

March 31  
**2011**

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Dalhousie University  
**Annual  
Financial  
Report**

**Published June 2011**

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

**March 31, 2011**

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**SECTION A**

**Dalhousie University Overview**

**March 31, 2011**

**TO:** The Dalhousie Community

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

**DATE:** June 21, 2011

**RE:** **The 2010-11 Annual Financial Report**

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The attached Annual Financial Report provides its 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, 2011.

The 2010-11 operating budget was balanced for the twenty-third consecutive year with revenues and expenditures each of \$316M and was approved by Board of Governors at the June 22, 2010 meeting.

2010-11 was the final year of the three-year Memorandum of Understanding (MOU) between the Government of Nova Scotia and universities. The 2010-11 fiscal year also marks the first year of a new period of strategic investment to support: "Dalhousie University's Strategic Focus, 2010-2013". In 2010-11 \$9.3M (\$4.5M in base funding and \$4.8 M in non-permanent allocations) were allocated for: research and academic excellence, enriching student experience, strengthening enrolment, campus renewal, increasing philanthropic support and renewing human resources. These allocations dovetail with the recommendations of the Long Term Financial Planning Committee. Over the last 8 years \$34.2M has been reallocated to Strategic Initiatives, the impact of which has generated significant benefits in many areas of the University.

The 2010-11 budget variance was positive with revenues exceeding expenditures. The solvency relief plan recommended by the Pension Advisory Committee was approved by the government moderating pension contribution costs from the operating budget. The overall budget remains positive due to several significant factors, including: tuition revenue grew by \$5.7M as a result of 700 new students in attendance during the academic year, investment income was up \$402K due to higher interest rates, \$518K energy savings due to the thermal plant conversion to natural gas, compensation cost lower than budget by \$1.8M due to higher pension relief than anticipated, and, offset somewhat by over-expenditures in student assistance of \$833K.

Consolidated Financial Statements are the formal record of the financial activities for the period ending March 31, 2011 and are used to provide an overview of the financial condition of the University. The highlights to be noted include:

University revenue from all sources grew to \$552.8M in 2010-11 increasing by 5.3% from the previous year.

Total assets of the University as of March 31, 2011 decreased by \$72.3M down 7% from the previous year. The Provincial Government had pre-paid the government grant in March 2010 for the 2010-11 fiscal year but as no similar advance payment was received in March 2011 there was a significant decrease in year-over-year cash at fiscal year end. Increases in capital assets and endowments provided some offset to this decline in cash position.

Markets continued their recovery from the crash of 2008/09, as government stimulation and industry restructuring began to take hold. Issues still persist in the US housing market and with the global financial system as sovereign debts are restructured and managed. The University's Endowments included significant gains of 13.4% and new gifts of \$14M were received during the year. The 2010-11 budget continued actions to moderate and supplement endowment spending allocations for some newer endowments in order to allow spending to continue at crash levels. The University-sponsored Pension Plan also experienced healthy investment returns of 11.4%, an increase of \$91M. In addition, after receipt of pension contributions less the payment of benefits and plan expenses, the Plan's assets grew from \$689.9M in 2010 to \$764.1M in 2011.

In November 2010, the University's Actuary completed the Actuarial Valuation with a total asset market value of \$689.9M as at March 31, 2010. The Going Concern short-fall was \$73.4M and unfunded Solvency deficit was \$129.5M. The University operating funding requirements (as required by law) for 2010-11 (after accounting for solvency relief) increased by \$3.5M from 2009-10. Without solvency relief, University funding requirements in 2010-11 would have been approximately \$10.5M higher than actual 2009-10 funding requirements.

In 2010-11 two new buildings were commissioned. First, the Mona Campbell Building was completed on time and under budget. This \$30M LEED Gold 100,000 square foot classroom and office building is the first of its kind in Atlantic Canada and boasts a green roof, "Bubble Deck Flooring", solar assisted heating and state-of-the-art lighting and HVAC systems. The second new building completed also on time and under budget was the Life Sciences Research Institute. This \$65M, 140,000 square foot research building will be the new home for the Dalhousie Brain Repair Centre and InNovaCorp, a provincial government agency providing incubation and commercialization support for research developed start-up businesses.

The University also completed the "Campus Master Plan – Framework Plan , September 2010" focusing on improving academic , research and administration facilities, fostering student-based learning and student environments, and identifying improvements and efficiencies in managing the physical environment. Planning also continued on three new building projects expected to begin construction in 2011: the Mixed-Use Building (LeMarchant and South Street), the Inter-Professional Health Education Building (Summer Street and University Avenue) and the Oceans Excellence Centre (Oxford Street).

The University continued to make progress in the area of campus renewal. The 2010-11 annual facilities renewal budget allocation of \$13.2M was augmented by \$2.8M in project funding from Strategic Initiatives on a one-time basis and \$28.0M received from the Federal and Provincial Government under the Knowledge Infrastructure Program.

Numerous major projects were completed with upgrades in accessibility, safety, building systems and structures, and redevelopment of campus space, including: major renewal of the Life Sciences Building, decommissioning of the Slowpoke nuclear reactor, thermal plant conversion to natural gas, renewal of Research Services office space, Dunn, Killam and LSC classroom renewals and upgrades, and roof replacements for the Weldon Law, Killam Library and Tupper Link buildings.

The year 2010-11 was marked by the continued recovery from the investment market collapse of 2008/09 and while the world markets and US housing markets are continuing to struggle, for Dalhousie, the year will be remembered as a positive year in our growth toward being Canada's best university.

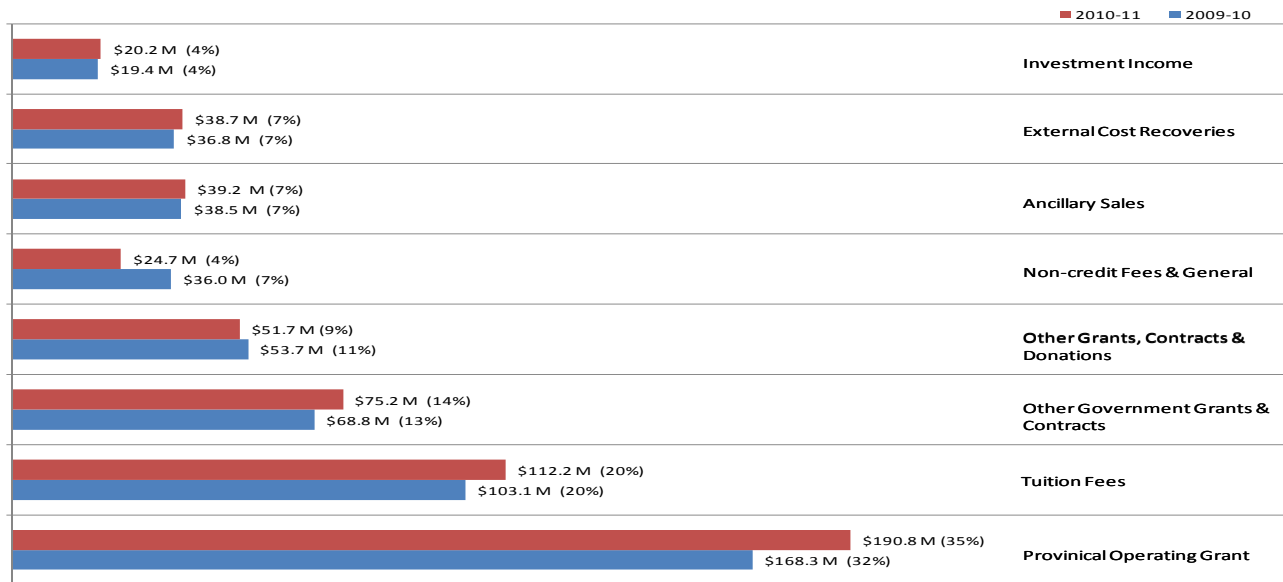


Ken R. Burt

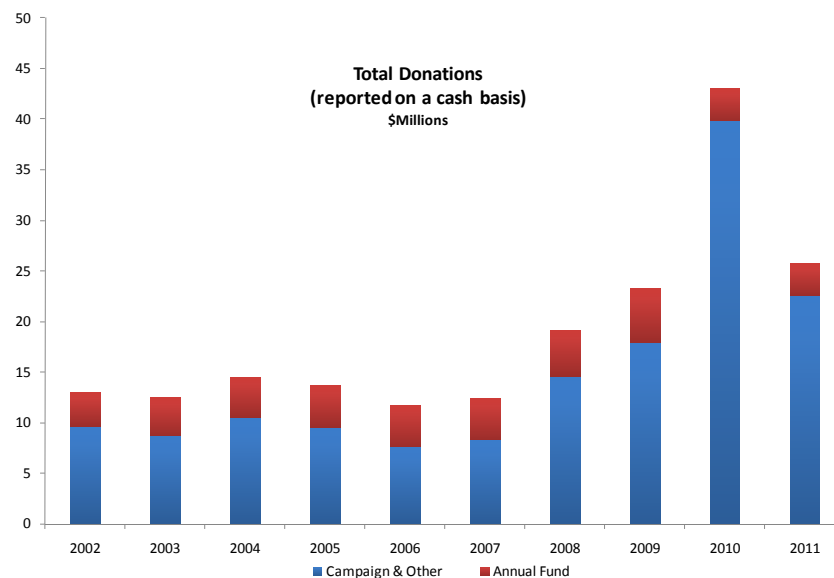
## TOTAL REVENUE

In 2010-11 revenues increased in the Operating and Endowment Funds (\$37.1 million), Research Fund (\$11 million), Ancillary Fund (\$0.7 million) and decreased in the Special Purpose Fund (\$8.4 million) and Capital Fund (\$12.1 million). Provincial grants and tuition revenue were key contributors to operating revenue growth and Dalhousie's researchers continue to be successful in attracting externally sponsored research grants and contracts. In 2009-10 there were extraordinary contributions relating to the University's fundraising program (Special Purpose Fund) and Sale of Fenwick Place (Capital Fund). In 2010-11 Special Purpose and Capital Fund revenues were more in line with prior years.

