

March 31

2012

Dalhousie University

Annual
Financial
Report

Published June 2012



DALHOUSIE
UNIVERSITY

Inspiring Minds

DALHOUSIE UNIVERSITY
ANNUAL FINANCIAL REPORT

March 31, 2012

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TO: The Dalhousie Community

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

DATE: June 26, 2012

RE: **The 2011-2012 Annual Financial Report**

The attached Annual Financial Report provides readers with an account of the stewardship exercised over the financial resources entrusted to Dalhousie University. This comprehensive overview of Dalhousie's financial affairs describes developments affecting the University's finances, summarizes budget developments for the current year, compares budgeted and actual Operating Fund results, explains material variances, and then concludes with the audited Financial Statements for the year ended March 31, 2012.

The 2011-12 Operating Budget of \$326M was approved by the Board of Governors at the June 21st, 2011 meeting. 2011-12 was the first year of a new three-year Memorandum of Understanding (MOU) between the universities and the Government of Nova Scotia. This new MOU does not provide the funding guarantees enjoyed in previous MOU's.

The 2011-12 fiscal year also marks the second year of a new period of strategic investment to support: "Dalhousie University's Strategic Focus, 2010-2013". In 2011-12, \$7.204M (\$2.459M in base funding and \$4.745M 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 ten years \$36.6M has been reallocated to Strategic Initiatives, the success of which is felt around the University.

The university achieved a 2011-12 operating budget surplus of \$1.86 million, marking the twenty-fourth consecutive year that the university has achieved a balance or surplus from regular operations. The major contributing factors of the surplus were the higher than expected student enrolment with associated tuition revenue of \$3.3 million which was offset by approved mid-year increased allocations of; \$700K for restructuring costs, \$500K for additional classroom renewal and \$300K increase in student financial assistance. The remaining 2011-12 surplus has been appropriated to meet priority capital projects for 2012-13.

Financial Statements are the formal record of the financial activities for the period ending March 31, 2012 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 \$573.6 million in 2011-12 increasing by 4% from the previous year and, total assets of the University as of March 31, 2012 are reported increased by \$100 million up 10% from the previous year, largely by \$57M increase in investment due to market improvements and increased contributions and increases in capital assets with the new Life Sciences Institute being completed. The 'Bold Ambitions' fund-raising campaign continued to make significant progress towards the \$250 million goal, raising more than than \$18 million in 2011-12 bringing the total raised to more than \$200 million.

The financial markets continued to be quite volatile over the past year that had periods of robust returns while investors' confidence waned in other periods resulting in slumping markets. Markets that started strongly came to an abrupt halt with the U.S. fiscal budget impasse and the first round of Euro debt bailout negotiations. Some surprising economic strength in the U.S. brought some strength back to the markets, only to be dampened again by the Euro debt crisis. Under this market environment, the University's Endowments managed only a modest 3.6% return. The 2011-12 operating budget continued to supplement and stabilize spending for those endowments that had not fully recovered from the 2008-09 market crash. The University-sponsored Pension Plan generated a 4.3% return for the past year that increased assets by \$32.6 million. New contributions added \$37.8 million, while \$37.2 million was paid out in benefits and expenses.

The last valuation for the Dalhousie University Staff Pension Plan was at March 31, 2010. Pension assets at that time were \$689.9 million, but the going concern funded status showed a \$73.4 million deficit and there was a \$129.5 million solvency deficit. The University was granted some temporary solvency relief at that time, but Dalhousie still had to make an additional \$5.6 million deficit-reduction contribution in 2011-12. After a number of discussions were held with the Provincial Government by Dalhousie employee groups and the University, the Department of Labour and Advanced Education announced in March 2012 that Nova Scotia university defined benefit pension plans will receive permanent solvency relief. Although the details are yet to be drafted and released, this is very welcomed news for Dalhousie University.

The University continued to make progress in the area of campus renewal. The 2011-12 annual facilities renewal budget allocation of \$14.8M was augmented by \$1.0M in project funding from Student Housing. 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 Centre floors 5 & 6, continued work on the Dunn Building exterior, LSC classroom renewals and upgrades, the partial roof replacement in the Chemistry Building, the Campus Energy Master Plan, Castine Way underground services, Sexton Campus hot water conversion and the CSB emergency power feed. In 2011-12 construction also commenced on a major addition to the Life Sciences Centre to house the Canadian Excellence Research Chairs (CERC) and numerous other researchers in the areas of oceans and, a new multipurpose building on LeMarchant Street which will include a 324 bed student residence and other student services support space.

The year 2011-12 will be remembered for the continued unsteady recovery from the market collapse of 2008 and while the world markets are continuing to struggle, for Dalhousie, the year will be remembered as a positive year in our continued growth toward being Canada's best University as our growing student enrolment has provided for continued financial sustainability and continued renewal of our physical infrastructure.



Ken R. Burt

SECTION A

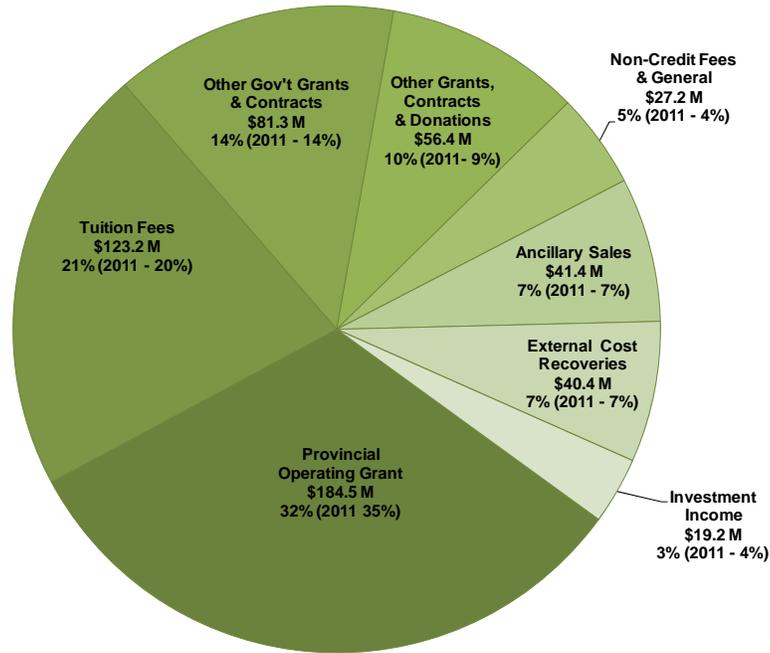
Dalhousie Financial Overview

March 31, 2012

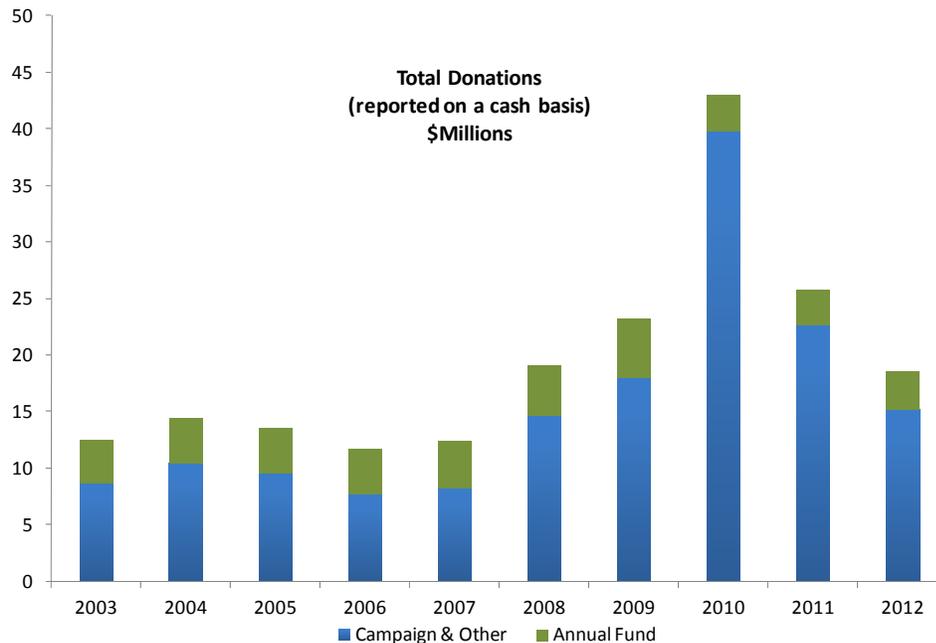
TOTAL REVENUE

University revenue rose by 3.8% to \$573.6 million in 2011-12. Increases in Operating and Endowment (\$8.9 million), Ancillary (\$2.2 million), Research (\$5.9 million), Special Purpose (\$1.4 million) and Capital (\$2.4 million) funds all contributed to the revenue growth. Importantly, the University benefitted from increased enrolment and resultant tuition revenue as provincial operating grants were cut in 2011-12.

