services                 | 7,621          | 6,250          | 553              | 325           | 2,371                      | 2,042         | 13,560                                 | 8,715         | 479              | 229           | -              | -              | 24,584         | 17,561         |
| Scholarships, bursaries and prizes             | 2,575          | 2,224          | 1                | 2             | -                          | -             | -                                      | -             | 8,281            | 8,325         | 10,345         | 9,454          | 21,202         | 20,005         |
| Ancillary cost of sales and service            | -              | -              | -                | -             | -                          | -             | -                                      | -             | -                | -             | -              | -              | -              | -              |
| Travel   | 3,485          | 3,199          | 98               | 87            | 1,157                      | 978           | 42                                     | 50            | 791              | 731           | -              | -              | 5,573          | 5,045          |
| Amortization of capital assets                 | -              | -              | -                | -             | -                          | -             | -                                      | -             | -                | -             | -              | -              | -              | -              |
| General operating                              | 7,664          | 6,311          | 37               | 236           | 4,825                      | 3,914         | 4,228                                  | 3,133         | 3,576            | 2,991         | 310            | 361            | 20,640         | 16,946         |
| Internal / interfund transfers                 | 8,556          | 7,457          | (392)            | (2,160)       | (15)                       | (651)         | 10,863                                 | 16,185        | 723              | 1,020         | 1,120          | 700            | 20,855         | 22,551         |
| <b>Total expense</b>                           | <b>258,866</b> | <b>238,251</b> | <b>14,469</b>    | <b>11,792</b> | <b>36,200</b>              | <b>31,699</b> | <b>65,319</b>                          | <b>60,377</b> | <b>23,099</b>    | <b>21,711</b> | <b>12,399</b>  | <b>11,167</b>  | <b>410,352</b> | <b>374,997</b> |
| Change in year before appropriations           | (195,402)      | (181,450)      | (13,591)         | (11,355)      | (31,552)                   | (27,312)      | (61,207)                               | (57,489)      | (15,664)         | (14,780)      | 324,438        | 300,497        | 7,022          | 8,111          |
| (Increase) decrease in appropriations          | (3,742)        | (4,173)        | 331              | (952)         | (222)                      | (654)         | (860)                                  | (2,333)       | (301)            | 1             | (2,228)        | -              | (7,022)        | (8,111)        |
| Surplus before pension expense adjustment      | (199,144)      | (185,623)      | (13,260)         | (12,307)      | (31,774)                   | (27,966)      | (62,067)                               | (59,822)      | (15,965)         | (14,779)      | 322,210        | 300,497        | -              | -              |
| Pension expense adjustment                     | -              | -              | -                | -             | -                          | -             | -                                      | -             | -                | -             | 12,630         | 1,041          | 12,630         | 1,041          |
| Change in net assets after pension adjustment  | (199,144)      | (185,623)      | (13,260)         | (12,307)      | (31,774)                   | (27,966)      | (62,067)                               | (59,822)      | (15,965)         | (14,779)      | 309,580        | 299,456        | (12,630)       | (1,041)        |

**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense for Operating and Endowment**  
**Year Ended March 31, 2013 (With Comparatives Figures for 2012)**  
**(in Thousands of Dollars)**  
**(unaudited)**