### 2010-11 Revenues: \$552.8 million (2009-10: \$524.6 million)



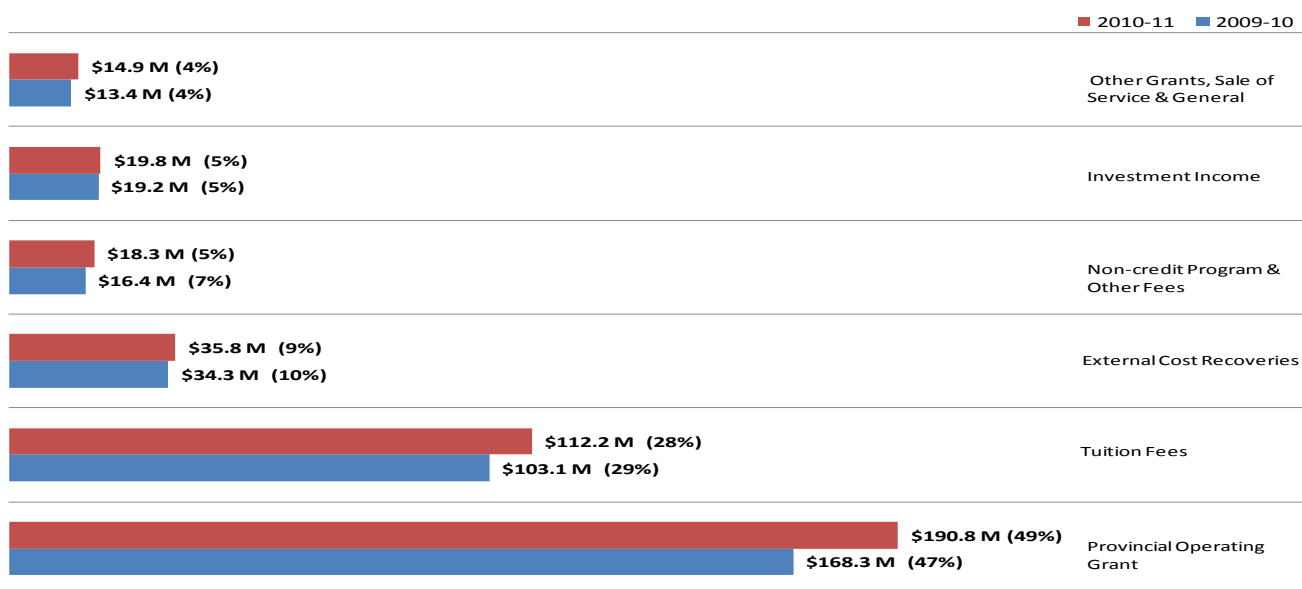
Dalhousie's 'Bold Ambitions' campaign is underway and has benefitted from the generosity of alumni funds, students, faculty and staff. To date \$170 million has been raised towards the \$250 million target. The success of the campaign is reflected in the elevated level of cash donations for the 2008-2011 period. Contributions to date have provided support for student assistance, academic chairs, campus renewal and support to a wide array of University Departments, Faculties and services. Also included is a \$4.7 million contribution from the Province of New Brunswick in support of infrastructure requirements of the new Dalhousie Medicine New Brunswick program.



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

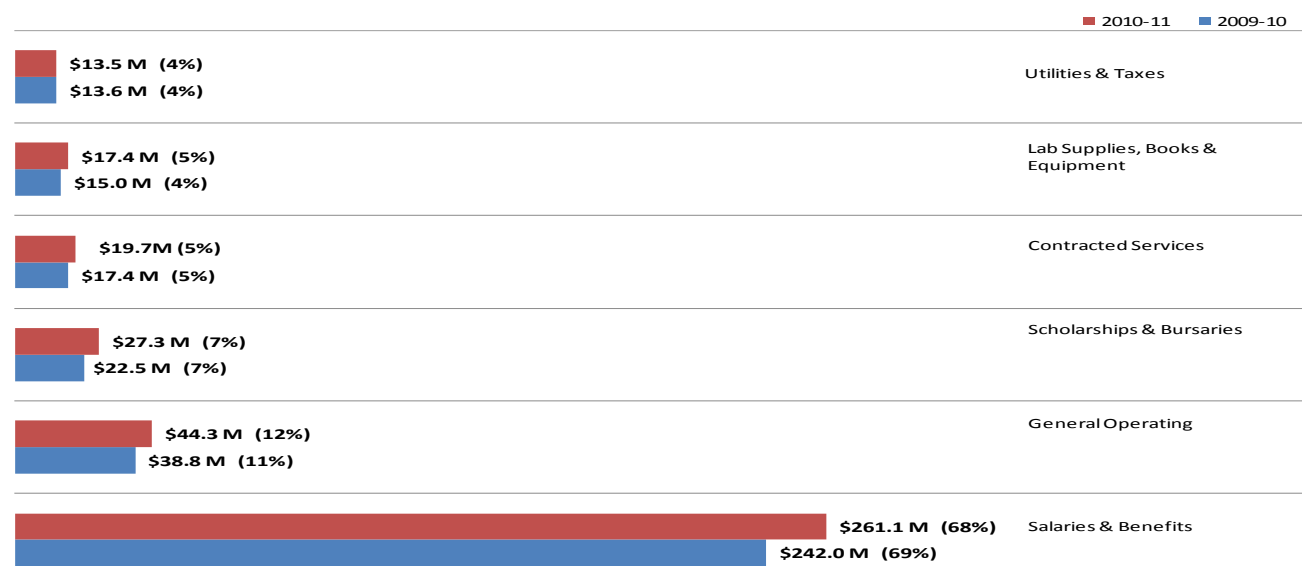
Operating and Endowment revenue increased by \$37.1 million to \$391.8 million in 2010-11. This year-over-year increase of 9.5% was driven largely by a \$22.5 million increase in provincial grants and a \$9.1 million increase in tuition revenue. A three year Memorandum of Understanding with the Province provided increased grants in support of university cost escalation, an amount in lieu of frozen tuition fees, an increase in Nova Scotia Student Bursary payments and improved funding resulting from the recalibration of Nova Scotia university system enrolments. Tuition growth resulted from an increase in enrolment of 700 domestic and international students in 2010-11.

### **2010-11 Operating & Endowment Revenue: \$391.8 million (2009-10: \$354.7 million)**



Sixty eight percent of operating and endowment expenditures are committed to compensation costs including salaries, wages, benefits and pension contributions. A decade ago compensation costs represented more than 75% of total expenditures. Conversely student support and operating costs represented a lower proportion of expenditures compared with today. The Strategic Initiatives Program launched in 2003-04 has allowed the University to increase support for students, services and investments in campus renewal.

### **2010-11 Operating & Endowment Expense: \$383.3 million (2009-10: \$349.3 million)**

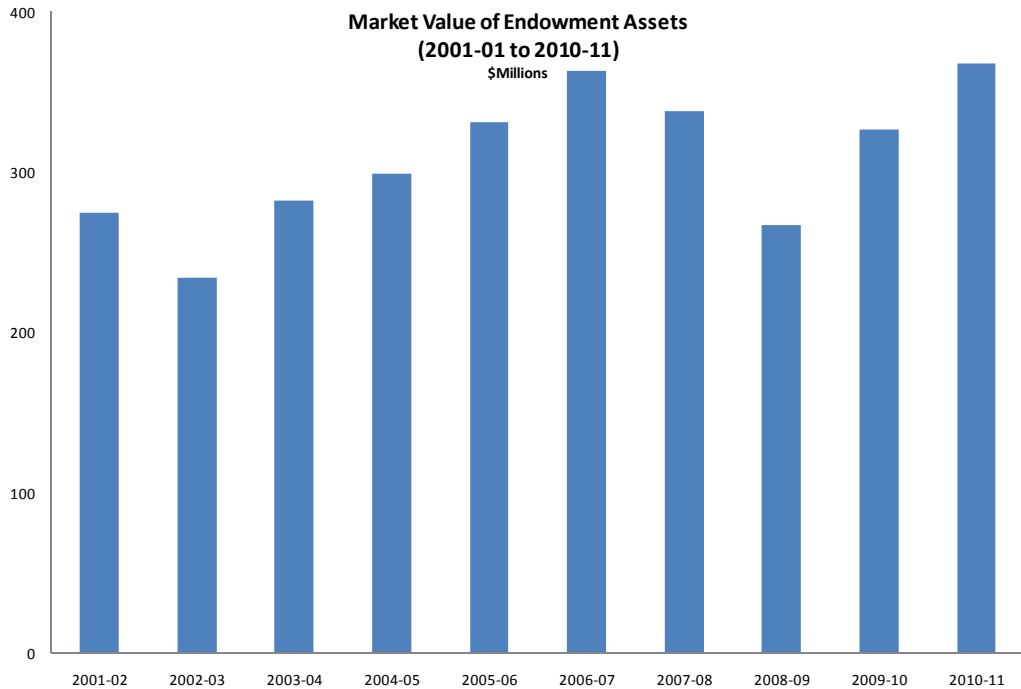


## **ENDOWMENTS**

University endowments continued to grow in value to \$368 million in 2010-11 with contributions from new gifts of \$14 million and an investment return of 13.4%.

Dalhousie's Endowment Management Policy is designed:

- 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.



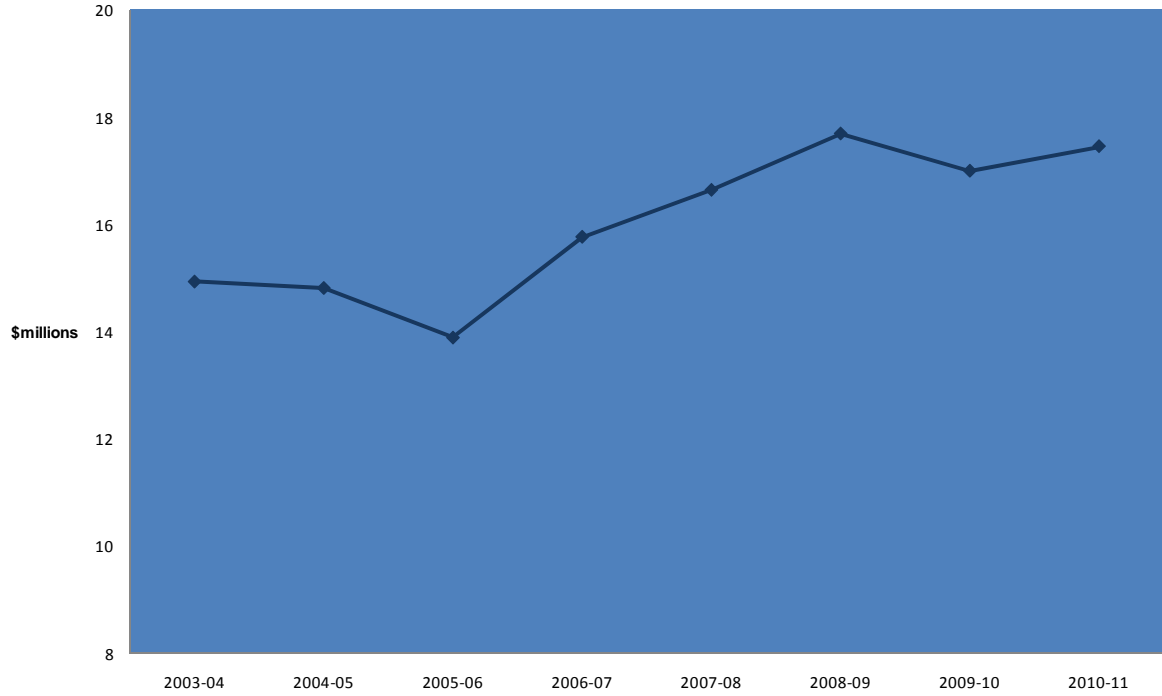
The precipitous decline in capital markets and tightening of credit markets during 2008 and 2009 impacted investment returns earned by Dalhousie's endowment fund. Returns in the last two years of 21% and 13.4% have been sufficient to recover the losses of the earlier years and together with new gifts have placed the endowment on a positive trajectory once again.

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.