2011-12 Revenues: \$573.6 million (2010-11: \$552.8 million)



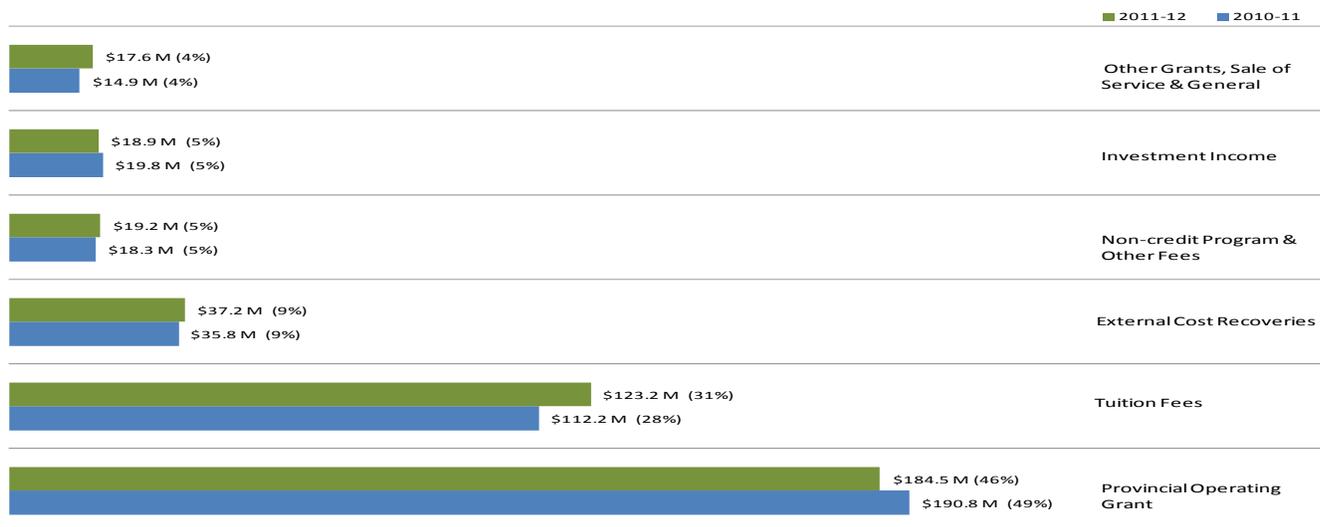
The 'Bold Ambitions' campaign continues to progress towards the \$250 million goal with more than \$200 million raised to date. Dalhousie students will benefit greatly for decades to come from the level of financial support generously provided by faculty, staff, students, alumni and friends.



OPERATING AND ENDOWMENT REVENUE & EXPENSE

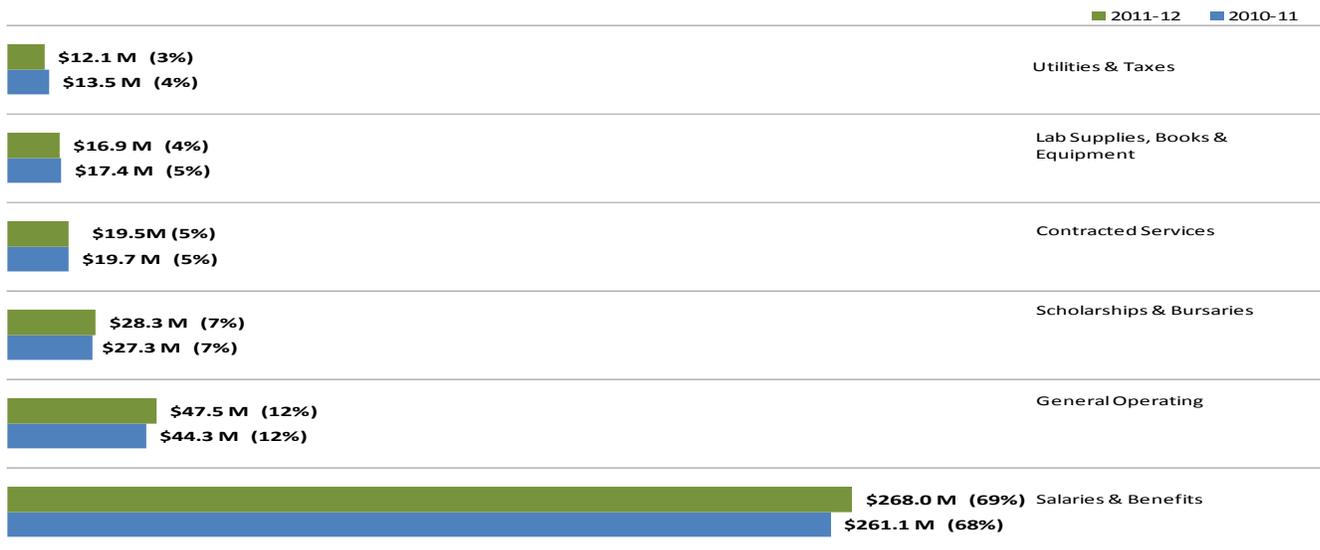
Operating and Endowment revenue increased by 2.25% in 2011-12. Provincial grants are the largest single source of operating revenue and suffered a 4% reduction for the year. Growth in enrolment and a 3% increase in tuition fees for most programs generated an \$11 million increase in tuition revenue over the previous year. Investment income declined this past year due to lower support for endowment spending and slumping interest rates impacting the short term investment program.

2011-12 Operating & Endowment Revenue: \$400.6 million (2010-11: \$391.8 million)



The distribution of operating and endowment expense has been relatively constant in recent years. A decade ago, however, the pattern was quite different with a larger share (75% versus 69% today) of expense attributed to salaries, benefits and pension contributions. The change in allocation to compensation over this extended period has allowed the University to devote a growing share of the operating and endowment budget to non-compensation budget lines.

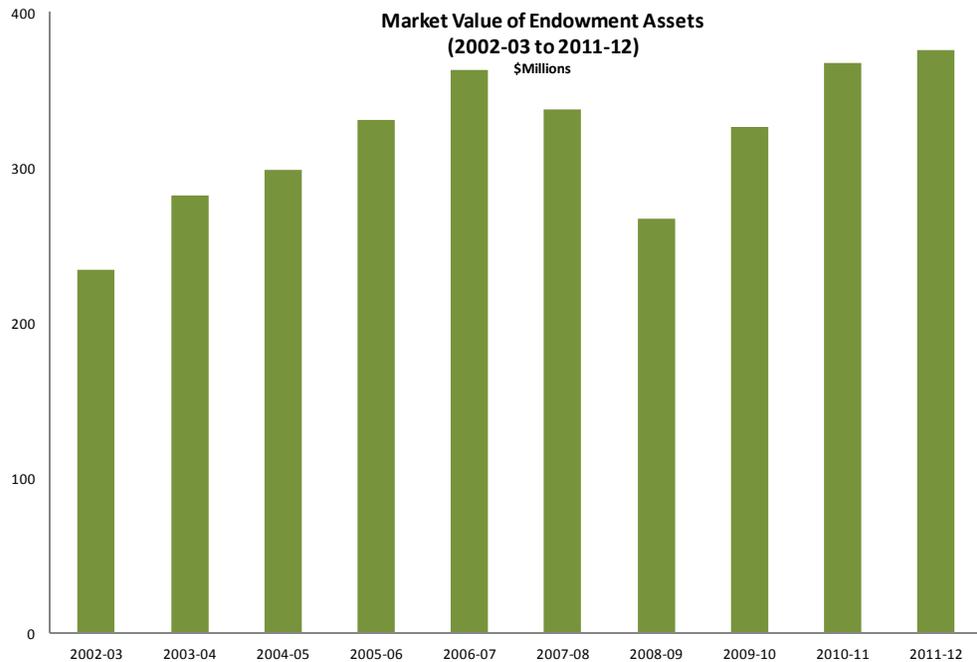
2011-12 Operating & Endowment Expense: \$392.3 million (2010-11: \$383.3 million)



ENDOWMENTS

Dalhousie maintains 1,160 individual endowments including 27 new endowed gifts totaling \$8.4 million received in 2011-12. The University's Endowment Management Policy embodies three objectives:

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

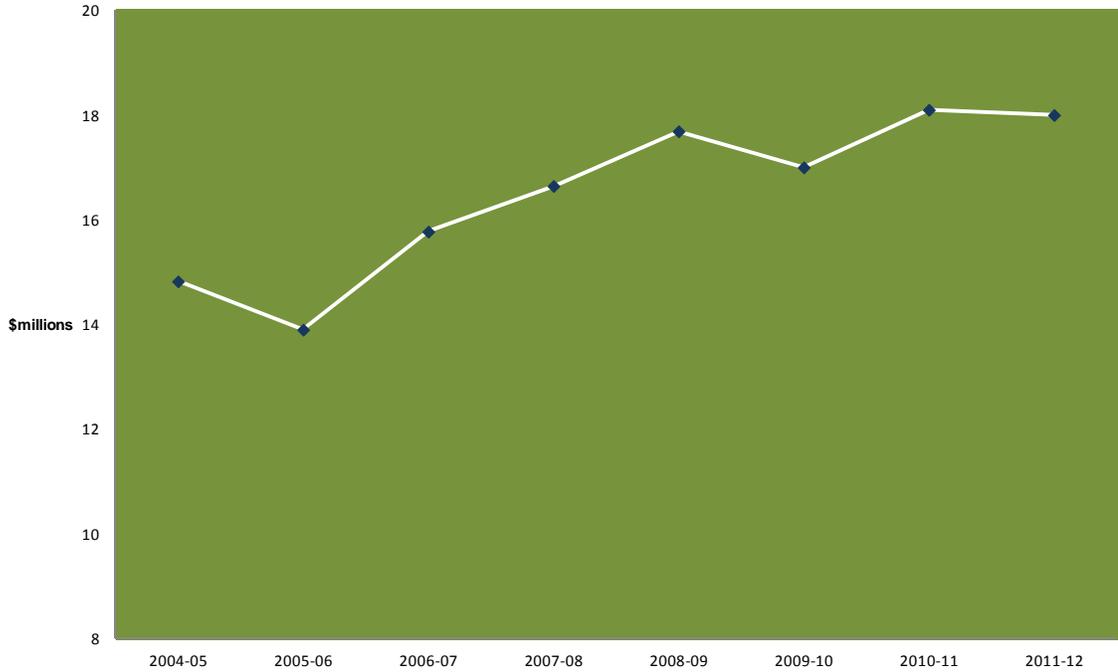


Fiscal 2011-12 saw modest and negative investment returns in the early quarters followed by strong performance for the quarters ended December 2011 and March 2012. Overall the endowment return for the year was 3.6%.

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 from the operating budget 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 downturn.

