

DALHOUSIE UNIVERSITY

ANNUAL FINANCIAL REPORT

March 31, 2002



June 2002

DALHOUSIE UNIVERSITY
ANNUAL FINANCIAL REPORT

March 31, 2002

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SECTION A

Dalhousie Financial Overview

March 31, 2002

INTRODUCTION

2001-02 Financial Report

The Annual Financial Report provides the opportunity to report to all members of the Dalhousie community, including friends, supporters and funders, on our stewardship of the financial and physical resources which have been entrusted to the University. Responsible stewardship is a means of providing the faculty, students, and staff of our institution with a base on which to plan and deliver the vibrant teaching, research, and service programs for which Dalhousie is known and respected across Canada.

Total revenues in all Funds for the fiscal year ending 31 March 2002 were \$319.1 million (\$299.5 million in 2001). Major growth year-over-year was realized in the Research Fund (almost \$10 million) and the Operating Fund (\$8.5 million), with both the Capital and Endowment Funds also showing increases.

The Operating Fund benefitted from an unexpected but welcome surge in student enrolments to record levels (13,643 full-time and part-time, or approximately 12,000 full-time equivalent). As part of its budget planning the University decided to appropriate approximately \$1 million of the extra tuition revenues to 2002-03, when the University will suffer from the Provincial Government's unfortunate decision to freeze operating grants to the Nova Scotia university system. Section B of this report provides a detailed comparison of budget-vs-actual performance in the Operation Fund for the year just ended.

Investment returns for our 851 Endowment Funds were 6.9% for the year, a first quartile performance compared to the universe of similar Canadian funds. Annualised returns over four years were 7.1% (first quartile). The market value of these funds increased by \$8.6 million to \$275 million.

Both the Pension Trust Fund (active members) and the Retirees' Trust Fund (pensioners) achieved first quartile performance in 2001-02, with the PTF earning 7.0% and the RTF at 7.3%. Over the past four years the PTF earned 6.8% (second quartile) and the RTF had first quartile performance at 8.2%. The market value of these funds climbed to \$365 million (PTF) and \$165 million (RTF).

A number of significant capital projects were completed during the year, and planning proceeded on others yet to come. The Marion McCain Arts and Social Sciences Building was officially opened on 5 September 2001, and provided the first "home" in many decades for the second largest Faculty at the University. Nine houses formerly used for faculty offices were completely renovated to provide housing for 78 students commencing September 2001. Later in the fall of 2001 a private developer opened a low-rise apartment building to accommodate 64 Dalhousie students on land leased from the University. This building also houses an 80-child Day Care Centre for the children of University students, employees and alumni. During the year construction commenced on an extension to the Howe Hall residence complex which will provide housing for 201 additional students when it opens in September

2002.

The \$25 million fund-raising campaign for the construction of a major new academic building for the Faculty of Management proceeded with gratifying results in 2001-02. The Management Without Borders Campaign reached approximately 70% of its target, and the University is very hopeful that it will be fully subscribed by the end of the calendar year. A detailed space program is being developed and the selection of architects soon will be underway.

Facilities renewal and the problems of accumulated deferred maintenance continued to be matters of major concern. Additional Operating Fund resources were devoted to this area, and new capital projects almost inevitably have a component which in essence addresses deferred maintenance issues. The University continues to lobby actively, in association with sister institutions, at both the federal and provincial levels to obtain the significant investment of public funds which will be required to deal with this national crisis.

Dalhousie's financial and physical infrastructures continued to be severely stressed in 2001-02. Almost in spite of the stresses, the University's teaching, research, scholarship, and community service activities reached new levels of success.

A handwritten signature in black ink, appearing to read 'B. Mason', is centered on the page.