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 supplement has been provided so that the expenditure commitments of these funds is not disrupted. The supplement is expected to continue for a period of years until these endowments fully recover from the market down turn.

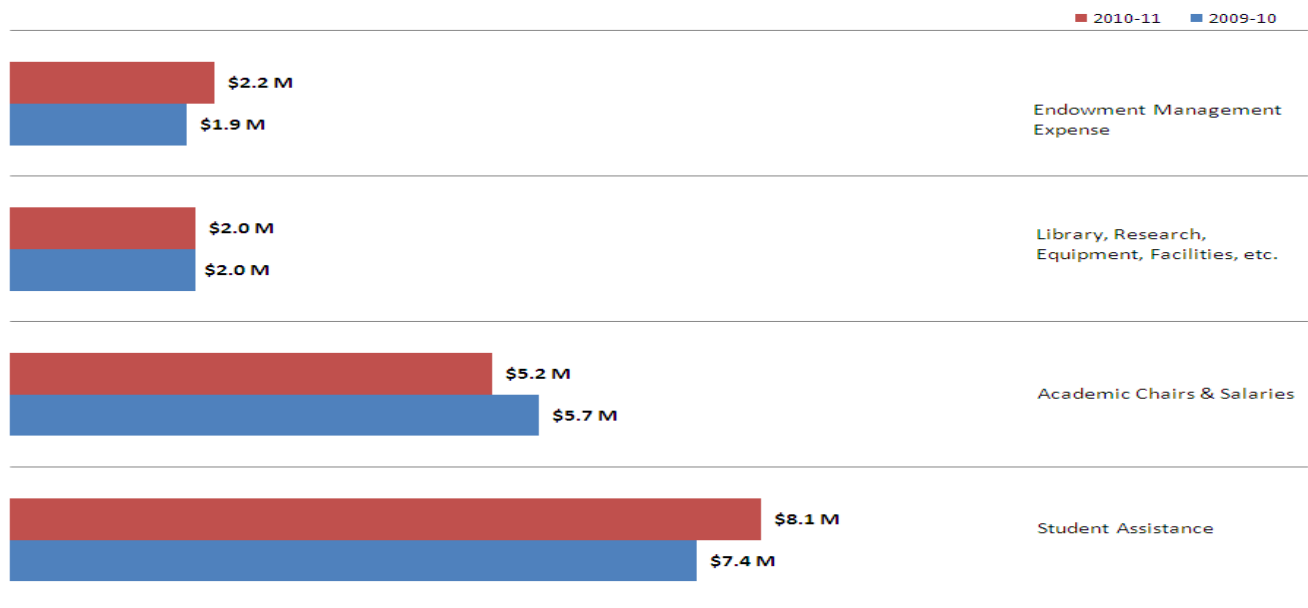


## Endowment Expenditures 2003-04 to 2010-11



The chart below reports on the distribution of endowment supported programs for the year.

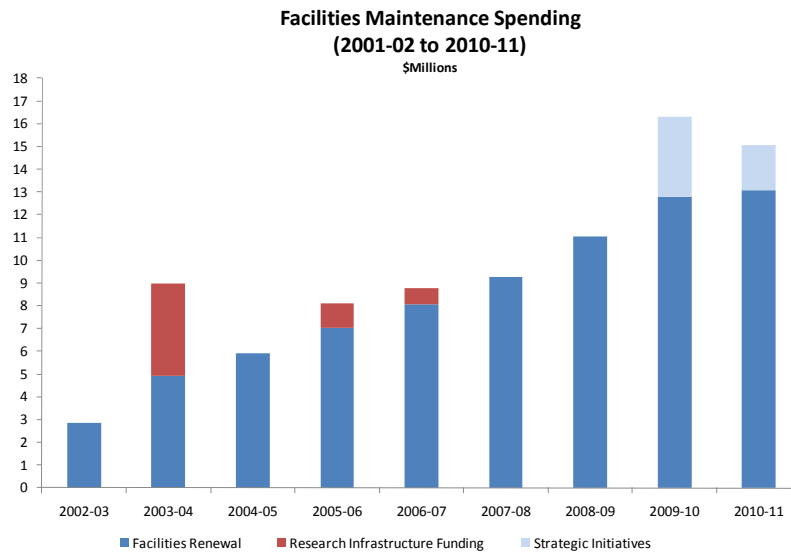
### 2010-11 Endowment Expenditures: \$17.5 million (2009-10: \$17.0 million)



## CAMPUS RENEWAL

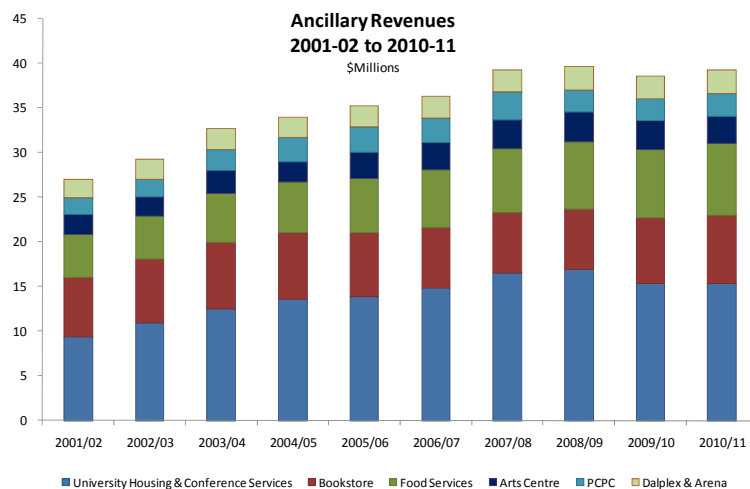
The renewal of Dalhousie's campus facilities is progressing in a number of significant areas. The commissioning of the Mona Campbell Building early in the year followed by the completion of the Life Sciences Research Institute Building and major retrofit of the Life Sciences Building represent a \$125 million addition to University facilities. Dalhousie has received significant funding from generous donors, the Federal Government and the Province of Nova Scotia for these projects.

A second important aspect of campus renewal is the annual facilities renewal maintenance program. A decade ago the University's operating budget allowed for annual spending of \$2 million for facilities renewal. The \$15 million expenditure in 2010-11 represents significant progress in addressing the annual maintenance of the University's physical resources. In 2009-10 and 2010-11 the facilities renewal budget has been augmented by allocations of one-time funding through the Strategic Initiatives Program.



## ANCILLARY ENTERPRISES

The ancillary operations at Dalhousie are comprised of University Housing and Conference Services, Residence Life, Bookstore, Food Services, Arts Centre (Rebecca Cohn), Dalplex and the Personal Computer Purchase Centre (PCPC). As a group these units operate on a self sustaining basis and generate sufficient revenue to cover all direct costs. Service to students is paramount in the design and delivery of programs, goods and services through these ancillaries.



## **SECTION B**

**Report on the 2010-11**

**Budget vs Actual Operating Results**

## 2010-11 FISCAL YEAR

### OPERATING BUDGET VERSUS ACTUAL RESULTS

#### 2010-11 APPROVED OPERATING BUDGET

Dalhousie's 2010-11 Operating Budget included revenues and expenditures of \$316 million each as approved at the June 22, 2010 meeting of the Board of Governors. This report provides a comparison of the budget versus actual results for the year in summary and by Faculty/unit as well as commentary on major variances from budget.

#### THE FINAL BUDGET

The summary on page 12 shows the Approved Budget and Final Budget for the University in 2010-11. The Final Budget reflects compensation adjustments and strategic initiatives allocations made to Faculties/units in the Responsibility Centre Expenditure Category.

#### ACTUAL RESULTS

The variances to budget in operating revenue and expenditure lines for 2010-11 generated an overall favourable variance (i.e. surplus) of \$7,181,000 for the year. Contributing factors are as follows:

- Tuition revenue exceeded the budget by \$5,725,000.
- A favourable variance of \$402,000 in interest income.
- Energy savings of \$518,000 owing to the conversion to natural gas.
- Compensation costs were lower than budget by \$1,779,000 due to lower actual pension contributions.
- The University experienced an over-expenditure in student assistance of \$833,000.

A detailed explanation of these and other significant variances follows.

#### 1. Provincial Government Grant- Nova Scotia Bursary Program

In 2010-11 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 \$564,000 on these lines reflect actual experience with this program.

#### 2. Federal Indirect Costs of Research Grant

The 2010-11 Approved Budget included \$6,498,000 in grant revenue from the Federal Indirect Costs of Research Program. The budget was based on grant figures confirmed by the federal government at the beginning of the year (i.e. in the spring of 2010). A final distribution of funding to Dalhousie under this program was confirmed during the 2010-11 year resulting in a positive variance of \$176,000 on this line. An offsetting charge to fund research infrastructure costs in 2010-11 is reported in the academic category under Responsibility Centre Expenditures.

#### 3. Investment Income - Endowment

In total, Endowment income and Endowment expenditures are on target with the approved budget. As Endowment income is recognized each year in an amount sufficient to meet expenditures from

individual endowments there is no impact on the bottom line. The annual revenue and expenditures for each of more than 1,100 individual endowments will vary from the 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.

2010-11 Summary of Endowment Revenue and Expenditures			
( '000's of dollars)			
	Budget	Actual	Variance
Endowment Revenue	(17,454)	(17,455)	1
Operating Supplement to Endowment	(700)	(700)	-
	<u>(18,154)</u>	<u>(18,155)</u>	<u>1</u>
<b>Endowment Expenditures:</b>			
Student Assistance	5,469	5,225	244
Endowment Management Expense	1,785	2,264	(479)
Academic	10,538	10,324	214
Academic Support	17	10	7
Student Services	112	107	5
University Housing	233	225	8
	<u>18,154</u>	<u>18,155</u>	<u>(1)</u>

#### 4. Investment Income - Operating

Operating Investment Income is generated through investment in short term bonds and securities. Interest rates were higher during the year than the budget estimate resulting in a \$402,000 favourable variance.

#### 5. Tuition Fees

The 2010-11 tuition revenue budget was based on a projected increase of 170 students over 2009-10 enrolment levels. The reported enrolment as of December 1<sup>st</sup>, 2010 showed an increase of almost 700 students and this resulted in a positive tuition revenue variance of \$5,725,000. This variance also includes an increase in international differential fee revenue as a result of international student enrolment growth.

#### 6. Facilities Renewal Fee and Facilities Renewal Expenditures

The positive variance in Facilities Renewal fee revenue of \$95,000 relates to increased enrolment and is offset by a negative variance in Facilities Renewal expenditures.

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

The unfavourable variance of \$833,000 on this line allows for the maintenance of student assistance spending as per the Budget Advisory Committee recommendation and increases in bursary support for undergraduate students and graduate student assistance.

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

The favourable variance of \$518,000 in energy is due to lower than budgeted fuel oil prices primarily because of the conversion to natural gas. The cost of conversion was funded by a \$1.5 million grant

from the Province of Nova Scotia and savings resulting from the project. The \$237,000 variance in Water, Taxes and Insurance was due to lower-than-budgeted consumption and rates.

9. Endowment Management Expense

There was a significant increase in asset value during the year driven by new endowments and fund returns. Investment management and custodial fees are based on asset value. These expenses are recovered by a transfer of endowment income.