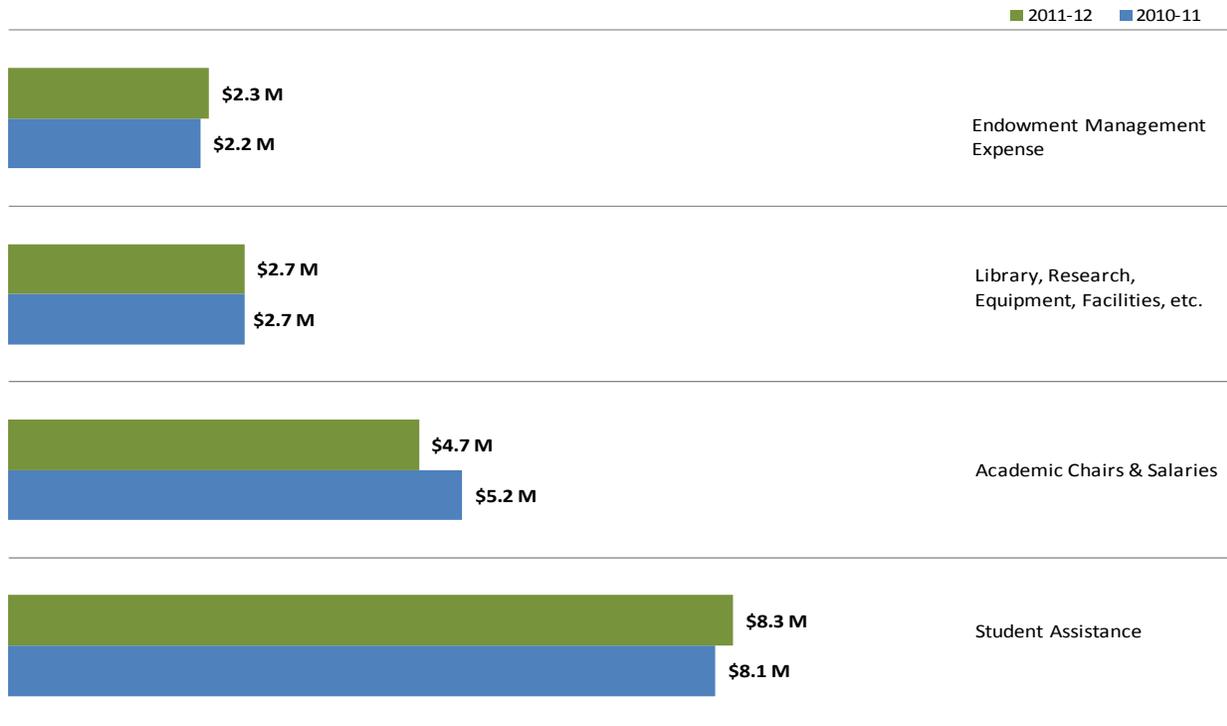
Endowment Expenditures 2004-05 to 2011-12



The chart above shows the history of endowment supported expenditures since 2004-05.

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

2011-12 Endowment Expenditures: \$18.0 million (2010-11: \$18.1 million)

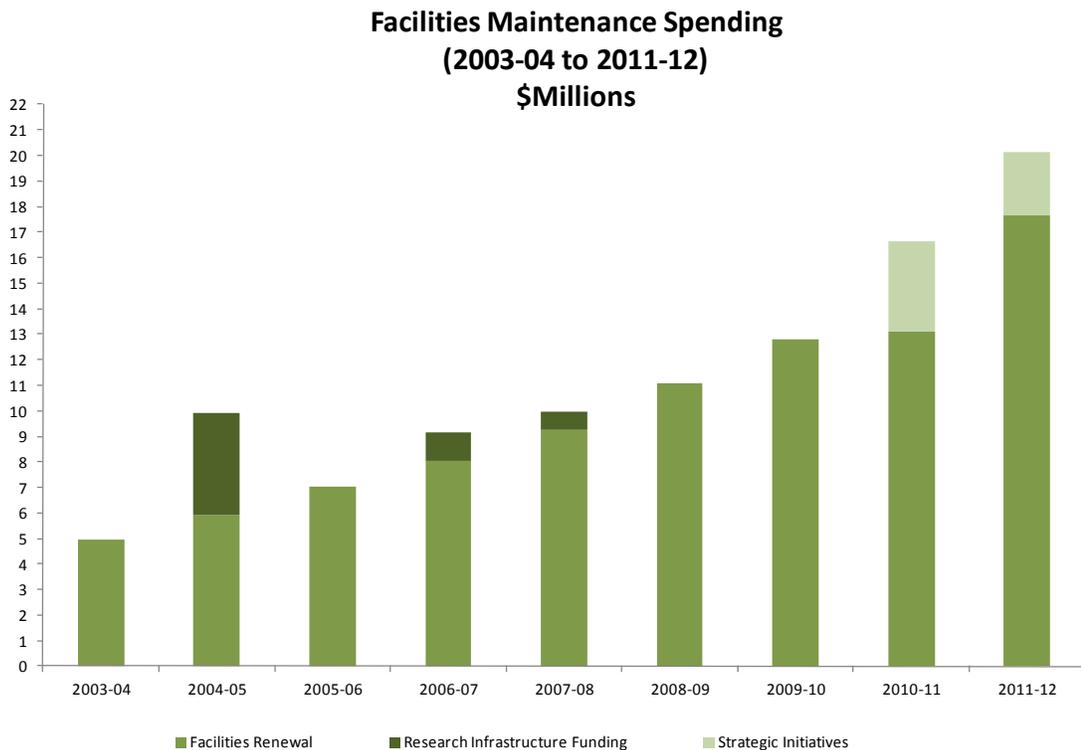


CAMPUS RENEWAL

The renewal of Dalhousie’s campus facilities encompasses two major areas – construction of new and expanded facilities and the renovation/retrofit of existing facilities through the annual facilities renewal budget. In 2011-12 construction on a major addition to the Life Sciences Centre to house the Canadian Excellence Research Chair (CERC) and numerous other researchers in the areas of oceans and a new multipurpose building on LeMarchant Street which will include a 300 bed student residence along with student and other University services.

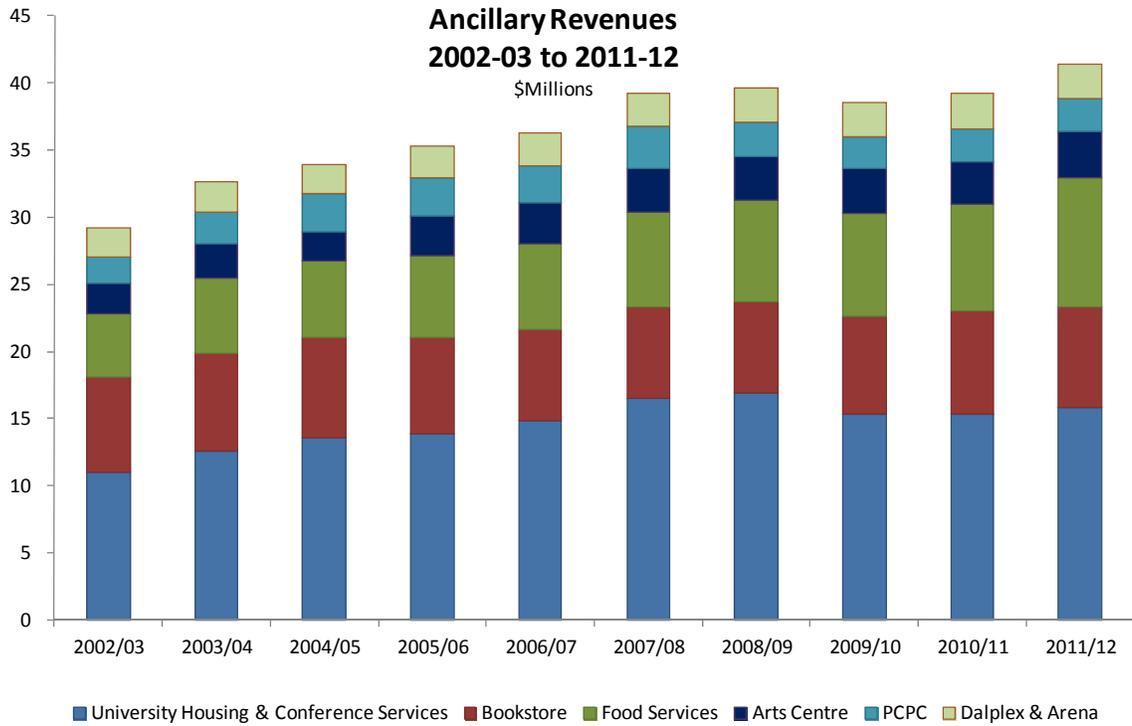
The University’s operating budget for 2011-12 included \$14.8 million in base allocation to maintain Dalhousie buildings, grounds and related infrastructure. In addition to the annual Facilities Renewal budget, a portion of the Strategic Initiatives budget was used to fund projects including classroom space in Engineering and the Killam Library, site improvement for Lord Dalhousie Way and Lord Dalhousie Gates.

The chart below tracks the progress made in recent years to ramp up the investment in annual facilities maintenance.



ANCILLARY ENTERPRISES

Dalhousie’s operations include a range of ancillary units to provide goods and services to our 17,000+ enrolled students. These service units are spread across the Studley, Sexton and Carlton campuses and include University Housing and Conference Services, Residence Life, Bookstore, Food Services, Arts Centre (Rebecca Cohn), Dalplex and the Personal Computer Purchase Centre (PCPC). As a group these units operate with a modest subsidy which has been provided to enhance the supports available to students through the Residence Life budget.