|  | 2013           |               |                | 2012           |               |                |
|--|----------------|---------------|----------------|----------------|---------------|----------------|
|  | Operating      | Endowment     | Total          | Operating      | Endowment     | Total          |
| Revenue  | \$             | \$            | \$             |                |               | \$             |
| Provincial government operating grants         | 197,544        | -             | 197,544        | 184,477        | -             | 184,477        |
| Other government grants and contracts          | 13,192         | -             | 13,192         | 12,914         | -             | 12,914         |
| Corporations and foundations                   | 154            | -             | 154            | 218            | -             | 218            |
| Tuition fees                                   | 137,009        | -             | 137,009        | 123,243        | -             | 123,243        |
| Non-credit and other fees                      | 21,654         | -             | 21,654         | 19,179         | -             | 19,179         |
| General  | 3,018          | -             | 3,018          | 2,953          | -             | 2,953          |
| Gifts  | 61             | 1,620         | 1,681          | 57             | 1,515         | 1,572          |
| Investment                                     | 3,115          | 17,156        | 20,271         | 2,903          | 16,007        | 18,910         |
| Ancillary sales and service                    | -              | -             | -              | -              | -             | -              |
| External cost recoveries                       | 41,627         | -             | 41,627         | 37,164         | -             | 37,164         |
| Amortization of deferred capital contributions | -              | -             | -              | -              | -             | -              |
| <b>Total revenue</b>                           | <b>417,374</b> | <b>18,776</b> | <b>436,150</b> | <b>383,108</b> | <b>17,522</b> | <b>400,630</b> |
| Expense  |                |               |                |                |               |                |
| Salaries                                       |                |               |                |                |               |                |
| Academic                                       | 140,116        | 4,450         | 144,566        | 129,860        | 3,641         | 133,501        |
| Library  | 3,494          | 1             | 3,495          | 3,888          | 33            | 3,921          |
| Plant maintenance                              | 12,193         | -             | 12,193         | 12,091         | -             | 12,091         |
| Administrative and support                     | 86,357         | 556           | 86,913         | 77,893         | 527           | 78,420         |
| Benefits costs                                 | 41,503         | 638           | 42,141         | 39,572         | 545           | 40,117         |
| <b>Total salaries and benefits</b>             | <b>283,663</b> | <b>5,645</b>  | <b>289,308</b> | <b>263,304</b> | <b>4,746</b>  | <b>268,050</b> |
| Library acquisitions                           | 5,434          | 205           | 5,639          | 5,088          | 198           | 5,286          |
| Laboratory and teaching supplies               | 4,236          | 24            | 4,260          | 3,760          | 27            | 3,787          |
| Equipment and service                          | 8,009          | 37            | 8,046          | 7,786          | 47            | 7,833          |
| Finance costs                                  | 900            | -             | 900            | 887            | -             | 887            |
| Utilities and taxes                            | 15,256         | -             | 15,256         | 12,064         | -             | 12,064         |
| Externally contracted services                 | 24,584         | 2,327         | 26,911         | 17,561         | 1,919         | 19,480         |
| Scholarships, bursaries and prizes             | 21,202         | 8,226         | 29,428         | 20,005         | 8,252         | 28,257         |
| Ancillary cost of sales and service            | -              | -             | -              | -              | -             | -              |
| Travel   | 5,573          | 277           | 5,850          | 5,045          | 256           | 5,301          |
| Amortization of capital assets                 | -              | -             | -              | -              | -             | -              |
| General operating                              | 20,640         | 339           | 20,979         | 16,946         | 431           | 17,377         |
| Internal / interfund transfers                 | 20,855         | 829           | 21,684         | 22,551         | 1,419         | 23,970         |
| <b>Total expense</b>                           | <b>410,352</b> | <b>17,909</b> | <b>428,261</b> | <b>374,997</b> | <b>17,295</b> | <b>392,292</b> |
| Change in year before appropriations           | 7,022          | 867           | 7,889          | 8,111          | 227           | 8,338          |
| Change in net assets                           | (7,022)        | (867)         | (7,889)        | (8,111)        | (227)         | (8,338)        |
| 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.

**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense - Ancillary**  
**Year Ended March 31, 2013 (With Comparatives Figures for 2012)**  
**(in Thousands of Dollars)**  
**(unaudited)**