10. 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 3 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. There are three variances showing in the Academic responsibility centre category that are not carried forward.

The President's Office is working with the College of Continuing Education to develop an operating plan that more closely integrates its programming with the academic mission of the University. During the transition period in 2010-11 the budget shortfall for the College was \$607,000.

As a result of increased federal grant revenue (see note 2 above) \$176,000 in costs for research infrastructure projects have been expensed through the Centre, Institutes and Special projects line.

The annual transfer from King's for teaching services resulted in a \$122,000 unfavourable variance compared to budget as a result of increased enrolment of Dalhousie students in King's courses.

- b) **Academic Support**- The variance in this area relates to a revenue shortfall in Print Centre operations.
- c) **Administration** – There are three major items contributing to the overall favourable variance in Administration. A favourable variance in application fees was generated by an increase in the number of applications for this coming academic year. Approved over expenditures in Human Resources for various initiatives and in the Registrar's Office for international recruiting activities partially offset the increased application fee revenue.
- d) **General** - The favourable variance of \$96,000 on this budget line relates to improved bad debts experience and lower grievance and arbitration costs in 2010-11.
- e) **Facilities Management** - Facilities Management includes positive and negative variances in various areas resulting in an overall unfavourable variance of \$65,000.

- f) **Student Services** - Student Services areas drew on accumulated carry forward to cover the cost of one time student service initiatives.
  
- g) **Provision for Compensation** – In preparing the 2010-11 recommended operating budget the actuarial valuation of the Pension Plan had not been completed nor had there been a decision as to whether or not the University would receive relief from the solvency deficit repayment requirements of the Pensions Benefits Act. Ultimately, the University was exempted from the solvency repayment requirements and the actuarial valuation results determined that Board contributions to the Plan were lower than the amount provided for in the budget. Expenditures against these savings include the annual transfer of \$1.3 million to the Pension Stabilization Fund and costs relating to the development of a pension administration system and review of the pension plan structure.

#### 11. Total Surplus for the Year

The 2010-11 operating results generated a net positive variance (surplus) of \$7,181,000. The funds have been appropriated at year end and will be available on a one-time only basis to meet budget pressures and maintain a level of strategic initiatives investments in the years ahead.

**DALHOUSIE UNIVERSITY**  
**2010-11 OPERATING BUDGET RESULTS**  
(\$ 000's omitted)

	Approved Budget	Final Budget (1)	Actual	Variance Fav (Unfav)	
<b><u>REVENUE</u></b>					
Provincial Government Grants					
Operating	177,851	177,851	177,851	-	
Nova Scotia Bursary Program Grant	8,400	8,400	8,964	564	
Enrolment Expansion	2,940	2,940	2,940	-	
Facilities/Space	1,000	1,000	1,000	-	
Targeted	50	50	50	-	
	<b>190,241</b>	<b>190,241</b>	<b>190,805</b>	<b>564</b>	
Federal Indirect Costs of Research Grant	6,498	6,498	6,674	176	
Investment			-		
Endowment	17,454	17,454	17,455	1	(2)
Operating ( net of bank & finance charges)	2,000	2,000	2,402	402	
Tuition Fees	98,877	98,877	104,602	5,725	
Facilities Renewal Fee	1,380	1,380	1,475	95	
	<b>316,450</b>	<b>316,450</b>	<b>323,413</b>	<b>6,963</b>	
<b><u>GENERAL OPERATING EXPENDITURES</u></b>					
Non-Space Equipment	2,533	2,533	2,533	-	
Scholarships, Bursaries and Student Assistance					
Operating	10,155	10,155	10,988	(833)	
Nova Scotia Bursary Program	8,400	8,400	8,964	(564)	
Endowment	5,469	5,469	5,225	244	(2)
Campus Renewal- Annual Facilities Maintenance	13,226	13,226	13,321	(95)	
- Long term	1,675	1,675	1,675	-	
Strategic Initiatives	4,798	4,798	4,798	-	
Energy (net of recoveries)	11,847	11,847	11,329	518	
Water, Taxes & Insurance (net of recoveries)	2,989	2,989	2,752	237	
Endowment Management Expenses	1,785	1,785	2,264	(479)	(2)
Facilities/Space	2,103	2,103	2,103	-	
Contingency	1,600	1,600	1,592	8	
	<b>66,580</b>	<b>66,580</b>	<b>67,544</b>	<b>(964)</b>	
<b><u>RESPONSIBILITY CENTRE EXPENDITURES</u></b>					
Academic	175,240	186,516	187,207	(691)	(2)
Academic Support	10,254	10,727	10,753	(26)	(2)
Administration	23,741	24,837	24,761	76	
General	1,082	1,099	1,003	96	
Facilities Management	15,901	16,936	17,001	(65)	(2)
Student Services	5,396	5,781	5,776	5	(2)
Provision for Compensation (including pension)	18,023	3,741	1,962	1,779	
	<b>249,637</b>	<b>249,637</b>	<b>248,463</b>	<b>1,174</b>	
<b>TOTAL GENERAL OPERATING EXPENDITURES</b>	<b>66,580</b>	<b>66,580</b>	<b>67,544</b>	<b>(964)</b>	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>316,217</b>	<b>316,217</b>	<b>316,007</b>	<b>210</b>	
<b>NET ANCILLARY EXPENDITURES</b>	<b>233</b>	<b>233</b>	<b>225</b>	<b>8</b>	(2)
<b>TOTAL EXPENDITURES</b>	<b>316,450</b>	<b>316,450</b>	<b>316,232</b>	<b>218</b>	
<b>TOTAL SURPLUS FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>7,181</b>	<b>7,181</b>	(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 3 on page 8.

(3) The 2010-11 Surplus of \$7,181,000 has been appropriated for future use.



**DALHOUSIE UNIVERSITY**  
**2010-11 OPERATING BUDGET RESULTS - DETAIL**  
(\$000's omitted)

	Approved Budget (1)	Final Budget	Actual (2)	Variance Fav (Unfav)	Transfer to (from) Appropriation
<b>ACADEMIC</b>					
Architecture and Planning	4,033	4,338	4,338	-	193
Arts and Social Sciences	18,338	19,740	19,740	-	(128)
Computer Science	5,303	5,575	5,575	-	116
Dentistry	8,778	9,323	9,323	-	39
Engineering	15,629	16,555	16,555	-	228
Graduate Studies	1,792	1,918	1,918	-	163
Health Professions	21,650	23,116	23,116	-	(449)
Law	8,094	8,590	8,590	-	133
Management	10,337	11,464	11,464	-	(315)
Medicine	36,877	39,089	39,089	-	(1,901)
Science	27,855	29,915	29,915	-	81
University Library	12,696	13,153	13,153	-	(635)
College of Continuing Education	700	797	1,404	(607)	29
College of Sustainability	756	1,056	1,056	-	(26)
Centres, Institutes & Special Projects	1,820	1,935	2,111	(176)	(457)
Engineering & Computer Science Career Services	507	538	538	-	38
Faculty Related Costs (eg.Travel, Leave Grants, PDA.)	1,583	1,881	1,881	-	740
Kings' Transfer	(3,127)	(3,127)	(3,005)	(122)	-
Academic Initiatives	1,619	660 (1)	660	-	45
Endowment Expenditures less than Budget (net)		-	(214)	214	(214)
<b>TOTAL ACADEMIC</b>	<b>175,240</b>	<b>186,516</b>	<b>187,207</b>	<b>(691)</b>	<b>(2,320)</b>
<b>ACADEMIC SUPPORT</b>					
Academic IT Initiatives	120		(1)		
Art Gallery	142	152	152	-	6
Centre for Learning and Teaching	1,222	1,292	1,292	-	78
Information Technology Services	8,925	9,437	9,437	-	163
Printing Centre	(155)	(154)	(121)	(33)	-
Endowment Expenditures less than Budget (net)		-	(7)	7	(7)
<b>TOTAL ACADEMIC SUPPORT</b>	<b>10,254</b>	<b>10,727</b>	<b>10,753</b>	<b>(26)</b>	<b>240</b>
<b>ADMINISTRATION</b>					
Administrative Initiatives	901		(1)		
Application Fees and Services Recovery	(1,040)	(1,040)	(1,230)	190	-
Communications & Marketing	2,289	2,494	2,494	-	153
Environmental Health and Safety Office	511	594	594	-	-
External Relations	4,628	5,125	5,125	-	363
Financial Services	3,971	4,367	4,367	-	107
Human Resources	2,472	2,668	2,744	(76)	-
Institutional Analysis and Research	547	595	594	1	-
Inter-University Services	79	78	77	1	-
President's Office	2,971	3,302	3,298	4	-
Registrar & Admissions	4,375	4,669	4,715	(46)	(84)
Research Services	1,252	1,177	1,177	-	71
University Secretariat/ Internal Audit	785	808	806	2	11
<b>TOTAL ADMINISTRATION</b>	<b>23,741</b>	<b>24,837</b>	<b>24,761</b>	<b>76</b>	<b>621</b>

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

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

**DALHOUSIE UNIVERSITY**  
**2010-11 OPERATING BUDGET RESULTS - DETAIL**  
(\$000's omitted)

	Approved Budget	Final Budget	Actual <sup>(1)</sup>	Variance Fav (Unfav)	Transfer to (from) Appropriation
<b><u>GENERAL</u></b>	1,082	1,099	1,003	96	-
<b><u>FACILITIES MANAGEMENT</u></b>	15,901	16,936	17,001	(65)	-
<b><u>STUDENT SERVICES</u></b>					
Awards Office & Student Services Centre -Sexton	362	379	379	-	-
Counselling	978	1,110	1,110	-	(14)
General Student Services	1,985	2,659	2,659	-	59
Office of the Vice-President	837	908	908	-	(184)
Student Health	90	91	91	-	62
Varsity, Intramurals & Clubs	617	634	634	-	(78)
Student Services Initiatives	527	(2)			
Endowment Expenditures less than Budget (net)		-	(5)	5	(5)
<b>TOTAL STUDENT SERVICES</b>	<b>5,396</b>	<b>5,781</b>	<b>5,776</b>	<b>5</b>	<b>(160)</b>
<b><u>ANCILLARIES</u></b>					
Dalhousie Arts Centre	324	324	324	-	-
Dalplex and Arena	181	181	181	-	198
Food Services, incl. DalCard	(130)	(130)	(130)	-	9
Personal Computer Purchase Centre	-	-	-	-	(60)
University Bookstore	(283)	(283)	(283)	-	114
Residence Life		1,159 (3)	1,159	-	28
University Housing	141	(1,018) (3)	(1,018)	-	15
Endowment Expenditures in less than Budget (net)		-	(8)	8	(8)
<b>TOTAL ANCILLARIES</b>	<b>233</b>	<b>233</b>	<b>225</b>	<b>8</b>	<b>296</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 reorganization of University Housing and Residence Life activities. These are now two distinct units with separate lines in the budget.