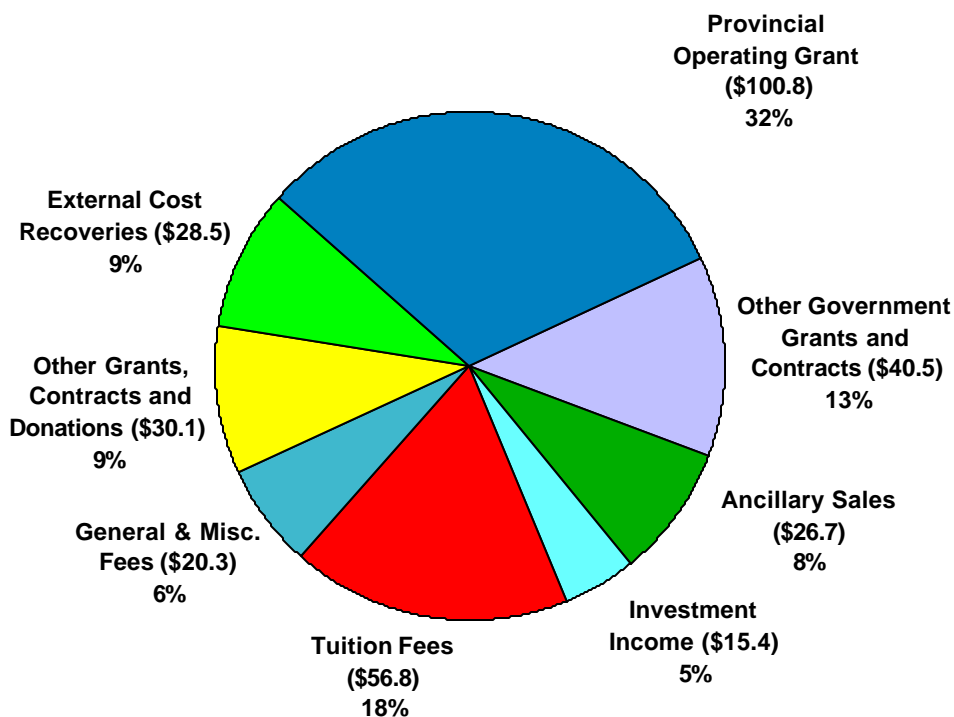
BRYAN G. MASON
Vice-President (Finance & Administration)

TOTAL REVENUE

Dalhousie's total revenue from all sources was \$319.1 million in 2001-02 compared with \$299.5 million in the fiscal year 2000-01. An increase of \$9.5 million in research revenue was realized through increased grant and contract revenue from government, corporations and foundations. Tuition revenue grew by \$4.8 million due to increased rates and enrolment. Growth in capital fund revenue, external cost recoveries and other revenue accounted for the balance of the increase in total revenue.

For the 2001-02 fiscal year, 68% of Dalhousie's revenue came from sources other than the provincial operating grant which now represents only 32% of total revenue. The University continues to identify and pursue revenue generating services and activities to maintain and enhance excellence in a wide range of academic programs and disciplines and exciting new areas of research.

CHART 1
Total Revenue
For the Year Ended March 31, 2002
(\$ Million)