|  | Arts Centre  |              | Student *<br>Community Services |               | Bookstore    |              | Dalplex      |              | Personal Computing<br>Purchase Centre |              | Food Service |              | Transfer to<br>Operating |          | Total         |               |
|--|--------------|--------------|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------------------------------|--------------|--------------|--------------|--------------------------|----------|---------------|---------------|
|  | 2013         | 2012         | 2013                            | 2012          | 2013         | 2012         | 2013         | 2012         | 2013                                  | 2012         | 2013         | 2012         | 2013                     | 2012     | 2013          | 2012          |
| Revenue  | \$           | \$           | \$                              | \$            | \$           | \$           | \$           | \$           | \$                                    | \$           | \$           | \$           |                          |          | \$            | \$            |
| Provincial government operating grants         | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Other government grants and contracts          | 68           | 75           | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | 68            | 75            |
| Corporations and foundations                   | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Tuition fees                                   | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Non-credit and other fees                      | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| General  | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Gifts  | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Investment                                     | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Ancillary sales and service                    | 2,889        | 3,343        | 16,518                          | 15,828        | 7,597        | 7,458        | 2,349        | 2,578        | 3,774                                 | 2,520        | 9,588        | 9,654        | -                        | -        | 42,715        | 41,381        |
| External cost recoveries                       | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Amortization of deferred capital contributions | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| <b>Total revenue</b>                           | <b>2,957</b> | <b>3,418</b> | <b>16,518</b>                   | <b>15,828</b> | <b>7,597</b> | <b>7,458</b> | <b>2,349</b> | <b>2,578</b> | <b>3,774</b>                          | <b>2,520</b> | <b>9,588</b> | <b>9,654</b> | <b>-</b>                 | <b>-</b> | <b>42,783</b> | <b>41,456</b> |
| Expense  |              |              |                                 |               |              |              |              |              |                                       |              |              |              |                          |          |               |               |
| Salaries                                       |              |              |                                 |               |              |              |              |              |                                       |              |              |              |                          |          |               |               |
| Academic                                       | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Library  | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Plant maintenance                              | -            | -            | 261                             | 228           | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | 261           | 228           |
| Administrative and support                     | 607          | 633          | 2,917                           | 2,956         | 688          | 636          | 1,323        | 1,280        | 326                                   | 327          | 74           | 60           | -                        | -        | 5,935         | 5,892         |
| Benefits costs                                 | 85           | 87           | 457                             | 458           | 131          | 120          | 154          | 167          | 58                                    | 62           | 17           | 13           | -                        | -        | 902           | 907           |
| <b>Total salaries and benefits</b>             | <b>692</b>   | <b>720</b>   | <b>3,635</b>                    | <b>3,642</b>  | <b>819</b>   | <b>756</b>   | <b>1,477</b> | <b>1,447</b> | <b>384</b>                            | <b>389</b>   | <b>91</b>    | <b>73</b>    | <b>-</b>                 | <b>-</b> | <b>7,098</b>  | <b>7,027</b>  |
| Library acquisitions                           | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Laboratory and teaching supplies               | -            | -            | -                               | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | -             | -             |
| Equipment and service                          | 8            | 12           | 779                             | 861           | 62           | 59           | 144          | 127          | -                                     | -            | 243          | 63           | -                        | -        | 1,236         | 1,122         |
| Finance costs                                  | 95           | 93           | 1,460                           | 1,538         | 138          | 135          | 36           | 40           | 19                                    | 28           | 76           | 74           | -                        | -        | 1,824         | 1,908         |
| Utilities and taxes                            | 74           | 81           | 1,137                           | 1,098         | 12           | 11           | 120          | 138          | -                                     | -            | 55           | 7            | -                        | -        | 1,398         | 1,335         |
| Externally contracted services                 | 25           | 52           | 828                             | 1,007         | 79           | 74           | 8            | 23           | -                                     | -            | 8,014        | 7,616        | -                        | -        | 8,954         | 8,772         |
| Scholarships, bursaries and prizes             | -            | -            | 118                             | -             | -            | -            | -            | -            | -                                     | -            | -            | -            | -                        | -        | 118           | -             |
| Ancillary cost of sales and service            | 2,068        | 2,385        | -                               | -             | 5,416        | 5,487        | 332          | 252          | 3,317                                 | 2,081        | -            | -            | -                        | -        | 11,133        | 10,205        |
| Travel   | 3            | 11           | 47                              | 45            | 6            | 10           | 7            | 11           | -                                     | -            | -            | -            | -                        | -        | 63            | 77            |
| General operating                              | 34           | 67           | 1,415                           | 946           | 170          | 264          | 206          | 220          | 31                                    | 7            | 74           | 41           | -                        | -        | 1,930         | 1,545         |
| Internal / interfund transfers                 | 20           | (3)          | 7,232                           | 6,691         | 736          | 455          | 162          | 238          | 72                                    | 73           | 458          | 992          | (205)                    | -        | 8,475         | 8,446         |
| <b>Total expense</b>                           | <b>3,019</b> | <b>3,418</b> | <b>16,651</b>                   | <b>15,828</b> | <b>7,438</b> | <b>7,251</b> | <b>2,492</b> | <b>2,496</b> | <b>3,823</b>                          | <b>2,578</b> | <b>9,011</b> | <b>8,866</b> | <b>(205)</b>             | <b>-</b> | <b>42,229</b> | <b>40,437</b> |
| Change in year before appropriations           | (62)         | -            | (133)                           | -             | 159          | 207          | (143)        | 82           | (49)                                  | (58)         | 577          | 788          | 205                      | -        | 554           | 1,019         |
| Net (increase) decrease in appropriations      | -            | -            | 91                              | -             | (114)        | (207)        | 143          | (82)         | -                                     | 58           | (674)        | (788)        | -                        | -        | (554)         | (1,019)       |
| <b>Surplus for the year</b>                    | <b>(62)</b>  | <b>-</b>     | <b>(42)</b>                     | <b>-</b>      | <b>45</b>    | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>(49)</b>                           | <b>-</b>     | <b>(97)</b>  | <b>-</b>     | <b>205</b>               | <b>-</b> | <b>-</b>      | <b>-</b>      |