**DALHOUSIE UNIVERSITY**  
**2010-11 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	4,289	4,112	177	4,289	-	49	33	16	49	-	-
Arts and Social Sciences	18,993	19,267	(274)	18,993	-	747	601	146	747	-	-
Computer Science	5,328	5,282	46	5,328	-	247	177	70	247	-	-
Dentistry	9,266	9,252	14	9,266	-	57	32	25	57	-	-
Engineering	15,937	15,686	251	15,937	-	618	641	(23)	618	-	-
Graduate Studies	1,414	1,444	(30)	1,414	-	504	311	193	504	-	-
Health Professions	22,636	23,319	(683)	22,636	-	480	246	234	480	-	-
Law	7,203	7,203	-	7,203	-	1,387	1,254	133	1,387	-	-
Management	11,083	11,369	(286)	11,083	-	381	410	(29)	381	-	-
Medicine	35,506	36,458	(952)	35,506	-	3,583	4,532	(949)	3,583	-	-
Science	27,684	27,878	(194)	27,684	-	2,231	1,956	275	2,231	-	-
University Library	12,971	13,636	(665)	12,971	-	182	152	30	182	-	-
College of Continuing Education	743	1,339	11	1,350	(607)	54	36	18	54	-	(607)
College of Sustainability	1,056	1,082	(26)	1,056	-	-	-	-	-	-	-
Centres, Institutes & Special Projects	1,917	2,625	(532)	2,093	(176)	18	(57)	75	18	-	(176)
Engineering & Computer Science Career Services	538	500	38	538	-	-	-	-	-	-	-
Faculty Related Costs	1,881	1,141	740	1,881	-	-	-	-	-	-	-
Kings' Transfer	(3,127)	(3,005)	-	(3,005)	(122)	-	-	-	-	-	(122)
Academic Initiatives	660	615	45	660	-	-	-	-	-	-	-
Endowment Expenditures less than Budget (net)								(214)	(214)	214	214
<b>TOTAL ACADEMIC</b>	<b>175,978</b>	<b>179,203</b>	<b>(2,320)</b>	<b>176,883</b>	<b>(905)</b>	<b>10,538</b>	<b>10,324</b>	<b>-</b>	<b>10,324</b>	<b>214</b>	<b>(691)</b>
<b>ACADEMIC SUPPORT</b>											
Art Gallery	136	136	-	136	-	16	10	6	16	-	-
Centre for Learning and Teaching	1,291	1,214	77	1,291	-	1	-	1	1	-	-
Information Technology Services	9,437	9,274	163	9,437	-	-	-	-	-	-	-
Printing Centre	(154)	(121)	-	(121)	(33)	-	-	-	-	-	(33)
Endowment Expenditures less than Budget (net)								(7)	(7)	7	7
<b>TOTAL ACADEMIC SUPPORT</b>	<b>10,710</b>	<b>10,503</b>	<b>240</b>	<b>10,743</b>	<b>(33)</b>	<b>17</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>7</b>	<b>(26)</b>
<b>ADMINISTRATION</b>											
Administrative Initiatives	-	-	-	-	-	-	-	-	-	-	-
Application Fees and Services Recovery	(1,040)	(1,230)	-	(1,230)	190	-	-	-	-	-	190
Communications and Marketing	2,494	2,341	153	2,494	-	-	-	-	-	-	-
Environmental Health and Safety Office	594	594	-	594	-	-	-	-	-	-	-
External Relations	5,125	4,762	363	5,125	-	-	-	-	-	-	-
Financial Services	4,367	4,260	107	4,367	-	-	-	-	-	-	-
Human Resources	2,668	2,744	-	2,744	(76)	-	-	-	-	-	(76)
Institutional Analysis and Research	595	594	-	594	1	-	-	-	-	-	1
Inter-University Services	78	77	-	77	1	-	-	-	-	-	1
President's Office	3,302	3,298	-	3,298	4	-	-	-	-	-	4
Registrar & Admissions	4,669	4,799	(84)	4,715	(46)	-	-	-	-	-	(46)
Research Services	1,177	1,106	71	1,177	-	-	-	-	-	-	-
University Secretariat/ Internal Audit	808	795	11	806	2	-	-	-	-	-	2
<b>TOTAL ADMINISTRATION</b>	<b>24,837</b>	<b>24,140</b>	<b>621</b>	<b>24,761</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76</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**  
**2010-11 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	4,289	4,112	177	4,289	-	49	33	16	49	-	-
Arts and Social Sciences	18,993	19,267	(274)	18,993	-	747	601	146	747	-	-
Computer Science	5,328	5,282	46	5,328	-	247	177	70	247	-	-
Dentistry	9,266	9,252	14	9,266	-	57	32	25	57	-	-
Engineering	15,937	15,686	251	15,937	-	618	641	(23)	618	-	-
Graduate Studies	1,414	1,444	(30)	1,414	-	504	311	193	504	-	-
Health Professions	22,636	23,319	(683)	22,636	-	480	246	234	480	-	-
Law	7,203	7,203	-	7,203	-	1,387	1,254	133	1,387	-	-
Management	11,083	11,369	(286)	11,083	-	381	410	(29)	381	-	-
Medicine	35,506	36,458	(952)	35,506	-	3,583	4,532	(949)	3,583	-	-
Science	27,684	27,878	(194)	27,684	-	2,231	1,956	275	2,231	-	-
University Library	12,971	13,636	(665)	12,971	-	182	152	30	182	-	-
College of Continuing Education	743	1,339	11	1,350	(607)	54	36	18	54	-	(607)
College of Sustainability	1,056	1,082	(26)	1,056	-	-	-	-	-	-	-
Centres, Institutes & Special Projects	1,917	2,625	(532)	2,093	(176)	18	(57)	75	18	-	(176)
Engineering & Computer Science Career Services	538	500	38	538	-	-	-	-	-	-	-
Faculty Related Costs	1,881	1,141	740	1,881	-	-	-	-	-	-	-
Kings' Transfer	(3,127)	(3,005)	-	(3,005)	(122)	-	-	-	-	-	(122)
Academic Initiatives	660	615	45	660	-	-	-	-	-	-	-
Endowment Expenditures less than Budget (net)								(214)	(214)	214	214
<b>TOTAL ACADEMIC</b>	<b>175,978</b>	<b>179,203</b>	<b>(2,320)</b>	<b>176,883</b>	<b>(905)</b>	<b>10,538</b>	<b>10,324</b>	<b>-</b>	<b>10,324</b>	<b>214</b>	<b>(691)</b>
<b>ACADEMIC SUPPORT</b>											
Art Gallery	136	136	-	136	-	16	10	6	16	-	-
Centre for Learning and Teaching	1,291	1,214	77	1,291	-	1	-	1	1	-	-
Information Technology Services	9,437	9,274	163	9,437	-	-	-	-	-	-	-
Printing Centre	(154)	(121)	-	(121)	(33)	-	-	-	-	-	(33)
Endowment Expenditures less than Budget (net)								(7)	(7)	7	7
<b>TOTAL ACADEMIC SUPPORT</b>	<b>10,710</b>	<b>10,503</b>	<b>240</b>	<b>10,743</b>	<b>(33)</b>	<b>17</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>7</b>	<b>(26)</b>
<b>ADMINISTRATION</b>											
Administrative Initiatives	-	-	-	-	-	-	-	-	-	-	-
Application Fees and Services Recovery	(1,040)	(1,230)	-	(1,230)	190	-	-	-	-	-	190
Communications and Marketing	2,494	2,341	153	2,494	-	-	-	-	-	-	-
Environmental Health and Safety Office	594	594	-	594	-	-	-	-	-	-	-
External Relations	5,125	4,762	363	5,125	-	-	-	-	-	-	-
Financial Services	4,367	4,260	107	4,367	-	-	-	-	-	-	-
Human Resources	2,668	2,744	-	2,744	(76)	-	-	-	-	-	(76)
Institutional Analysis and Research	595	594	-	594	1	-	-	-	-	-	1
Inter-University Services	78	77	-	77	1	-	-	-	-	-	1
President's Office	3,302	3,298	-	3,298	4	-	-	-	-	-	4
Registrar & Admissions	4,669	4,799	(84)	4,715	(46)	-	-	-	-	-	(46)
Research Services	1,177	1,106	71	1,177	-	-	-	-	-	-	-
University Secretariat/ Internal Audit	808	795	11	806	2	-	-	-	-	-	2
<b>TOTAL ADMINISTRATION</b>	<b>24,837</b>	<b>24,140</b>	<b>621</b>	<b>24,761</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76</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.

**SECTION C**

**2010-11**

**Audited Consolidated Financial Statements**

**Dalhousie University**

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

**March 31, 2011**

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## MANAGEMENT NOTES ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2011

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, 2011. These management notes provide a summary of the context 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 2010-11 consolidated financial statements present the financial position of the University fairly. (page 19)

The Consolidated Statement of Financial Position (Balance Sheet) shows the assets, liabilities, and net assets (equity) of the University as at March 31, 2011. (page 20)

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 21)

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 22)

The Consolidated Statement of Cash Flows discloses the sources and uses of cash by the University for the year. (page 23)

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 24 to 34) Supplementary Schedule 1 (page 35) provides additional detail on a fund basis of University revenues and expenses.

Supplementary Schedules 2 and 3 (pages 36 and 37) provide a detailed breakdown of the Operating and Endowment Funds and Schedules 4 and 5 (pages 38 and 39) 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 as set by the Canadian Institute of Chartered Accountants (CICA). The CICA requires 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 \$19M whereas there is a deficit of \$77M calculated on a market value

basis and using actuarial standards as of the same date - March 31, 2011. 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.