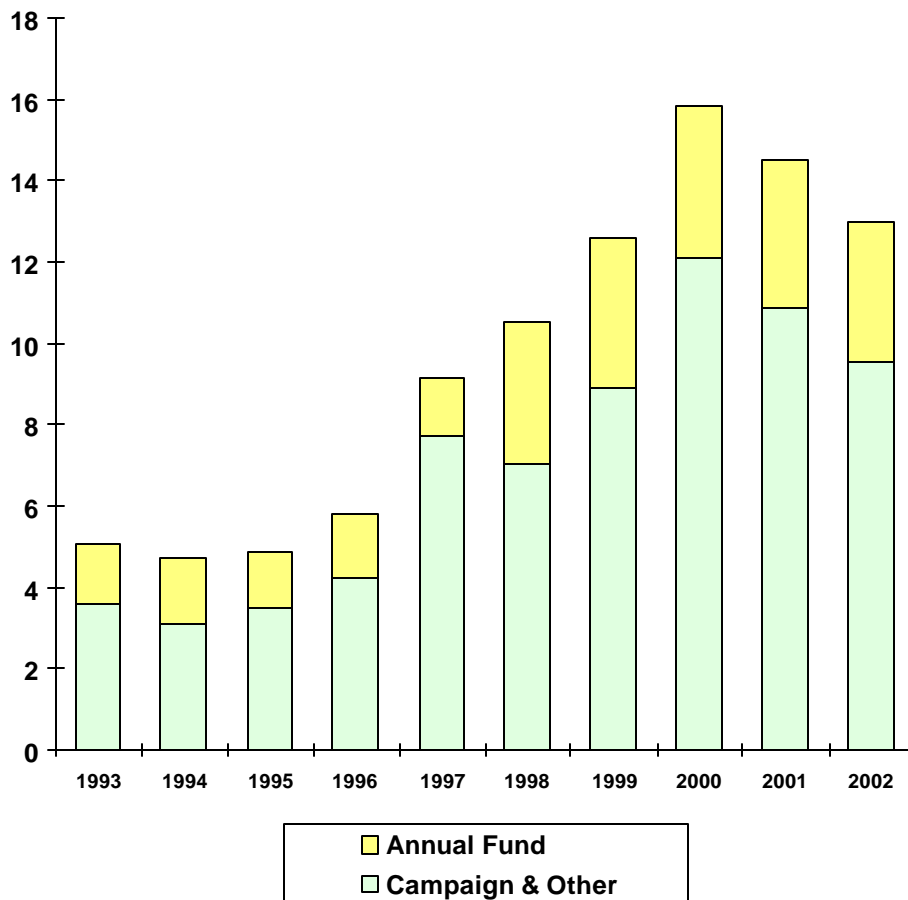


Total \$319.1 million
(2001 \$299.5 million)

The University has experienced significant growth in donations and gifts during the past decade through the generous support of alumni, faculty, staff and friends of Dalhousie. Chart 2 below reports total donations and gifts received during 2001-02 from various fundraising programs including the Annual Fund; gifts and pledge payments relating to the Capital Ideas Campaign; the planned giving program; and the Management Without Borders Campaign. Fundraising has become a key element in the success of today's university. At Dalhousie, donations and gifts support teaching and scholarship, research and development and new facilities and equipment. Donations and gifts are used in accordance with donor wishes to fund particular projects and initiatives or in some instances the gift is used for the establishment of an endowment providing perpetual support to programs and projects.

The modest decline in total donations and gifts over the past two years reflects the winding down of the Capital Ideas Campaign. Continued progress of the Annual Fund, strong strides in Dalhousie's planned giving program and launch of the Management Without Borders Campaign bode well for the University in the years to come.

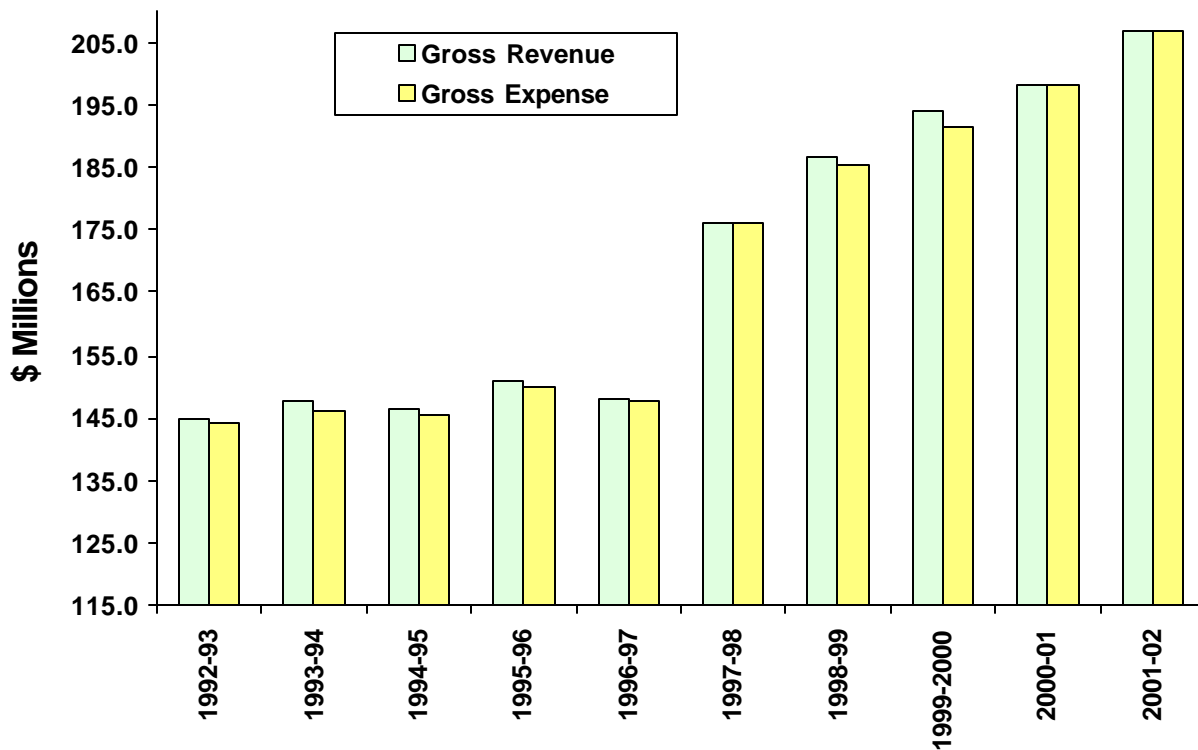
CHART 2
Total Donations and Gifts
(reported on a cash basis)