SECTION B

Report on the 2011-12

Budget vs Actual Operating Results

2011-12 FISCAL YEAR

OPERATING BUDGET VERSUS ACTUAL RESULTS

2011-12 APPROVED OPERATING BUDGET

Dalhousie's 2011-12 Operating Budget included revenues and expenditures of \$326 million each as approved at the June 21, 2011 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 13 shows the Approved Budget and Final Budget for the University in 2011-12. 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 2011-12 generated an overall favourable variance (i.e. surplus) of \$1,860,000 for the year. Contributing factors are as follows:

- Tuition revenue exceeded the budget by \$3,349,000.
- The following over expenditures and commitments were approved against the favourable tuition variance:
 - 500,000 has been committed for classroom and lab upgrades
 - 259,000 for additional student support
 - 700,000 for restructuring costs

A detailed explanation of these and other significant variances follows.

1. Provincial Government Grant- Nova Scotia Bursary Program

In 2011-12 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 \$354,000 on these lines reflect actual experience with this program for the 2011-12 fiscal year.

2. Federal Indirect Costs of Research Grant

The 2011-12 Approved Budget included \$6,310,000 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 2011). A distribution of additional funding was confirmed in January 2012 and resulted in a positive variance of \$201,000 on this budget line. An offsetting charge to fund research infrastructure costs in 2011-12 is reported in the academic category under Responsibility Centre Expenditures.

3. Investment Income – Endowment and related expenditure lines

Endowment income is recognized each year in an amount sufficient to meet expenditures from individual endowments and hence there is no impact on the bottom line. The annual revenue and expenditures for each of more than 1,100 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. The underspending in the academic area relates to academic chairs including a number for which searches were in progress during the year. Graduate student success in earning external scholarship support following the commencement of their programs resulted in underspending in endowed student assistance.

2011-12 Summary of Endowment Revenue and Expenditures			
('000's of dollars)			
	Budget	Actual	Variance
Endowment Revenue	(18,730)	(17,295)	(1,435)
Operating Supplement to Endowment	(700)	(700)	-
	<u>(19,430)</u>	<u>(17,995)</u>	<u>(1,435)</u>
Endowment Expenditures:			
Student Assistance	5,565	5,285	280
Endowment Management Expense	2,400	2,305	95
Academic	11,097	10,030	1,067
Academic Support	18	31	(13)
Student Services	110	112	(2)
University Housing	240	232	8
	<u>19,430</u>	<u>17,995</u>	<u>1,435</u>

4. Investment Income - Operating

Operating Investment Income is generated through investment in short term bonds and securities. Lower than budgeted Interest rates resulted in a \$148,000 unfavourable variance for the year.

5. Tuition Fees

The 2011-12 tuition revenue budget was based on a projected increase of 175 students over 2010-11 enrolment levels. The reported enrolment as of December 1st, 2011 showed an increase of over 500 students and this resulted in a positive tuition revenue variance of \$3,349,000. This positive variance also includes increased 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 \$274,000 relates to increased enrolment and is offset by a negative variance in Facilities Renewal expenditures. The total variance of \$774,000 on the expenditure line includes the one-time appropriation of \$500,000 that was committed at the midyear point for classroom and student laboratory upgrades.

7. Scholarships, Bursaries and Student Assistance- Operating Supported

The unfavourable variance of \$259,000 results from enhanced support for student scholarships and bursaries in 2012-13.

8. Energy, Water, Taxes and Insurance

There were savings of approximately \$1.4 million on the energy line in 2011-12. Favourable energy costs resulted from the conversion to natural gas and lower than normal consumption due to mild winter weather. As planned the surplus was invested in sustainable energy projects and in particular to advance the long term repayment plan for the LSC retrofit project.

9. Endowment Management Expense

Along with growth in asset value during the year the investment program for the endowment shifted from passive investment management mandates to active mandates resulting in an increase in management expenses. 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 continues to work with the College of Continuing Education in developing an operating plan that more closely integrates its programming with the academic mission of the University. The College results have improved significantly from 2010-11 but still incurred a small loss of \$133,000 in 2011-12.

As a result of increased federal grant revenue (see note 2 above) \$201,000 for research infrastructure projects has been carried forward through the Centre, Institutes and Special projects budget.

The annual transfer from King's for teaching services resulted in a \$222,000 favourable variance compared to budget due to increased King's enrolments and a reduced number of Dalhousie students enrolled in King's courses.

- b) **Academic Support**- The variance in this area relates to a revenue shortfall in Print Centre operations as a result of changes in copyright protocol.
- c) **Administration** – The major item resulting in the overall favourable variance in Administration is increased revenue from student applications for the coming academic year. There are also a number of smaller favourable variances in several units and an approved over expenditure

in the Registrar's Office for international recruiting activities. Several units including Communications and Marketing, Environmental Health and Safety, External Relations and Research Services received approval to carryforward funding for specific initiatives to be completed in 2012-13.

- d) **General** - The small unfavourable variance of \$27,000 on this budget line relates to higher labour relations costs in 2011-12.
- e) **Facilities Management** - Facilities Management includes positive and negative variances in various areas resulting in an overall unfavourable variance of \$127,000.
- f) **Student Services** - Student Services was approved to carryforward funds for specific one time initiatives in 2012-13.

11. Total Surplus for the Year

The 2011-12 operating results generated a net positive variance (surplus) of \$1,860,000. The funds have been appropriated at year end and will be available on a one-time only basis for specific projects to improve campus buildings and grounds in 2012-13.

DALHOUSIE UNIVERSITY
2011-12 OPERATING BUDGET RESULTS
(\$ 000's omitted)

	Approved Budget	Final Budget (1)	Actual	Variance Fav (Unfav)	
REVENUE					
Provincial Government Grants					
Operating	171,030	171,030	171,033	3	
Nova Scotia Bursary Program Grant	9,100	9,100	9,454	354	
Enrolment Expansion	2,940	2,940	2,940	-	
Facilities/Space	1,000	1,000	1,000	-	
Targeted	50	50	50	-	
	184,120	184,120	184,477	357	
Federal Indirect Costs of Research Grant	6,310	6,310	6,511	201	
Investment					
Endowment	18,730	18,730	17,295	(1,435)	(2)
Operating (net of bank & finance charges)	2,400	2,400	2,252	(148)	
Tuition Fees	111,980	111,980	115,329	3,349	
Facilities Renewal Fee	2,170	2,170	2,444	274	
	325,710	325,710	328,308	2,598	
GENERAL OPERATING EXPENDITURES					
Non-Space Equipment	2,533	2,533	2,533	-	
Scholarships, Bursaries and Student Assistance					
Operating	10,155	10,155	10,414	(259)	
Nova Scotia Bursary Program	9,100	9,100	9,454	(354)	
Endowment	5,565	5,565	5,285	280	(2)
Campus Renewal- Annual Facilities Maintenance	14,840	14,840	15,614	(774)	
- Long term	6,100	6,100	6,100	-	
Strategic Initiatives - Projects	3,160	3,160	3,160	-	
Energy, Water, Taxes and Insurance (net of recoveries)	15,550	15,550	15,550	-	
Endowment Management Expenses	2,400	2,400	2,305	95	(2)
Contingency	1,600	1,600	2,294	(694)	
	71,003	71,003	72,709	(1,706)	
RESPONSIBILITY CENTRE EXPENDITURES					
Academic	187,348	193,308	192,353	955	(2)
Academic Support	11,299	11,481	11,522	(41)	(2)
Administration	24,873	25,722	25,519	203	
General	1,079	1,070	1,098	(28)	
Facilities Management	16,489	16,734	16,861	(127)	
Student Services	5,978	6,055	6,057	(2)	(2)
Provision for Compensation (including pension)	7,441	-	-	-	
	254,507	254,370	253,410	960	
TOTAL RESPONSIBILITY CENTRE EXPENDITURES	254,507	254,370	253,410	960	
TOTAL OPERATING EXPENDITURES	325,510	325,373	326,119	(746)	
NET ANCILLARY EXPENDITURES	200	337	329	8	(2)
TOTAL EXPENDITURES	325,710	325,710	326,448	(738)	
TOTAL SURPLUS FOR THE YEAR	-	-	1,860	1,860	(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 10.

(3) The year end surplus has been appropriated for priority facilities projects

DALHOUSIE UNIVERSITY
2011-12 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget (1)	Final Budget	Actual (2)	Variance Fav (Unfav)	Transfer to (from) Appropriation
ACADEMIC					
Architecture and Planning	4,131	4,257	4,257	-	47
Arts and Social Sciences	19,438	20,536	20,536	-	(449)
Computer Science	5,713	5,911	5,911	-	131
Dentistry	8,976	9,266	9,266	-	43
Engineering	16,861	17,393	17,393	-	441
Graduate Studies	1,702	1,811	1,811	-	177
Health Professions	22,789	23,696	23,696	-	692
Law	9,950	10,215	10,215	-	172
Management	11,582	12,075	12,075	-	232
Medicine	38,322	39,610	39,610	-	1,194
Science	30,256	31,136	31,136	-	199
University Library	12,912	13,335	13,335	-	(169)
College of Continuing Education	808	914	1,047	(133)	45
College of Sustainability	1,206	1,203	1,203	-	87
Centres, Institutes & Special Projects	1,894	1,785	1,986	(201)	191
Engineering & Computer Science Career Services	519	613	613	-	101
Faculty Related Costs (eg.Travel, Leave Grants, PDA.)	1,887	2,013	2,013	-	392
Kings' Transfer	(3,127)	(3,127)	(3,349)	222	-
Academic Initiatives	1,529	666 (1)	666	-	35
Endowment Expenditures less than Budget (net)		-	(1,067)	1,067	(1,067)
TOTAL ACADEMIC	187,348	193,308	192,353	955	2,494
ACADEMIC SUPPORT					
Academic IT Initiatives	908	258 (1)	258	-	258
Art Gallery	148	168	168	-	(5)
Centre for Learning and Teaching	1,257	1,204	1,204	-	(40)
Information Technology Services	9,140	10,006	10,006	-	528
Printing Centre	(154)	(155)	(127)	(28)	-
Endowment Expenditures in excess of Budget (net)		-	13	(13)	13
TOTAL ACADEMIC SUPPORT	11,299	11,481	11,522	(41)	754
ADMINISTRATION					
Administrative Initiatives	889				
Application Fees and Services Recovery	(1,040)	(1,040) (1)	(1,283)	243	-
Communications & Marketing	2,416	2,636	2,636	-	280
Environmental Health and Safety Office	575	722	722	-	72
External Relations	4,965	5,229	5,229	-	75
Financial Services	4,217	4,311	4,308	3	-
Human Resources	2,576	2,846	2,843	3	-
Institutional Analysis and Research	575	596	573	23	-
Inter-University Services	79	93	93	-	-
President's Office	3,190	3,451	3,447	4	-
Registrar & Admissions	4,519	4,690	4,782	(92)	-
Research Services	1,131	1,392	1,392	-	22
University Secretariat/ Internal Audit	781	796	777	19	(2)
TOTAL ADMINISTRATION	24,873	25,722	25,519	203	447