## **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 consolidated statement of financial position of **Dalhousie University** as at March 31, 2011 and the consolidated statements of revenue, expense and changes in operating surplus, changes in net assets and cash flows for the year then ended, and 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Ernst & Young LLP*

Halifax, Canada,  
June 21, 2011

Chartered Accountants

**Dalhousie University**

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**Consolidated Financial Statements**

**March 31, 2011**

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**DALHOUSIE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2011**  
**(thousands of dollars)**

<b>ASSETS</b>		2011	2010
<b>Current assets</b>			
Cash and cash equivalents	\$	123,603	281,232
Accounts receivable		32,356	29,632
Due from related parties (note 3)		56	52
Inventories		2,528	2,552
Prepaid expense		3,821	3,883
		162,364	317,351
<b>Deferred pension asset</b> (note 4)		19,009	24,415
<b>Due from related parties</b> (note 3)		1,027	1,096
<b>Investments</b> (note 5)		412,319	392,503
<b>Capital assets</b> (note 6)		377,909	309,593
	\$	972,628	1,044,958
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$	58,683	55,280
Deferred revenue (note 7)		151,169	297,837
Current portion of long-term debt (note 9)		2,748	2,516
		212,600	355,633
<b>Deferred capital contributions</b> (note 8)		152,616	139,054
<b>Long-term debt</b> (note 9)		56,231	34,396
		421,447	529,083
<b>Net assets</b> (note 10)			
Endowment principal		335,910	317,608
Restricted for future pension benefits		19,009	24,415
Restricted funds		65,127	56,842
Equity in capital assets		131,135	117,010
		551,181	515,875
	\$	972,628	1,044,958

Commitments and contingent liabilities (note 11)

(See accompanying notes to the financial statements)

**DALHOUSIE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF REVENUE, EXPENSE**  
**AND CHANGES IN OPERATING SURPLUS**  
**AS AT MARCH 31, 2011**  
**(thousands of dollars)**

	Total	
	2011	2010
<b>Revenue</b>		
Provincial government operating grants	\$ 190,805	168,308
Other government grants and contracts	75,227	68,858
Corporations and foundations	29,744	25,528
Tuition fees	112,153	103,081
Non-credit and other fees	18,302	16,432
General	6,440	19,566
Gifts	9,952	18,029
Investment income	20,222	19,413
Ancillary sales and service	39,213	38,502
External cost recoveries	38,726	36,756
Amortization of deferred capital contributions	12,050	10,161
<b>Total revenue</b>	<b>552,834</b>	<b>524,634</b>
<b>Expense</b>		
Salaries and employee benefits	310,617	290,750
Pension expense adjustment	5,406	15,552
Library acquisitions	5,562	5,386
Laboratory and teaching supplies	10,272	10,957
Equipment and service	16,209	10,235
Finance costs	3,306	3,331
Utilities and taxes	14,784	15,307
Externally contracted services	49,219	40,575
Scholarships, bursaries and prizes	44,862	39,928
Ancillary cost of sales and service	10,213	10,681
Travel	11,725	11,284
Amortization of capital assets	25,627	22,476
General operating	27,678	26,151
<b>Total expense</b>	<b>535,480</b>	<b>502,613</b>
<b>Excess of revenue over expense</b>	<b>17,354</b>	<b>22,021</b>
<b>Use of excess of revenue over expense</b>		
Committed to equity in capital assets	(14,168)	(23,614)
Committed to future pension benefits (note 4)	5,406	15,552
Committed to restricted funds	(8,592)	(13,959)
<b>Net change in operating surplus</b>	<b>-</b>	<b>-</b>
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, 2011**  
(thousands of dollars)

	2011					2010
	Endowment Principal	Restricted For Future Pension Benefits	Restricted Funds	Equity in Capital Assets	Total	Total
<b>Net Assets, Beginning of Year</b>	\$ 317,608	24,415	56,842	117,010	515,875	442,022
Excess of Revenue over Expense (Expense over Revenue)	-	(5,406)	8,592	14,168	17,354	22,021
Gifts of Endowed Principal	13,891	-	-	-	13,891	20,564
Change in Unrealized Gains (Losses) (notes 7 and 12)	-	-	-	(43)	(43)	35,941
Transfers to (from) endowment principal	4,411	-	(307)		4,104	(4,673)
<b>Net Change for the Year</b>	<u>18,302</u>	<u>(5,406)</u>	<u>8,285</u>	<u>14,125</u>	<u>35,306</u>	<u>73,853</u>
<b>Net Assets, End of Year</b> (note 10)	<u>\$ 335,910</u>	<u>19,009</u>	<u>65,127</u>	<u>131,135</u>	<u>551,181</u>	<u>515,875</u>

(See accompanying notes to the financial statements)

**DALHOUSIE UNIVERSITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS AT MARCH 31, 2011**  
**(thousands of dollars)**

	2011	2010
<b>Cash flows from operating activities:</b>		
Excess of revenue over expense	\$ 17,354	22,021
Items not involving cash:		
Amortization of capital assets	25,627	22,476
Amortization of deferred capital contributions	(12,050)	(10,161)
Increase in deferred pension asset	5,406	15,552
Decrease (increase) in due from related parties	69	(1,096)
Adjustments for changes in current assets	(2,642)	2,421
Adjustments for changes in current liabilities	(143,265)	73,217
	<u>(109,501)</u>	<u>124,430</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(93,943)	(90,952)
Proceed on the sale of capital assets	-	16,086
Net increase in investments	(19,816)	(80,177)
	<u>(113,759)</u>	<u>(155,043)</u>
<b>Cash flows from financing activities</b>		
Endowment gifts	13,891	20,564
Increase in endowment principal	4,104	(4,673)
Change in unrealized gains (losses)	(43)	35,941
Deferred capital contributions received	25,612	32,604
Issue of long-term debt	24,206	-
Principal payments on long-term debt	(2,139)	(2,006)
	<u>65,631</u>	<u>82,430</u>
Increase in cash and cash equivalents	(157,629)	51,817
Cash and cash equivalents, beginning of year	281,232	229,415
Cash and cash equivalents, end of year	<u>\$ 123,603</u>	<u>281,232</u>

(See accompanying notes to the financial statements)

**Dalhousie University**

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**Notes to the Consolidated  
Financial Statements**

**March 31, 2011**

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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, exempt from the payment of income tax under Section 149 of the Income Tax Act.

**2. Significant Accounting Policies:**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

## a) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the 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 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 financial statements of the subsidiary are prepared using the same reporting period as the University, using consistent accounting policies. All intercompany balances and transactions have been eliminated on consolidation. This newly formed subsidiary has had 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 include 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 one year. Cash and cash equivalents, including short-term investments, are designated as held-to-maturity, which is recorded at amortized cost. Temporary cash surpluses are classified as loans and receivables and measured 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 in pooled funds, equities, long term bonds and alternatives are classified as held-for-trading and stated at fair value. The change in fair value year over year is reflected in the Consolidated Statement of Revenue and Expense or deferred revenue and net assets. Interest-bearing securities with a term exceeding one year and relating to the investment of temporary cash surpluses are classified as held to maturity.

## 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) Pension Plan:

The University maintains a defined benefit plan providing pension benefits for certain employees. 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 transitional pension asset that arose on adoption of the CICA Handbook, Section 3461 is being amortized on a straight-line basis over 15 years. 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.

## j) 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 financial statements.

## k) Related Entity:

The Dalhousie University Club is incorporated under the Societies Act of Nova Scotia and operates as a not-for-profit organization under the Income Tax Act and is exempt from income tax. The University exercises significant influence over the University Club by virtue of financing the operations and providing space without cost. Included in general operating expense of the University is approximately \$20 (2010 - \$19) related to catering costs charged by the University Club. Included in accounts receivable of the University is \$86 (2010 - \$56) due from the University Club, with no set terms of repayment. The transactions are measured at exchange amount, which is the amount of consideration agreed to by the related parties.

## l) Derivative Financial Instruments:

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

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. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

The University formally documents all debt relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various interest rate hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the Consolidated Statement of Financial Position or to specific firm commitments or anticipated transactions. The University also formally assesses, both at the inception of the hedge and on an ongoing basis, whether the interest rate swaps that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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 deferred under other current, or non-current, assets or liabilities on the Consolidated Statement of Financial Position 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 realized or unrealized gain or loss on such derivative instrument is recognized in the Consolidated Statement of Revenue and Expense.

The University enters into a combination of forward foreign exchange contracts and option contracts to manage foreign exchange exposures. The contracts are valued at rates prevailing at the balance sheet date and gains and losses are recorded in the Consolidated Statement of Revenue, Expense and Changes in operating surplus.

**3. Related Party Transactions:**

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 exchange amount, which is the amount agreed upon and advanced to related parties. The carrying value represents the remaining unpaid balance of the loans.

**4. 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. 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 the next actuarial valuation not later than March 31, 2013.

For accounting purposes the funded status of the defined benefit plan as at March 31, 2011, in the financial statements is as follows:

Pension benefit plan – for accounting purposes	2011	2010
Fair value of plan assets	\$764,134	\$689,823
Accrued benefit obligations	861,873	833,023
Funded status		
Plan surplus (deficit)	(97,739)	(143,200)
Balance of unamortized amounts	116,748	167,615
Accrued benefit asset	\$19,009	\$24,415

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 47.2% (2010 - 48.2%); debt securities 35.4% (2010 - 40.5%); alternatives 15.0 % (2010 - 8.4%) and other 2.4 % (2010 - 2.9%).

The significant assumptions used for accounting purposes are as follows:

Pension Benefits	2011	2010
<b>Accrued Benefit Obligation</b>		
Rate of Compensation increase	4.2%	4.5%
Discount Rate	5.0%	5.2%
<b>Benefit Costs</b>		
Expected long-term rate of return on plan assets	6.25%	7.0%
Rate of Compensation increase	4.2%	4.5%
Discount Rate	5.2%	5.9%

Pension benefit costs recognized in the year are \$29,844 (2010 - \$34,726). The cash amount of employer contributions to the defined pension benefit plan was \$24,438 (2010 - \$19,174).

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

Year ended March 31, 2011

*(In Thousands of Dollars)***5. Investments:**

<b>At Market Value</b>	<b>2011</b>	<b>2010</b>
Cash	\$2,375	\$1,410
Treasury Bills, Notes & GIC's	14,674	53,787
Bonds	117,872	106,687
Canadian Equities	78,818	72,564
US Equities	55,637	48,576
Non-North American Equities	70,072	67,520
Alternatives	72,871	41,959
	<b>\$412,319</b>	<b>\$392,503</b>

**6. Capital Assets:**

	<b>2011</b>			<b>2010</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land	\$2,010	\$ --	\$2,010	\$2,010	\$ --	\$2,010
Buildings	395,608	176,842	218,766	351,043	168,242	182,801
Leasehold Improvements	1,804	722	1,082	2,459	655	1,804
Equipment	136,111	84,457	51,654	122,970	73,408	49,562
Vehicles	1,046	774	272	913	672	241
Library Books	24,539	17,476	7,063	22,867	16,051	6,816
Computing	11,085	10,129	956	10,204	9,568	636
Land Improvements	9,837	5,163	4,674	9,037	4,722	4,315
Construction in Progress	91,432	--	91,432	61,408	--	61,408
	<b>\$673,472</b>	<b>\$295,563</b>	<b>\$377,909</b>	<b>\$582,911</b>	<b>\$273,318</b>	<b>\$309,593</b>

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

Year ended March 31, 2011

*(In Thousands of Dollars)***7. Deferred Revenue:**

Deferred revenue includes unspent grants, contributions, donations, or income received for which the contributor has specified a particular use. In accordance with generally accepted accounting principles, 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.