OPERATING REVENUE AND EXPENSE

Dalhousie's operating revenue sources include provincial government grants (\$101 million), tuition fees (\$57 million), cost recoveries for sales of goods and services generated through Faculties and other units (\$25 million) and other revenue (\$24 million). Included in other revenue are investment income, non-credit fees and general revenue. Gross operating revenue increased by \$8.5 million to \$206.9 million for the year. The largest operating expense item is salaries and benefits, which increased by 2.2% to \$155.7 million.

CHART 3
Operating Revenue and Expense
(1992-93 to 2001-02)



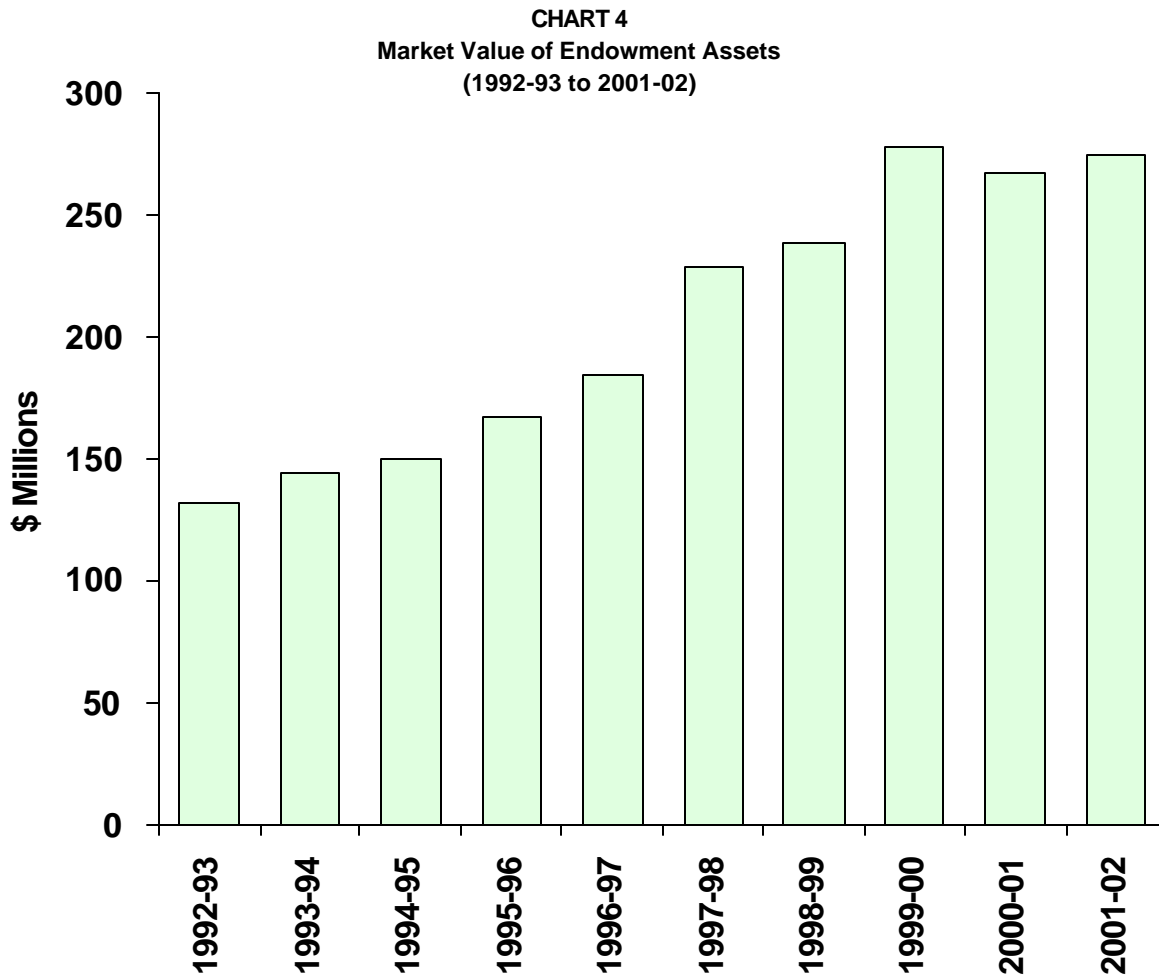
\$ Million	92-93	93-94	94-95	95-96	96-97	97-98*	98-99**	99-00**	00-01	01-02
Gross Revenue	144.8	147.7	146.5	151.0	147.8	176.2	186.9	193.3	198.4	206.9