(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 16 and 17)

DALHOUSIE UNIVERSITY
2011-12 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget	Final Budget	Actual ⁽¹⁾	Variance Fav (Unfav)	Transfer to (from) Appropriation
<u>GENERAL</u>	1,079	1,070	1,097	(27)	-
<u>FACILITIES MANAGEMENT</u>	16,489	16,734	16,861	(127)	-
<u>STUDENT SERVICES</u>					
Awards Office & Student Services Centre -Sexton	366	394	394	-	-
Counselling	1,110	1,145	1,145	-	18
Student Support Services and Vice President's Office	3,409	3,869	3,869	-	110
Student Health	91	92	92	-	26
Varsity, Intramurals & Clubs	617	555	555	-	(5)
Student Services Initiatives	385	(2)			
Endowment Expenditures in excess of Budget (net)		-	2	(2)	2
TOTAL STUDENT SERVICES	5,978	6,055	6,057	(2)	151
<u>ANCILLARIES</u>					
Dalhousie Arts Centre	324	324	324	-	-
Dalplex and Arena	181	181	181	-	82
Food Services, incl. DalCard	(130)	(85)	(85)	-	788
Personal Computer Purchase Centre	-	-	-	-	(58)
Residence Life	1,119	1,211	1,211	-	(27)
University Bookstore	(283)	(283)	(283)	-	207
University Housing	(1,011)	(1,011)	(1,011)	-	34
Endowment Expenditures in less than Budget (net)		-	(8)	8	(8)
TOTAL ANCILLARIES	200	337	329	8	1,018

(1) The actual column includes transfers of variances in accordance with University policy. (see detailed analysis on pages 16 and 17)

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

DALHOUSIE UNIVERSITY
2011-12 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 ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Final Budget	Actual before Transfer of Variance	Transfer of Variance ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Operating and Endowment Variance Fav/(Unfav)
ACADEMIC											
Architecture and Planning	4,212	4,173	39	4,212	-	45	37	8	45	-	-
Arts and Social Sciences	19,668	20,022	(354)	19,668	-	868	963	(95)	868	-	-
Computer Science	5,643	5,725	(82)	5,643	-	268	55	213	268	-	-
Dentistry	9,182	9,182	-	9,182	-	84	41	43	84	-	-
Engineering	16,741	16,231	510	16,741	-	652	721	(69)	652	-	-
Graduate Studies	1,445	1,362	83	1,445	-	366	272	94	366	-	-
Health Professions	23,330	22,674	656	23,330	-	366	330	36	366	-	-
Law	8,637	8,367	270	8,637	-	1,578	1,676	(98)	1,578	-	-
Management	11,586	11,440	146	11,586	-	489	403	86	489	-	-
Medicine	35,808	35,355	453	35,808	-	3,802	3,061	741	3,802	-	-
Science	28,820	28,669	151	28,820	-	2,316	2,268	48	2,316	-	-
University Library	13,147	13,332	(185)	13,147	-	188	172	16	188	-	-
College of Continuing Education	860	984	9	993	(133)	54	18	36	54	-	(133)
College of Sustainability	1,198	1,116	82	1,198	-	5	-	5	5	-	-
Centres, Institutes & Special Projects	1,769	1,782	188	1,970	(201)	16	13	3	16	-	(201)
Engineering & Computer Science Career Services	613	512	101	613	-	-	-	-	-	-	-
Faculty Related Costs	2,013	1,621	392	2,013	-	-	-	-	-	-	-
Kings' Transfer	(3,127)	(3,349)	-	(3,349)	222	-	-	-	-	-	222
Academic Initiatives	666	631	35	666	-	-	-	-	-	-	-
Endowment Expenditures less than Budget (net)	-	-	-	-	-	-	-	(1,067)	(1,067)	1,067	1,067
TOTAL ACADEMIC	182,211	179,829	2,494	182,323	(112)	11,097	10,030	-	10,030	1,067	955
ACADEMIC SUPPORT											
Academic IT Initiatives	258	-	258	258	-	-	-	-	-	-	-
Art Gallery	151	143	8	151	-	17	30	(13)	17	-	-
Centre for Learning and Teaching	1,203	1,243	(40)	1,203	-	1	1	-	1	-	-
Information Technology Services	10,006	9,478	528	10,006	-	-	-	-	-	-	-
Printing Centre	(155)	(127)	-	(127)	(28)	-	-	-	-	-	(28)
Endowment Expenditures in excess of Budget (net)	-	-	-	-	-	-	-	13	13	(13)	(13)
TOTAL ACADEMIC SUPPORT	11,463	10,737	754	11,491	(28)	18	31	-	31	(13)	(41)
ADMINISTRATION											
Administrative Initiatives	-	-	-	-	-	-	-	-	-	-	-
Application Fees and Services Recovery	(1,040)	(1,283)	-	(1,283)	243	-	-	-	-	-	243
Communications and Marketing	2,636	2,356	280	2,636	-	-	-	-	-	-	-
Environmental Health and Safety Office	722	650	72	722	-	-	-	-	-	-	-
External Relations	5,229	5,154	75	5,229	-	-	-	-	-	-	-
Financial Services	4,311	4,308	-	4,308	3	-	-	-	-	-	3
Human Resources	2,846	2,843	-	2,843	3	-	-	-	-	-	3
Institutional Analysis and Research	596	573	-	573	23	-	-	-	-	-	23
Inter-University Services	93	93	-	93	-	-	-	-	-	-	-
President's Office	3,451	3,447	-	3,447	4	-	-	-	-	-	4
Registrar & Admissions	4,690	4,782	-	4,782	(92)	-	-	-	-	-	(92)
Research Services	1,392	1,370	22	1,392	-	-	-	-	-	-	-
University Secretariat/ Internal Audit	796	779	(2)	777	19	-	-	-	-	-	19
TOTAL ADMINISTRATION	25,722	25,072	447	25,519	203	-	-	-	-	-	203

(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 14 and 15 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
2011-12 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 ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Final Budget	Actual before Transfer of Variance	Transfer of Variance ⁽¹⁾	Actual	Year End Variance Fav/(Unfav)	Operating and Endowment Variance Fav/(Unfav)
<u>GENERAL</u>	1,070	1,097	-	1,097	(27)	-	-	-	-	-	(27)
<u>FACILITIES MANAGEMENT</u>	16,734	16,861	-	16,861	(127)	-	-	-	-	-	(127)
<u>STUDENT SERVICES</u>											
Awards Office	394	394	-	394	-	-	-	-	-	-	-
Counselling	1,145	1,127	18	1,145	-	-	-	-	-	-	-
Student Services	3,869	3,759	110	3,869	-	-	-	-	-	-	-
Student Health	92	66	26	92	-	-	-	-	-	-	-
Varsity, Intramurals & Clubs	445	448	(3)	445	-	110	112	(2)	110	-	-
Endowment Expenditures in excess of Budget (net)	-	-	-	-	-	-	-	2	2	(2)	(2)
TOTAL STUDENT SERVICES	5,945	5,794	151	5,945	-	110	112	-	112	(2)	(2)
<u>ANCILLARIES</u>											
Dalhousie Arts Centre	324	324	-	324	-	-	-	-	-	-	-
Dalplex and Arena	181	99	82	181	-	-	-	-	-	-	-
Food Services	(85)	(873)	788	(85)	-	-	-	-	-	-	-
Personal Computer Purchase Centre	-	58	(58)	-	-	-	-	-	-	-	-
Residence Life	1,211	1,238	(27)	1,211	-	-	-	-	-	-	-
University Bookstore	(283)	(490)	207	(283)	-	-	-	-	-	-	-
University Housing	(1,251)	(1,277)	26	(1,251)	-	240	232	8	240	-	-
Endowment Expenditures in less than Budget (net)	-	-	-	-	-	-	-	(8)	(8)	8	8
TOTAL ANCILLARIES	97	(921)	1,018	97	-	240	232	-	232	8	8

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

* The information on pages 14 and 15 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

2011-12

Audited Consolidated Financial Statements

Dalhousie University

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

March 31, 2012

MANAGEMENT NOTES ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

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, 2012. 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 2011-12 consolidated financial statements present the financial position of the University fairly. (page 20)

The Consolidated Statement of Financial Position (Balance Sheet) shows the assets, liabilities, and net assets (equity) of the University as at March 31, 2012. (page 21)

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 22)

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 23)

The Consolidated Statement of Cash Flows discloses the sources and uses of cash by the University for the year. (page 24)

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 25 to 35) Supplementary Schedule 1 (page 36) provides additional detail on a fund basis of University revenues and expenses.

Supplementary Schedules 2 and 3 (pages 37 and 38) provide a detailed breakdown of the Operating and Endowment Funds and Schedules 4 and 5 (pages 39 and 40) 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 \$22.3 M whereas there is a deficit of \$90.1 M calculated on a market

value basis and using actuarial standards as of the same date - March 31, 2012. 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.