\* Student Community Services include Residence Life operations with expenditures of \$1.3 million (\$1.2 million in 2012).

Schedule 4



**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense for Restricted Funds**  
**Year Ended March 31, 2013 (With Comparatives Figures for 2012)**  
**(in Thousands of Dollars)**  
**(unaudited)**

|  | Special Purpose |               | Research       |                |
|--|-----------------|---------------|----------------|----------------|
|  | 2013            | 2012          | 2013           | 2012           |
| Revenue  | \$              | \$            | \$             | \$             |
| Provincial government operating grants         | -               | -             | -              | -              |
| Other government grants and contracts          | 232             | 41            | 80,644         | 68,273         |
| Corporations and foundations                   | 47              | 757           | 27,082         | 30,683         |
| Tuition fees                                   | -               | -             | -              | -              |
| Non-credit and other fees                      | -               | -             | -              | -              |
| General  | 6,052           | 4,454         | 641            | 387            |
| Gifts  | 4,377           | 4,817         | 306            | 1,274          |
| Investment                                     | 959             | 577           | -              | -              |
| Ancillary sales and service                    | -               | -             | -              | -              |
| External cost recoveries                       | 2,808           | 2,787         | 699            | 1,418          |
| Amortization of deferred capital contributions | 924             | 919           | 8,796          | 7,917          |
| <b>Total revenue</b>                           | <b>15,399</b>   | <b>14,352</b> | <b>118,168</b> | <b>109,952</b> |
| Expense  |                 |               |                |                |
| Salaries                                       |                 |               |                |                |
| Academic                                       | 573             | 628           | 12,149         | 11,574         |
| Library  | -               | -             | -              | -              |
| Plant maintenance                              | -               | -             | -              | -              |
| Administrative and support                     | 3,418           | 3,461         | 25,479         | 23,729         |
| Benefits costs                                 | 750             | 532           | 3,494          | 3,501          |
| <b>Total salaries and benefits</b>             | <b>4,741</b>    | <b>4,621</b>  | <b>41,122</b>  | <b>38,804</b>  |
| Library acquisitions                           | 98              | 97            | 34             | 22             |
| Laboratory and teaching supplies               | 509             | 491           | 7,513          | 6,658          |
| Equipment and service                          | 574             | 605           | 5,061          | 6,880          |
| Finance costs                                  | 17              | 4             | 1              | 2              |
| Utilities and taxes                            | -               | -             | 28             | -              |
| Externally contracted services                 | 3,224           | 3,039         | 15,718         | 18,290         |
| Scholarships, bursaries and prizes             | 1,793           | 1,482         | 16,920         | 15,700         |
| Ancillary cost of sales and service            | -               | -             | -              | -              |
| Travel   | 730             | 658           | 6,451          | 5,728          |
| Amortization of capital assets                 | -               | -             | -              | -              |
| General operating                              | 1,317           | 2,038         | 4,718          | 3,031          |
| Internal / interfund transfers                 | 1,389           | 1,230         | 16,583         | 10,656         |
| <b>Total expense</b>                           | <b>14,392</b>   | <b>14,265</b> | <b>114,149</b> | <b>105,771</b> |
| Change in year before appropriations           | 1,007           | 87            | 4,019          | 4,181          |
| Change in net assets                           | (1,007)         | (87)          | (4,019)        | (4,181)        |
| <b>Surplus for the year</b>                    | <b>-</b>        | <b>-</b>      | <b>-</b>       | <b>-</b>       |

**Schedule 5**