Gross Expense	<u>144.1</u>	<u>146.1</u>	<u>145.7</u>	<u>150.0</u>	<u>147.7</u>	<u>176.0</u>	<u>185.3</u>	<u>190.7</u>	<u>198.4</u>	<u>206.9</u>
Annual Surplus	0.7	1.6	0.8	1.0	0.1	0.2	1.6	2.6	0	0

* Commencing in 1997-98 the operating revenue and expense includes the combined budgets of Dalhousie and the former Technical University of Nova Scotia

** Surplus includes \$2.6 million (1.4 million in 1999) in pension surplus recoveries used for debt retirement.

ENDOWMENT

The market value of Dalhousie's endowment rose by \$8.6 million to \$275 million at March 31, 2002. New gifts and contributions of \$4.7 million plus capital growth accounted for the increase. Dalhousie's endowment continues to rank 6th largest among Canadian universities.



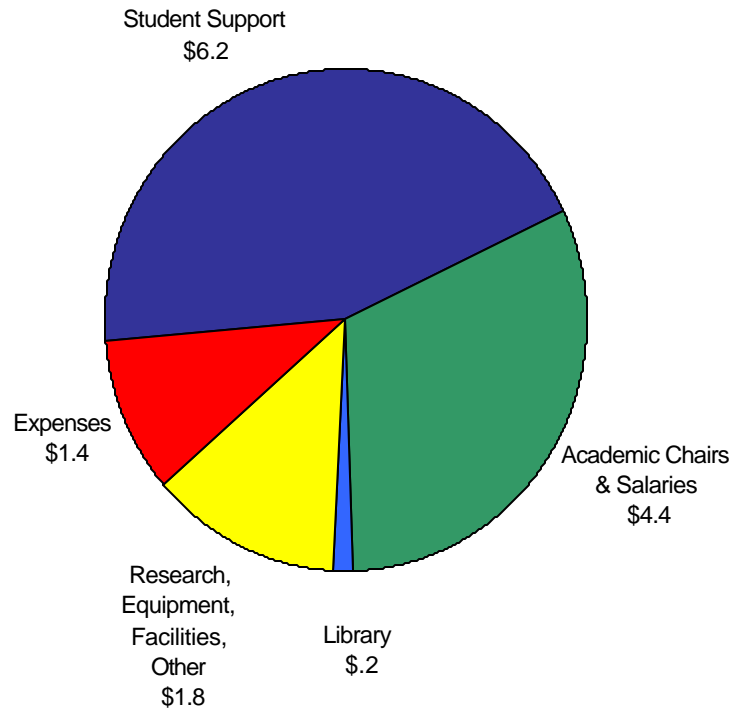
Note: Commencing in 1997-98 former Technical University of Nova Scotia funds are included in the market value figure.