Independent Auditor's Report

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
Dalhousie University

We have audited the accompanying consolidated financial statements of **Dalhousie University**, which comprise the consolidated statement of financial position as at March 31, 2012 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, 2012 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 26, 2012

Chartered Accountants

Dalhousie University

Consolidated Financial Statements

March 31, 2012

DALHOUSIE UNIVERSITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012
(thousands of dollars)

ASSETS		2012	2011
Current assets			
Cash and cash equivalents	\$	138,680	123,603
Accounts receivable		30,524	32,356
Due from related parties (note 3)		44	56
Inventories		2,085	2,528
Prepaid expense		4,467	3,821
		175,800	162,364
Deferred pension asset (note 4)		22,337	19,009
Due from related parties (note 3)		662	1,027
Investments (note 5)		469,782	412,319
Capital assets (note 6)		403,426	377,909
	\$	1,072,007	972,628
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$	60,131	58,683
Deferred revenue (note 7)		155,823	148,607
Current portion of long-term debt (note 9)		4,254	2,748
		220,208	210,038
Deferred capital contributions (note 8)		153,118	152,616
Long-term debt (note 9)		105,940	56,231
		479,266	418,885
Net assets (note 10)			
Endowment principal		344,589	335,910
Restricted for future pension benefits		22,337	19,009
Restricted funds		80,726	67,689
Equity in capital assets		145,089	131,135
		592,741	553,743
	\$	1,072,007	972,628

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, 2012
(thousands of dollars)

	Total	
	2012	2011
Revenue		
Provincial government operating grants	\$ 184,477	190,805
Other government grants and contracts	81,331	75,227
Corporations and foundations	31,308	29,744
Tuition fees	123,243	112,153
Non-credit and other fees	19,179	18,302
General	7,988	6,440
Gifts	10,712	9,952
Investment income	19,181	20,222
Ancillary sales and service	41,381	39,213
External cost recoveries	40,366	38,726
Amortization of deferred capital contributions	14,431	12,050
Total revenue	573,597	552,834
Expense		
Salaries and employee benefits	318,502	310,617
Pension expense adjustment	(3,328)	5,406
Library acquisitions	5,405	5,562
Laboratory and teaching supplies	10,936	10,272
Equipment and service	16,440	16,209
Finance costs	4,664	3,306
Utilities and taxes	13,399	14,784
Externally contracted services	49,581	49,219
Scholarships, bursaries and prizes	45,439	44,862
Ancillary cost of sales and service	10,205	10,213
Travel	11,764	11,725
Amortization of capital assets	29,453	25,627
General operating	23,991	27,678
Total expense	536,451	535,480
Excess of revenue over expense	37,146	17,354
Use of excess of revenue over expense		
Committed to equity in capital assets	(20,193)	(14,168)
Committed to future pension benefits (note 4)	(3,328)	5,406
Committed to restricted funds	(13,625)	(8,592)
Net change in operating surplus	-	-
Accumulated operating surplus, beginning of year	-	-
Accumulated operating surplus, end of year	\$ -	-

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
AS AT MARCH 31, 2012
(thousands of dollars)

	2012						2011
	Accumulated Operating Surplus	Endowment Principal	Restricted For Future Pension Benefits	Restricted Funds	Equity in Capital Assets	Total	Total
Net Assets, Beginning of Year	\$ -	335,910	19,009	67,689	131,135	553,743	518,437
Excess of Revenue over Expense (Expense over Revenue)	-	-	3,328	13,625	20,193	37,146	17,354
Gifts of Endowed Principal	-	8,363	-	-	-	8,363	13,891
Change in Unrealized Gains (Losses) (notes 7 and 13)	-	-	-	-	(6,239)	(6,239)	(43)
Transfers to (from) endowment principal	-	316	-	(588)	-	(272)	4,104
Net Change for the Year	-	8,679	3,328	13,037	13,954	38,998	35,306
Net Assets, End of Year (note 10)	\$ -	344,589	22,337	80,726	145,089	592,741	553,743

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT MARCH 31, 2012
(thousands of dollars)

	2012	2011
Cash flows from operating activities:		
Excess of revenue over expense	\$ 37,146	17,354
Items not involving cash:		
Amortization of capital assets	29,453	25,627
Amortization of deferred capital contributions	(14,431)	(12,050)
Increase (decrease) in deferred pension asset	(3,328)	5,406
Decrease in due from related parties	365	69
Change in current assets	1,641	(2,642)
Change in current liabilities	8,664	(143,265)
Cash provided by (used in) operating activities	<u>59,510</u>	<u>(109,501)</u>
Cash flows from investing activities		
Purchase of capital assets	(54,970)	(93,943)
Net increase in investments	(57,463)	(19,816)
Cash used in investing activities	<u>(112,433)</u>	<u>(113,759)</u>
Cash flows from financing activities		
Endowment gifts	8,363	13,891
Increase in endowment principal	(272)	4,104
Change in unrealized gains (losses)	(6,239)	(43)
Deferred capital contributions received	14,933	25,612
Issue of long-term debt	54,328	24,206
Principal payments on long-term debt	(3,113)	(2,139)
Cash provided by financing activities	<u>68,000</u>	<u>65,631</u>
Net increase in cash and cash equivalents	15,077	(157,629)
Cash and cash equivalents, beginning of year	123,603	281,232
Cash and cash equivalents, end of year	<u>\$ 138,680</u>	<u>123,603</u>

(See accompanying notes to the financial statements)

Dalhousie University

**Notes to the Consolidated
Financial Statements**

March 31, 2012

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 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 Halifax Marine Research Institute, which was incorporated May 10, 2011 under the Canadian Corporation Act – Part III, is a controlled entity and operates as a tax exempt, not-for-profit organization under the Income Tax Act. The financial statements of the subsidiary and controlled entity are prepared using the same reporting period as the University, using consistent accounting policies. All intercompany balances and transactions have been eliminated on consolidation. The subsidiary and controlled entity together have a nominal effect on the consolidated financial statements.

c) Revenue Recognition:

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

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

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

Revenue received without restrictions 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 three months. 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 (2011 - \$20) related to catering costs charged by the University Club. Included in accounts receivable of the University is \$174 (2011 - \$86) 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.

m) Future Accounting Change:

The Canadian Institute of Chartered Accounting ["CICA"] has issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years after December 31, 2011, not-for-profit organizations will have to choose between International Financial Reporting Standards ["IFRS"], Public Sector Accounting Standards ["PSAB"] and generally accepted accounting principles ["GAAP"] for not-for-profit organizations, whichever suits them best. The University plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning April 1, 2012, however the impact of this transition has not yet been determined, as the University is currently evaluating the impact.

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 no later than March 31, 2013.

For accounting purposes the funded status of the defined benefit plan as at March 31, 2012, in the financial statements is as follows:

Pension benefit plan – for accounting purposes	2012	2011
Fair value of plan assets	\$797,361	\$764,134
Accrued benefit obligations	1,002,200	861,873
Funded status		
Plan (deficit)	(204,839)	(97,739)
Balance of unamortized amounts	227,176	116,748
Accrued benefit asset	\$22,337	\$19,009

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.

DALHOUSIE UNIVERSITYNotes to Consolidated Financial Statements *(continued)*

Year ended March 31, 2012

(In Thousands of Dollars)

The percentage of the fair value of plan assets by major category is as follows: equity securities 44.0% (2011 – 47.2%); debt securities 37.3% (2011 – 35.4%); alternatives 15.3 % (2011 – 15.0%) and other 3.4 % (2011 - 2.4%).

The significant assumptions used for accounting purposes are as follows:

Pension Benefits	2012	2011
Accrued Benefit Obligation		
Rate of Compensation increase	4.2%	4.2%
Discount Rate	4.3%	5.0%
Benefit Costs		
Expected long-term rate of return on plan assets	5.68%	6.25%
Rate of Compensation increase	4.2%	4.2%
Discount Rate	5.0%	5.2%

Pension benefit costs recognized in the year are \$21,448 (2011 - \$29,844). The cash amount of employer contributions to the defined pension benefit plan was \$24,776 (2011 - \$24,438).

5. Investments:

At Market Value	2012	2011
Cash	\$6,254	\$2,375
Treasury Bills, Notes & GIC's	74,496	14,674
Bonds	111,839	117,872
Canadian Equities	69,245	78,818
US Equities	57,613	55,637
Non-North American Equities	70,707	70,072
Alternatives	79,628	72,871
	\$469,782	\$412,319

6. Capital Assets:

	2012			2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$2,010	\$ --	\$2,010	\$2,010	\$ --	\$2,010
Buildings	498,093	186,610	311,483	399,017	176,842	222,175
Leasehold Improvements	2,154	1,118	1,036	1,804	722	1,082
Equipment	144,730	94,767	49,963	132,702	84,457	48,245
Vehicles	1,063	726	337	1,046	774	272
Library Books	26,127	18,957	7,170	24,539	17,476	7,063
Computing	11,162	10,707	455	11,085	10,129	956
Land Improvements	10,650	5,626	5,024	9,837	5,163	4,674
Construction in Progress	25,948	--	25,948	91,432	--	91,432
	\$721,937	\$318,511	\$403,426	\$673,472	\$295,563	\$377,909

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.

	2012					2011
	Operating	Endowed	Special Purpose	Sponsored Research	Total	Total
Balance, Beginning of Year	\$19,158	\$39,402	\$21,917	\$68,130	\$148,607	\$295,275
Income	19,264	14,182	25,829	74,132	133,407	184,631
Transferred from (to) Principal	--	272	--	--	272	(4,104)
Recognized as Revenue in the Current Year	(19,158)	(17,258)	(21,917)	(68,130)	(126,463)	(327,195)
Balance, End of Year	\$19,264	\$36,598	\$25,829	\$74,132	\$155,823	\$148,607

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.