	<b>2011</b>					<b>2010</b>
	<b>Operating</b>	<b>Endowed</b>	<b>Special Purpose</b>	<b>Sponsored Research</b>	<b>Total</b>	<b>Total</b>
Balance, Beginning of Year	\$191,757	\$18,446	\$18,541	\$69,093	\$297,837	\$231,524
Income	19,158	43,454	16,357	105,662	184,631	373,794
Unrealized Losses (Gains)	--	--	--	--	--	(32,060)
Transferred from (to) Principal	--	(4,104)	--	--	(4,104)	4,673
Recognized as Revenue in the Current Year	(191,757)	(18,394)	(12,981)	(104,063)	(327,195)	(280,094)
Balance, End of Year	\$19,158	\$39,402	\$21,917	\$70,692	\$151,169	\$297,837

**8. 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>2011</b>	<b>2010</b>
Balance, Beginning of Year	\$139,054	\$116,611
Contributions received	25,612	32,604
Amortization of Contributions	(12,050)	(10,161)
Balance, End of Year	\$152,616	\$139,054

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

Year ended March 31, 2011

*(In Thousands of Dollars)***9. Long-Term Debt:**

	2011	2010
Howe Hall:		
- 5.86% due January 10, 2013, repayable in quarterly installments of \$136	\$5,837	\$6,032
Peter Green Hall:		
- 5.88% due December 1, 2017, repayable in monthly installments of \$7	463	518
Central Services Building Parkade:		
- 5.41% due December 1, 2013, repayable in quarterly installments of \$22	555	598
Risley Hall:		
- 5.71% due September 1, 2014, repayable in quarterly installments of \$385	17,230	17,730
Residence Renewal:		
- 4.96% due November 15, 2014, repayable in quarterly installments of \$58	1,686	1,835
- 4.69% due October 12, 2015, repayable in quarterly installments of \$47	2,048	2,143
Faculty of Management Building:		
- 5.06% due March 2, 2017, repayable in quarterly installments of \$236	5,087	5,794
Howe Hall/Shireff Hall:		
- 4.74% due December 29, 2015. Repayable in quarterly installments of \$61	1,267	1,454
Leases payable		
- 5% due from August 2011 to July 2015	706	808
Mona Campbell Building		
- 4.23% due November 29, 2020 repayable in monthly installments of \$75	13,894	--
Life Sciences Centre Renewal		
- 1.50% due September 22, 2015 repayable at maturity	10,206	--
	58,979	36,912
Less: Current Portion	2,748	2,516
	\$56,231	\$34,396

The principal due within each of the next five years on long-term debt is as follows; 2012 - \$2,748; 2013 - \$2,615; 2014 - \$2,689; 2015 - \$2,799; 2016 - \$13,113. The University uses interest rate swaps to manage interest rate risk (see note 12).

Interest of \$61, relating to capital lease obligations has been included in interest expense. The total amount of assets under capital lease is \$2,407, with related accumulated amortization of \$1,471 .

**10. 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.

	<b>Endowment Principal March 31, 2010</b>	<b>New Contributions</b>	<b>Transfer to Endowment Principal</b>	<b>Endowment Principal March 31, 2011</b>
External Restrictions	<b>\$308,840</b>	<b>\$13,891</b>	<b>\$4,104</b>	<b>\$326,835</b>
Internal Restrictions	<b>8,768</b>	<b>--</b>	<b>307</b>	<b>9,075</b>
<b>TOTAL</b>	<b>\$317,608</b>	<b>\$13,891</b>	<b>\$4,411</b>	<b>\$335,910</b>

**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 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 \$5,406, (2010 - \$15,552) less 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, departmental research overhead and development funds and certain fund raising 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>2011</b>	<b>2010</b>
Capital assets	\$ 377,909	\$309,593
Less amounts financed by:		
Deferred capital contributions	(152,616)	(139,054)
Long-term debt	(58,979)	(36,912)
Fair value of cash flow hedges	(4,755)	(4,712)
Cash flows, pending repayments by ancillaries or other identified sources	(30,424)	(11,905)
<b>Equity in capital assets</b>	<b>\$131,135</b>	<b>\$117,010</b>

**11. Commitments and Contingent Liabilities:**

The University has capital projects valued in excess of \$132 million for new academic and research facilities. The portion of the projects that has been committed but unspent at March 31, 2011 is \$25 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 at December 31, 2010 was \$43,288.

As of March 31, 2011, 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: 2011 - \$1,719; 2012 - \$1,677; 2013 - \$1,615; 2014 - \$534 ; 2015 - \$82.

Certain of the alternative investments contain contractual commitments. At March 31, 2011, there were outstanding future commitments of \$4,616 CAD in Canadian real estate; \$29,372 USD, €2,370 EUR in private equity investments and \$8,100 USD in infrastructure investments.

**12. Financial Instruments:**

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

The carrying values of cash and 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 approximate 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 5.

## 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 borrowing 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 at March 31, 2011, the interest rate swap contracts described in note 9 have a fair value of \$4,755, (2010 - \$4,712) greater than the recorded value. In accordance with generally accepted accounting principles, this deficiency has been charged against equity in capital assets and will be restored with the maturity of debt.

At March 31, 2011, interest rate swaps outstanding have a notional value of \$47,604 (2010 - \$35,586) 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 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 4.23% - 5.86% (2010 - 4.69% - 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.

**DALHOUSIE UNIVERSITY**

Notes to Consolidated Financial Statements *(continued)*

Year ended March 31, 2011

*(In Thousands of Dollars)*

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**13. Pledges:**

Pledges to the University at March 31, 2011, were \$37,800, (2010-\$21,122). While these pledges are expected to be honoured over the next several years, they have not been recorded as receivable.

**14. Fine Artwork Collections:**

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

**15. Comparative Figures:**

Certain 2010 figures have been reclassified to conform to the 2011 financial statement presentation.

# **Dalhousie University**

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## **Supplementary Schedules**

**March 31, 2011**

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**The University's audited financial statements are prepared in accordance with financial accounting and reporting standards recommended by the Canadian Institute of Chartered Accountants and are consistent with the format for Canadian Universities as recommended by the Canadian Association of University Business Officers.**

**The supplementary schedules in this section have been prepared without audit to provide further detailed information on the major functional areas of activity within the University on a basis similar to that used in prior years.**

**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense**  
**Year Ended March 31, 2011 (With Comparatives Figures for 2010)**  
**(in Thousands of Dollars)**  
**(unaudited)**

	Operating 2011 (Schedule 2)	Endowment 2011 (Schedule 3)	Ancillary 2011 (Schedule 4)	Capital 2011	Special Purpose 2011 (Schedule 5)	Research 2011 (Schedule 5)	2011	Total 2010
Revenue	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	190,805	-	-	-	-	-	190,805	168,308
Other government grants and contracts	10,125	-	75	-	125	64,902	75,227	68,858
Corporations and foundations	174	-	-	-	402	29,168	29,744	25,528
Tuition fees	112,153	-	-	-	-	-	112,153	103,081
Non-credit and other fees	18,302	-	-	-	-	-	18,302	16,432
General	2,871	5	-	-	3,196	368	6,440	19,566
Gifts	53	1,766	-	385	6,537	1,211	9,952	18,029
Investment	3,131	16,623	-	-	468	-	20,222	19,413
Ancillary sales and service	-	-	39,213	-	-	-	39,213	38,502
External cost recoveries	35,752	-	-	164	1,462	1,348	38,726	36,756
Amortization of deferred capital contributions	-	-	-	4,193	791	7,066	12,050	10,161
<b>Total revenue</b>	<b>373,366</b>	<b>18,394</b>	<b>39,288</b>	<b>4,742</b>	<b>12,981</b>	<b>104,063</b>	<b>552,834</b>	<b>524,634</b>
Expense								
Salaries								
Academic	127,366	4,168	-	-	575	10,930	143,039	137,045
Library	3,427	34	-	-	-	-	3,461	3,229
Plant maintenance	10,879	-	214	-	-	-	11,093	10,132
Administrative and support	76,196	371	6,170	-	2,921	23,638	109,296	102,841
Benefits costs	38,109	575	927	-	599	3,518	43,728	37,503
<b>Total salaries and benefits</b>	<b>255,977</b>	<b>5,148</b>	<b>7,311</b>	<b>-</b>	<b>4,095</b>	<b>38,086</b>	<b>310,617</b>	<b>290,750</b>
Library acquisitions	5,375	85	-	-	52	50	5,562	5,386
Laboratory and teaching supplies	3,834	32	-	-	468	5,938	10,272	10,957
Equipment and service	7,863	171	1,166	-	208	6,801	16,209	10,235
Finance costs	959	-	1,965	370	9	3	3,306	3,331
Utilities and taxes	13,470	-	1,314	-	-	-	14,784	15,307
Externally contracted services	17,869	1,844	7,381	-	3,257	18,868	49,219	40,575
Scholarships, bursaries and prizes	19,276	8,059	-	-	1,469	16,058	44,862	39,928
Ancillary cost of sales and service	-	-	10,213	-	-	-	10,213	10,681
Travel	5,423	194	25	-	591	5,492	11,725	11,284
Amortization of capital assets	-	-	-	25,627	-	-	25,627	22,476
General operating	18,823	398	1,871	-	1,550	5,036	27,678	26,151
Internal / interfund transfers	17,003	1,524	7,745	(35,423)	(974)	10,125	-	-
<b>Total expense</b>	<b>365,872</b>	<b>17,455</b>	<b>38,991</b>	<b>(9,426)</b>	<b>10,725</b>	<b>106,457</b>	<b>530,074</b>	<b>487,061</b>
Change in year before appropriations	7,494	939	297	14,168	2,256	(2,394)	22,760	37,573
Change in net assets	(7,494)	(939)	(297)	(14,168)	(2,256)	2,394	(22,760)	(37,573)
<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	(5,406)	-	-	-	-	-	(5,406)	(15,552)
<b>Net assets after pension adjustment</b>	<b>(5,406)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,406)</b>	<b>(15,552)</b>

Schedule 1

**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense - Operating**  
**Year Ended March 31, 2011 (With Comparatives Figures for 2010)**  
**(in Thousands of Dollars)**  
**(unaudited)**