	2012	2011
Balance, Beginning of Year	\$152,616	\$139,054
Contributions received	14,933	25,612
Amortization of Contributions	(14,431)	(12,050)
Balance, End of Year	\$153,118	\$152,616

9. Long-Term Debt:

	2012	2011
Howe Hall:		
- 5.86% due January 10, 2013, repayable in quarterly installments of \$136	\$5,630	\$5,837
Peter Green Hall:		
- 5.88% due December 1, 2017, repayable in monthly installments of \$7	406	463
Central Services Building Parkade:		
- 5.41% due December 1, 2013, repayable in quarterly installments of \$22	511	555
Risley Hall:		
- 5.71% due September 1, 2014, repayable in quarterly installments of \$385	16,700	17,230
Residence Renewal:		
- 4.96% due November 15, 2014, repayable in quarterly installments of \$58	1,530	1,686
- 4.69% due October 12, 2015, repayable in quarterly installments of \$47	1,949	2,048
Faculty of Management Building:		
- 5.06% due March 2, 2017, repayable in quarterly installments of \$236	4,344	5,087
Student Residences:		
- 4.74% due December 29, 2015. Repayable in quarterly installments of \$61	1,071	1,267
Mona Campbell Building:		
- 4.23% due November 29, 2020 repayable in monthly installments of \$75	13,567	13,894
Life Sciences Research Institute		
- 4.22% due May 16, 2021 repayable in monthly installments of \$150	23,670	--
Life Sciences Centre Renewal		
- 1.50% due September 22, 2015 repayable at maturity	10,206	10,206
Life Sciences Centre – Oceans Excellence Centre	30,000	--
- 3.23% due March 20, 2022 repayable in quarterly installments of \$221		
Capital Leases	610	706
	110,194	58,979
Less: Current Portion	4,254	2,748
	\$105,940	\$56,231

The principal due within each of the next five years on long-term debt is as follows; 2013 - \$4,254; 2014 - \$4,484; 2015 - \$4,564; 2016 - \$14,930; 2017 - \$4,880. The University uses interest rate swaps to manage interest rate risk (see note 12).

Interest of \$51, relating to capital lease obligations has been included in interest expense. The total amount of assets under capital lease is \$2,886, with related accumulated amortization of \$2,133.

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.

	Endowment Principal March 31, 2011	New Contributions	Transfer to/ from Endowment Principal	Endowment Principal March 31, 2012
External Restrictions	\$326,835	\$8,328	(\$272)	\$334,891
Internal Restrictions	9,075	35	588	9,698
TOTAL	\$335,910	\$8,363	\$316	\$344,589

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 \$3,328, (2011 - \$5,406 more than contributions) 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, operating surpluses from prior year, 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:

	2012	2011
Capital assets	\$403,426	\$377,909
Less amounts financed by:		
Deferred capital contributions	(153,118)	(152,616)
Long-term debt	(110,194)	(58,979)
Fair value of cash flow hedges	(10,994)	(4,755)
Financing drawn in advance	15,465	---
Cash flows, pending repayments by ancillaries or other identified sources	504	(30,424)
Equity in capital assets	\$145,089	\$131,135

11. Commitments and Contingent Liabilities:

The University has capital projects valued in excess of \$100 million for new residence, general purpose and research facilities. The portion of the projects that has been committed but unspent at March 31, 2012 is \$36 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, 2011 was \$48,586.

As of March 31, 2012, 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: 2013 - \$2,346; 2014 - \$2,072; 2015 - \$1,752; 2016 - \$900; 2017 - \$164.

Certain of the alternative investments contain contractual commitments. At March 31, 2012, there were outstanding future commitments of \$2,853 CAD in Canadian real estate; \$29,191 USD and €1,920 EUR in private equity investments; and \$7,760 USD in infrastructure investments.

12. Subsequent Event:

On June 1, 2012 the Province of Nova Scotia and Dalhousie University agreed to proceed with the merger of the Nova Scotia Agricultural College and Dalhousie. The merger will be effective September 1, 2012.

13. 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, 2012, the interest rate swap contracts described in note 9 have a fair value of \$10,994, (2011 - \$4,755) 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, 2012, interest rate swaps outstanding have a notional value of \$98,973 (2011 - \$47,604) 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 3.23% - 5.86% (2011 - 4.23% - 5.86%) on certain debt obligations.

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

d) Credit Risk

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

14. Pledges:

Pledges to the University at March 31, 2012, were \$55,745, (2011-\$37,800). While these pledges are expected to be honoured over the next several years, they have not been recorded as receivable.

15. Fine Artwork Collections:

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

16. Comparative Figures:

Certain 2011 figures have been reclassified to conform to the 2012 financial statement presentation.

Dalhousie University

Supplementary Schedules

March 31, 2012

DALHOUSIE UNIVERSITY
Consolidated Schedule of Revenue and Expense
Year Ended March 31, 2012 (With Comparatives Figures for 2011)
(in Thousands of Dollars)
(unaudited)

	Operating 2012 (Schedule 2)	Endowment 2012 (Schedule 3)	Ancillary 2012 (Schedule 4)	Capital 2012	Special Purpose 2012 (Schedule 5)	Research 2012 (Schedule 5)	2012	Total 2011
Revenue	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	184,477	-	-	-	-	-	184,477	190,805
Other government grants and contracts	12,914	-	75	-	69	68,273	81,331	75,227
Corporations and foundations	218	-	-	-	407	30,683	31,308	29,744
Tuition fees	123,243	-	-	-	-	-	123,243	112,153
Non-credit and other fees	19,179	-	-	-	-	-	19,179	18,302
General	2,953	-	-	1,438	3,210	387	7,988	6,440
Gifts	57	1,515	-	-	7,866	1,274	10,712	9,952
Investment	2,903	16,007	-	-	271	-	19,181	20,222
Ancillary sales and service	-	-	41,381	-	-	-	41,381	39,213
External cost recoveries	37,164	-	-	174	1,610	1,418	40,366	38,726
Amortization of deferred capital contributions	-	-	-	5,595	919	7,917	14,431	12,050
Total revenue	383,108	17,522	41,456	7,207	14,352	109,952	573,597	552,834
Expense								
Salaries								
Academic	129,860	3,641	-	-	628	11,574	145,703	143,039
Library	3,888	33	-	-	-	-	3,921	3,461
Plant maintenance	12,091	-	228	-	-	-	12,319	11,093
Administrative and support	77,893	527	5,892	-	3,461	23,729	111,502	109,296
Benefits costs	39,572	545	907	-	532	3,501	45,057	43,728
Total salaries and benefits	263,304	4,746	7,027	-	4,621	38,804	318,502	310,617
Library acquisitions	5,088	198	-	-	97	22	5,405	5,562
Laboratory and teaching supplies	3,760	27	-	-	491	6,658	10,936	10,272
Equipment and service	7,786	47	1,122	-	605	6,880	16,440	16,209
Finance costs	887	-	1,908	1,863	4	2	4,664	3,306
Utilities and taxes	12,064	-	1,335	-	-	-	13,399	14,784
Externally contracted services	17,561	1,919	8,772	-	3,039	18,290	49,581	49,219
Scholarships, bursaries and prizes	20,005	8,252	-	-	1,482	15,700	45,439	44,862
Ancillary cost of sales and service	-	-	10,205	-	-	-	10,205	10,213
Travel	5,045	256	77	-	658	5,728	11,764	11,725
Amortization of capital assets	-	-	-	29,453	-	-	29,453	25,627
General operating	16,946	431	1,545	-	2,038	3,031	23,991	27,678
Internal / interfund transfers	22,551	1,419	8,446	(44,302)	1,230	10,656	-	-
Total expense	374,997	17,295	40,437	(12,986)	14,265	105,771	539,779	530,074
Change in year before appropriations	8,111	227	1,019	20,193	87	4,181	33,818	22,760
Change in net assets	(8,111)	(227)	(1,019)	(20,193)	(87)	(4,181)	(33,818)	(22,760)
Surplus before pension expense adjustment	-	-	-	-	-	-	-	-
Pension expense adjustment	3,328	-	-	-	-	-	3,328	(5,406)
Net assets after pension adjustment	3,328	-	-	-	-	-	3,328	(5,406)

Schedule 1

DALHOUSIE UNIVERSITY
Consolidated Schedule of Revenue and Expense - Operating
Year Ended March 31, 2012 (With Comparatives Figures for 2011)
(in Thousands of Dollars)
(unaudited)

	Academic		Academic Support		Administration and General		Facilities Management		Student Services		Institution		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	184,477	190,805	184,477	190,805
Other government grants and contracts	4,970	3,197	-	-	-	-	1,253	74	180	180	6,511	6,674	12,914	10,125
Corporations and foundations	175	172	-	-	-	-	43	2	-	-	-	-	218	174
Tuition fees	7,914	7,550	-	-	-	-	-	-	-	-	115,329	104,603	123,243	112,153
Non-credit and other fees	8,515	9,045	-	3	2,703	2,450	-	-	5,517	5,329	2,444	1,475	19,179	18,302
General	-	-	50	49	639	668	1,112	1,049	1,152	1,105	-	-	2,953	2,871
Gifts	2	1	55	52	-	-	-	-	-	-	-	-	57	53
Investment	-	-	-	-	-	-	-	-	-	-	2,903	3,131	2,903	3,131
Ancillary sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External cost recoveries	35,225	33,789	332	379	1,045	1,030	480	481	82	73	-	-	37,164	35,752
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	56,801	53,754	437	483	4,387	4,148	2,888	1,606	6,931	6,687	311,664	306,688	383,108	373,366
Expense														
Salaries														
Academic	128,504	126,101	-	-	41	18	-	-	1,315	1,247	-	-	129,860	127,366
Library	3,888	3,427	-	-	-	-	-	-	-	-	-	-	3,888	3,427
Plant maintenance	53	53	-	-	-	-	12,038	10,826	-	-	-	-	12,091	10,879
Administrative and support	39,506	39,349	8,842	8,648	20,581	20,191	3,397	3,055	5,567	4,953	-	-	77,893	76,196
Benefits costs	28,952	28,151	1,713	1,653	4,209	3,953	3,623	3,322	1,075	1,030	-	-	39,572	38,109
Total salaries and benefits	200,903	197,081	10,555	10,301	24,831	24,162	19,058	17,203	7,957	7,230	-	-	263,304	255,977
Library acquisitions	5,037	5,322	3	5	43	44	-	-	5	4	-	-	5,088	5,375
Laboratory and teaching supplies	3,760	3,834	-	-	-	-	-	-	-	-	-	-	3,760	3,834
Equipment and service	3,023	3,216	2,740	2,595	470	441	1,100	1,088	453	523	-	-	7,786	7,863
Finance costs	87	87	4	8	72	58	72	77	-	-	652	729	887	959
Utilities and taxes	-	-	-	-	-	-	12,064	13,470	-	-	-	-	12,064	13,470
Externally contracted services	6,250	5,846	325	204	2,042	2,012	8,715	9,595	229	212	-	-	17,561	17,869
Scholarships, bursaries and prizes	2,224	2,171	2	1	-	-	-	-	8,325	8,140	9,454	8,964	20,005	19,276
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	3,199	3,409	87	106	978	1,063	50	43	731	802	-	-	5,045	5,423
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating	6,311	7,093	236	192	3,914	4,911	3,133	3,232	2,991	2,802	361	593	16,946	18,823
Internal / interfund transfers	7,457	7,859	(2,160)	(1,621)	(651)	(1,923)	16,185	8,085	1,020	1,694	700	2,909	22,551	17,003
Total expense	238,251	235,918	11,792	11,791	31,699	30,768	60,377	52,793	21,711	21,407	11,167	13,195	374,997	365,872
Change in year before appropriations	(181,450)	(182,164)	(11,355)	(11,308)	(27,312)	(26,620)	(57,489)	(51,187)	(14,780)	(14,720)	300,497	293,493	8,111	7,494
(Increase) decrease in appropriations	(4,173)	2,231	(952)	(315)	(654)	(649)	(2,333)	(1,730)	1	150	-	(7,181)	(8,111)	(7,494)
Surplus before pension expense adjustment	(185,623)	(179,933)	(12,307)	(11,623)	(27,966)	(27,269)	(59,822)	(52,917)	(14,779)	(14,570)	300,497	286,312	-	-
Pension expense adjustment	-	-	-	-	-	-	-	-	-	-	(3,328)	5,406	(3,328)	5,406
Change in net assets after pension adjustment	(185,623)	(179,933)	(12,307)	(11,623)	(27,966)	(27,269)	(59,822)	(52,917)	(14,779)	(14,570)	303,825	280,906	3,328	(5,406)

DALHOUSIE UNIVERSITY
Consolidated Schedule of Revenue and Expense for Operating and Endowment
Year Ended March 31, 2012 (With Comparatives Figures for 2011)
(in Thousands of Dollars)
(unaudited)

	2012			2011		
	Operating	Endowment	Total	Operating	Endowment	Total
Revenue	\$	\$	\$			\$
Provincial government operating grants	184,477	-	184,477	190,805	-	190,805
Other government grants and contracts	12,914	-	12,914	10,125	-	10,125
Corporations and foundations	218	-	218	174	-	174
Tuition fees	123,243	-	123,243	112,153	-	112,153
Non-credit and other fees	19,179	-	19,179	18,302	-	18,302
General	2,953	-	2,953	2,871	5	2,876
Gifts	57	1,515	1,572	53	1,766	1,819
Investment	2,903	16,007	18,910	3,131	16,623	19,754
Ancillary sales and service	-	-	-	-	-	-
External cost recoveries	37,164	-	37,164	35,752	-	35,752
Amortization of deferred capital contributions	-	-	-	-	-	-
Total revenue	383,108	17,522	400,630	373,366	18,394	391,760
Expense						
Salaries						
Academic	129,860	3,641	133,501	127,366	4,168	131,534
Library	3,888	33	3,921	3,427	34	3,461
Plant maintenance	12,091	-	12,091	10,879	-	10,879
Administrative and support	77,893	527	78,420	76,196	371	76,567
Benefits costs	39,572	545	40,117	38,109	575	38,684
Total salaries and benefits	263,304	4,746	268,050	255,977	5,148	261,125
Library acquisitions	5,088	198	5,286	5,375	85	5,460
Laboratory and teaching supplies	3,760	27	3,787	3,834	32	3,866
Equipment and service	7,786	47	7,833	7,863	171	8,034
Finance costs	887	-	887	959	-	959
Utilities and taxes	12,064	-	12,064	13,470	-	13,470
Externally contracted services	17,561	1,919	19,480	17,869	1,844	19,713
Scholarships, bursaries and prizes	20,005	8,252	28,257	19,276	8,059	27,335
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	5,045	256	5,301	5,423	194	5,617
Amortization of capital assets	-	-	-	-	-	-
General operating	16,946	431	17,377	18,823	398	19,221
Internal / interfund transfers	22,551	1,419	23,970	17,003	1,524	18,527
Total expense	374,997	17,295	392,292	365,872	17,455	383,327
Change in year before appropriations	8,111	227	8,338	7,494	939	8,433
Change in net assets	(8,111)	(227)	(8,338)	(7,494)	(939)	(8,433)
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, 2012 (With Comparatives Figures for 2011)
(in Thousands of Dollars)
(unaudited)

	Arts Centre		Student *		Bookstore		Dalplex & Arena		Personal Computing		Food Service		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
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	3,343	3,050	15,828	15,332	7,458	7,663	2,578	2,700	2,520	2,474	9,654	7,994	41,381	39,213
External cost recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	3,418	3,125	15,828	15,332	7,458	7,663	2,578	2,700	2,520	2,474	9,654	7,994	41,456	39,288
Expense														
Salaries														
Academic	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	228	214	-	-	-	-	-	-	-	-	228	214
Administrative and support	633	595	2,956	2,788	636	645	1,280	1,751	327	330	60	61	5,892	6,170
Benefits costs	87	87	458	428	120	115	167	228	62	61	13	8	907	927
Total salaries and benefits	720	682	3,642	3,430	756	760	1,447	1,979	389	391	73	69	7,027	7,311
Library acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and service	12	53	861	800	59	44	127	147	-	-	63	122	1,122	1,166
Finance costs	93	84	1,538	1,635	135	103	40	39	28	28	74	76	1,908	1,965
Utilities and taxes	81	69	1,098	1,102	11	11	138	123	-	-	7	9	1,335	1,314
Externally contracted services	52	16	1,007	712	74	78	23	20	-	52	7,616	6,503	8,772	7,381
Scholarships, bursaries and prizes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary cost of sales and service	2,385	2,205	-	-	5,487	5,840	252	278	2,081	1,890	-	-	10,205	10,213
Travel	11	3	45	14	10	2	11	6	-	-	-	-	77	25
General operating	67	9	946	1,300	264	236	220	215	7	42	41	69	1,545	1,871
Internal / interfund transfers	(3)	4	6,691	6,303	455	475	238	(305)	73	131	992	1,137	8,446	7,745
Total expense	3,418	3,125	15,828	15,296	7,251	7,549	2,496	2,502	2,578	2,534	8,866	7,985	40,437	38,991
Change in year before appropriations	-	-	-	36	207	114	82	198	(58)	(60)	788	9	1,019	297
Net (increase) decrease in appropriations	-	-	-	(36)	(207)	(114)	(82)	(198)	58	60	(788)	(9)	(1,019)	(297)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Student Community Services include Residence Life operations with expenditures of \$1.2 million (\$1.1 million in 2011).

Schedule 4

DALHOUSIE UNIVERSITY
Consolidated Schedule of Revenue and Expense for Restricted Funds
Year Ended March 31, 2012 (With Comparatives Figures for 2011)
(in Thousands of Dollars)
(unaudited)

	Special Purpose		Research	
	2012	2011	2012	2011
Revenue	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-
Other government grants and contracts	69	125	68,273	64,902
Corporations and foundations	407	402	30,683	29,168
Tuition fees	-	-	-	-
Non-credit and other fees	-	-	-	-
General	3,210	3,196	387	368
Gifts	7,866	6,537	1,274	1,211
Investment	271	468	-	-
Ancillary sales and service	-	-	-	-
External cost recoveries	1,610	1,462	1,418	1,348
Amortization of deferred capital contributions	919	791	7,917	7,066
Total revenue	14,352	12,981	109,952	104,063
Expense				
Salaries				
Academic	628	575	11,574	10,930
Library	-	-	-	-
Plant maintenance	-	-	-	-
Administrative and support	3,461	2,921	23,729	23,638
Benefits costs	532	599	3,501	3,518
Total salaries and benefits	4,621	4,095	38,804	38,086
Library acquisitions	97	52	22	50
Laboratory and teaching supplies	491	468	6,658	5,938
Equipment and service	605	208	6,880	6,801
Finance costs	4	9	2	3
Utilities and taxes	-	-	-	-
Externally contracted services	3,039	3,257	18,290	18,868
Scholarships, bursaries and prizes	1,482	1,469	15,700	16,058
Ancillary cost of sales and service	-	-	-	-
Travel	658	591	5,728	5,492
Amortization of capital assets	-	-	-	-
General operating	2,038	1,550	3,031	5,036
Internal / interfund transfers	1,230	(974)	10,656	10,125
Total expense	14,265	10,725	105,771	106,457
Change in year before appropriations	87	2,256	4,181	(2,394)
Change in net assets	(87)	(2,256)	(4,181)	2,394
Surplus for the year	-	-	-	-

Schedule 5