	Academic		Academic Support		Administration and General		Facilities Management		Student Services		Institution		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	190,805	168,308	190,805	168,308
Other government grants and contracts	3,197	2,113	-	-	-	-	74	26	180	178	6,674	6,830	10,125	9,147
Corporations and foundations	172	235	-	-	-	-	2	1	-	-	-	-	174	236
Tuition fees	7,550	5,823	-	-	-	-	-	-	-	-	104,603	97,258	112,153	103,081
Non-credit and other fees	9,045	8,062	3	21	2,450	2,259	-	-	5,329	4,711	1,475	1,379	18,302	16,432
General	-	-	49	49	668	493	1,049	929	1,105	1,020	-	-	2,871	2,491
Gifts	1	5	52	52	-	-	-	-	-	46	-	-	53	103
Investment	-	-	-	-	-	-	-	-	-	-	3,131	2,456	3,131	2,456
Ancillary sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External cost recoveries	33,789	32,086	379	484	1,030	958	481	745	73	75	-	-	35,752	34,348
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>53,754</b>	<b>48,324</b>	<b>483</b>	<b>606</b>	<b>4,148</b>	<b>3,710</b>	<b>1,606</b>	<b>1,701</b>	<b>6,687</b>	<b>6,030</b>	<b>306,688</b>	<b>276,231</b>	<b>373,366</b>	<b>336,602</b>
Expense														
Salaries														
Academic	126,101	119,037	-	-	18	26	-	-	1,247	1,146	-	-	127,366	120,209
Library	3,427	3,186	-	-	-	-	-	-	-	-	-	-	3,427	3,186
Plant maintenance	53	55	-	-	-	-	10,826	9,835	-	-	-	-	10,879	9,890
Administrative and support	39,349	37,049	8,648	8,326	20,191 *	18,326	3,055 *	2,775	4,953 *	4,272	-	-	76,196	70,748
Benefits costs	28,151	23,896	1,653	1,431	3,953	3,266	3,322	2,872	1,030	805	-	-	38,109	32,270
<b>Total salaries and benefits</b>	<b>197,081</b>	<b>183,223</b>	<b>10,301</b>	<b>9,757</b>	<b>24,162</b>	<b>21,618</b>	<b>17,203</b>	<b>15,482</b>	<b>7,230</b>	<b>6,223</b>	<b>-</b>	<b>-</b>	<b>255,977</b>	<b>236,303</b>
Library acquisitions	5,322	5,038	5	3	44	41	-	-	4	6	-	-	5,375	5,088
Laboratory and teaching supplies	3,834	3,606	-	-	-	-	-	-	-	-	-	-	3,834	3,606
Equipment and service	3,216	2,752	2,595	1,721	441	492	1,088	744	523	423	-	-	7,863	6,132
Finance costs	87	85	8	12	58	47	77	80	-	-	729	716	959	940
Utilities and taxes	-	-	-	-	-	-	13,470	13,603	-	-	-	-	13,470	13,603
Externally contracted services	5,846	5,346	204	124	2,012	2,062	9,595	8,269	212	175	-	-	17,869	15,976
Scholarships, bursaries and prizes	2,171	1,591	1	1	-	-	-	4	8,140	7,640	8,964	5,893	19,276	15,129 *
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	3,409	3,394	106	104	1,063	870	43	40	802	797	-	-	5,423	5,205
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating	7,093	6,867	192	479	4,911	4,232	3,232	2,988	2,802	2,397	593	392	18,823	17,355
Internal / interfund transfers	7,859	6,854	(1,621)	(170)	(1,923)	(578)	8,085	4,587	1,694	1,074	2,909	1,253	17,003	13,020
<b>Total expense</b>	<b>235,918</b>	<b>218,756</b>	<b>11,791</b>	<b>12,031</b>	<b>30,768</b>	<b>28,784</b>	<b>52,793</b>	<b>45,797</b>	<b>21,407</b>	<b>18,735</b>	<b>13,195</b>	<b>8,254</b>	<b>365,872</b>	<b>332,357</b>
Change in year before appropriations	(182,164)	(170,432)	(11,308)	(11,425)	(26,620)	(25,074)	(51,187)	(44,096)	(14,720)	(12,705)	293,493	267,977	7,494	4,245
(Increase) decrease in appropriations	2,231	2,831	(315)	(68)	(649)	(39)	(1,730)	(2,818)	150	(15)	(7,181)	(4,136)	(7,494)	(4,245)
Surplus before pension expense adjustment	(179,933)	(167,601)	(11,623)	(11,493)	(27,269)	(25,113)	(52,917)	(46,914)	(14,570)	(12,720)	286,312	263,841	-	-
Pension expense adjustment	-	-	-	-	-	-	-	-	-	-	5,406	15,552	5,406	15,552
Change in net assets after pension adjustment	(179,933)	(167,601)	(11,623)	(11,493)	(27,269)	(25,113)	(52,917)	(46,914)	(14,570)	(12,720)	280,906	248,289	(5,406)	(15,552)

\* The increase in administrative and support salaries relates to new positions funded by strategic initiatives allocations and filling of vacant positions during the year.

**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense for Operating and Endowment**  
**Year Ended March 31, 2011 (With Comparatives Figures for 2010)**  
**(in Thousands of Dollars)**  
**(unaudited)**

	2011			2010		
	Operating	Endowment	Total	Operating	Endowment	Total
Revenue	\$	\$	\$			\$
Provincial government operating grants	190,805	-	190,805	168,308	-	168,308
Other government grants and contracts	10,125	-	10,125	9,147	-	9,147
Corporations and foundations	174	-	174	236	-	236
Tuition fees	112,153	-	112,153	103,081	-	103,081
Non-credit and other fees	18,302	-	18,302	16,432	-	16,432
General	2,871	5	2,876	2,491	-	2,491
Gifts	53	1,766	1,819	103	1,406	1,509
Investment	3,131	16,623	19,754	2,456	16,721	19,177
Ancillary sales and service	-	-	-	-	-	-
External cost recoveries	35,752	-	35,752	34,348	-	34,348
Amortization of deferred capital contributions	-	-	-	-	-	-
<b>Total revenue</b>	<b>373,366</b>	<b>18,394</b>	<b>391,760</b>	<b>336,602</b>	<b>18,127</b>	<b>354,729</b>
Expense						
Salaries						
Academic	127,366	4,168	131,534	120,209	4,573	124,782
Library	3,427	34	3,461	3,186	43	3,229
Plant maintenance	10,879	-	10,879	9,890	-	9,890
Administrative and support	76,196	371	76,567	70,748	511	71,259
Benefits costs	38,109	575	38,684	32,270	595	32,865
<b>Total salaries and benefits</b>	<b>255,977</b>	<b>5,148</b>	<b>261,125</b>	<b>236,303</b>	<b>5,722</b>	<b>242,025</b>
Library acquisitions	5,375	85	5,460	5,088	58	5,146
Laboratory and teaching supplies	3,834	32	3,866	3,606	33	3,639
Equipment and service	7,863	171	8,034	6,132	45	6,177
Finance costs	959	-	959	940	-	940
Utilities and taxes	13,470	-	13,470	13,603	-	13,603
Externally contracted services	17,869	1,844	19,713	15,976	1,440	17,416
Scholarships, bursaries and prizes	19,276	8,059	27,335	15,129	7,392	22,521
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	5,423	194	5,617	5,205	242	5,447
Amortization of capital assets	-	-	-	-	-	-
General operating	18,823	398	19,221	17,355	511	17,866
Internal / interfund transfers	17,003	1,524	18,527	13,020	1,536	14,556
<b>Total expense</b>	<b>365,872</b>	<b>17,455</b>	<b>383,327</b>	<b>332,357</b>	<b>16,979</b>	<b>349,336</b>
Change in year before appropriations	7,494	939	8,433	4,245	1,148	5,393
Change in net assets	(7,494)	(939)	(8,433)	(4,245)	(1,148)	(5,393)
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, 2011 (With Comparatives Figures for 2010)**  
**(in Thousands of Dollars)**  
**(unaudited)**

	Arts Centre		Student * Community Services		Bookstore		Dalplex & Arena		Personal Computing Purchase Centre		Food Service		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other government grants and contracts	75	75	-	-	-	-	-	-	-	-	-	-	75	75
Corporations and foundations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tuition fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-credit and other fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary sales and service	3,050	3,216	15,332	15,340	7,663	7,320	2,700	2,540	2,474	2,427	7,994	7,659	39,213	38,502
External cost recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>3,125</b>	<b>3,291</b>	<b>15,332</b>	<b>15,340</b>	<b>7,663</b>	<b>7,320</b>	<b>2,700</b>	<b>2,540</b>	<b>2,474</b>	<b>2,427</b>	<b>7,994</b>	<b>7,659</b>	<b>39,288</b>	<b>38,577</b>
Expense														
Salaries														
Academic	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	214	242	-	-	-	-	-	-	-	-	214	242
Administrative and support	595	587	2,788	2,772	645	649	1,751	1,595	330	326	61	48	6,170	5,977
Benefits costs	87	77	428	368	115	96	228	188	61	53	8	7	927	789
<b>Total salaries and benefits</b>	<b>682</b>	<b>664</b>	<b>3,430</b>	<b>3,382</b>	<b>760</b>	<b>745</b>	<b>1,979</b>	<b>1,783</b>	<b>391</b>	<b>379</b>	<b>69</b>	<b>55</b>	<b>7,311</b>	<b>7,008</b>
Library acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and service	53	10	800	446	44	72	147	111	-	-	122	126	1,166	765
Finance costs	84	81	1,635	1,658	103	82	39	38	28	28	76	84	1,965	1,971
Utilities and taxes	69	83	1,102	1,354	11	11	123	246	-	-	9	10	1,314	1,704
Externally contracted services	16	17	712	671	78	67	20	24	52	26	6,503	6,170	7,381	6,975
Scholarships, bursaries and prizes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary cost of sales and service	2,205	2,406	-	-	5,840	6,137	278	240	1,890	1,898	-	-	10,213	10,681
Travel	3	3	14	19	2	8	6	10	-	-	-	-	25	40
General operating	9	50	1,300	1,315	236	186	215	220	42	33	69	71	1,871	1,875
Internal / interfund transfers	4	(23)	6,303	6,425	475	312	(305)	(44)	131	5	1,137	1,055	7,745	7,730
<b>Total expense</b>	<b>3,125</b>	<b>3,291</b>	<b>15,296</b>	<b>15,270</b>	<b>7,549</b>	<b>7,620</b>	<b>2,502</b>	<b>2,628</b>	<b>2,534</b>	<b>2,369</b>	<b>7,985</b>	<b>7,571</b>	<b>38,991</b>	<b>38,749</b>
Change in year before appropriations	-	-	36	70	114	(300)	198	(88)	(60)	58	9	88	297	(172)
Net (increase) decrease in appropriations	-	-	(36)	(70)	(114)	300	(198)	88	60	(58)	(9)	(88)	(297)	172
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Student Community Services include Residence Life operations with expenditures of \$1.1 million (\$982 thousand in 2010).

**Schedule 4**



**DALHOUSIE UNIVERSITY**  
**Consolidated Schedule of Revenue and Expense for Restricted Funds**  
**Year Ended March 31, 2011 (With Comparatives Figures for 2010)**  
**(in Thousands of Dollars)**  
**(unaudited)**

	Special Purpose		Research	
	2011	2010	2011	2010
Revenue	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-
Other government grants and contracts	125	173	64,902	59,463
Corporations and foundations	402	266	29,168	25,026
Tuition fees	-	-	-	-
Non-credit and other fees	-	-	-	-
General	3,196	3,420	368	122
Gifts	6,537	15,204	1,211	923
Investment	468	236	-	-
Ancillary sales and service	-	-	-	-
External cost recoveries	1,462	1,307	1,348	1,050
Amortization of deferred capital contributions	791	770	7,066	6,564
Total revenue	12,981	21,376	104,063	93,148
Expense				
Salaries				
Academic	575	477	10,930	11,786
Library	-	-	-	-
Plant maintenance	-	-	-	-
Administrative and support	2,921	2,493	23,638	23,112
Benefits costs	599	618	3,518	3,231
Total salaries and benefits	4,095	3,588	38,086	38,129
Library acquisitions	52	60	50	180
Laboratory and teaching supplies	468	438	5,938	6,880
Equipment and service	208	98	6,801	3,195
Finance costs	9	17	3	26
Utilities and taxes	-	-	-	-
Externally contracted services	3,257	3,024	18,868	13,160
Scholarships, bursaries and prizes	1,469	1,305	16,058	16,102
Ancillary cost of sales and service	-	-	-	-
Travel	591	617	5,492	5,180
Amortization of capital assets	-	-	-	-
General operating	1,550	2,241	5,036	4,169
Internal / interfund transfers	(974)	(388)	10,125	7,765
Total expense	10,725	11,000	106,457	94,786
Change in year before appropriations	2,256	10,376	(2,394)	(1,638)
Change in net assets	(2,256)	(10,376)	2,394	1,638
Surplus for the year	-	-	-	-

**Schedule 5**