The Board of Governors has an approved 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 while achieving stability in year-to-year spending; and
- to attain real increases in spending through capital appreciation from new gifts, capital investment gains, and the capitalization of income.

The Dalhousie endowment continues to grow in value from a financial perspective, as well as importance to the programs and expenditures supported annually. Chart 5 reports on the total spending of \$14 million in 2001-02. The University-held endowments provided \$12.9 million in spending support with the balance of \$1.1 million received from externally held estates and endowments of which Dalhousie is a beneficiary.

CHART 5
2001-02 Endowment Expenditures
(\$ Millions)

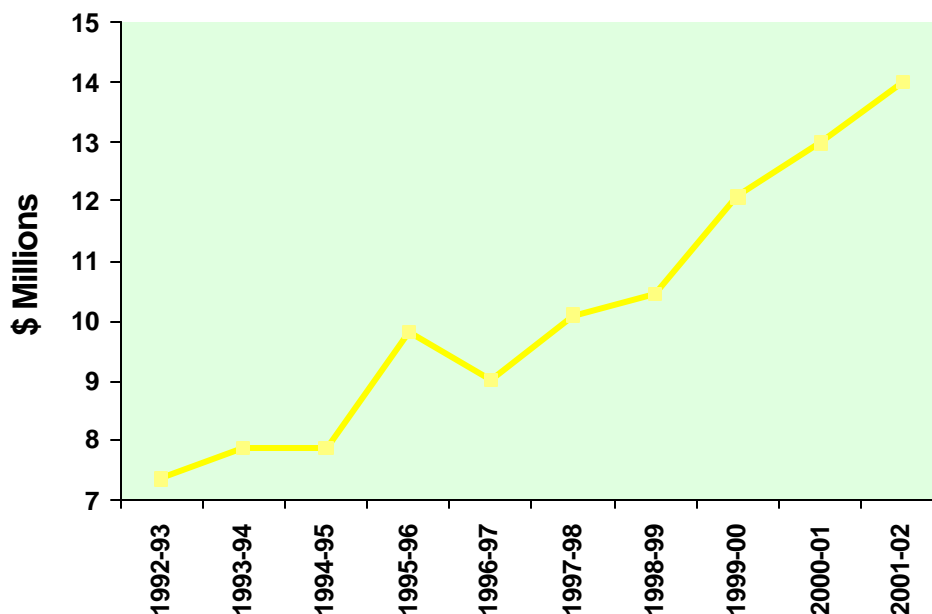


Total \$14.0 million
(2001 \$13.0 million)

Note: Actual expenditures in any year will vary somewhat from the amount available for spending per the 5% rule, due to factors such as the receipt of funds from externally-held estates and endowments, use of unspent income balances of prior years, decisions to accumulate several years' income to fund a major purchase, etc.

Endowment spending levels are set at 5% of a trailing 36-month average market value of our funds. This approach has the effect of smoothing out shorter term fluctuations in markets. The continued growth in the value of the endowment has provided earnings necessary to support steadily increasing expenditures. This is extremely important at a time when operating grants from government have declined in both nominal and real (i.e. after measuring the effects of inflation) terms.

CHART 6
Endowment Expenditures
1992-93 to 2001-02



Note: Commencing in 1997-98 the former Technical University of Nova Scotia is included with expenditure figures. 1995-96 includes \$1.2 million in expenditure of endowment principal for a capital project as specified by the terms and conditions of the gift.

The table below provides a summary of the market value and one-through-four year annualized performance for each of the Endowment, Pension Trust Fund and Retirees' Trust Fund.

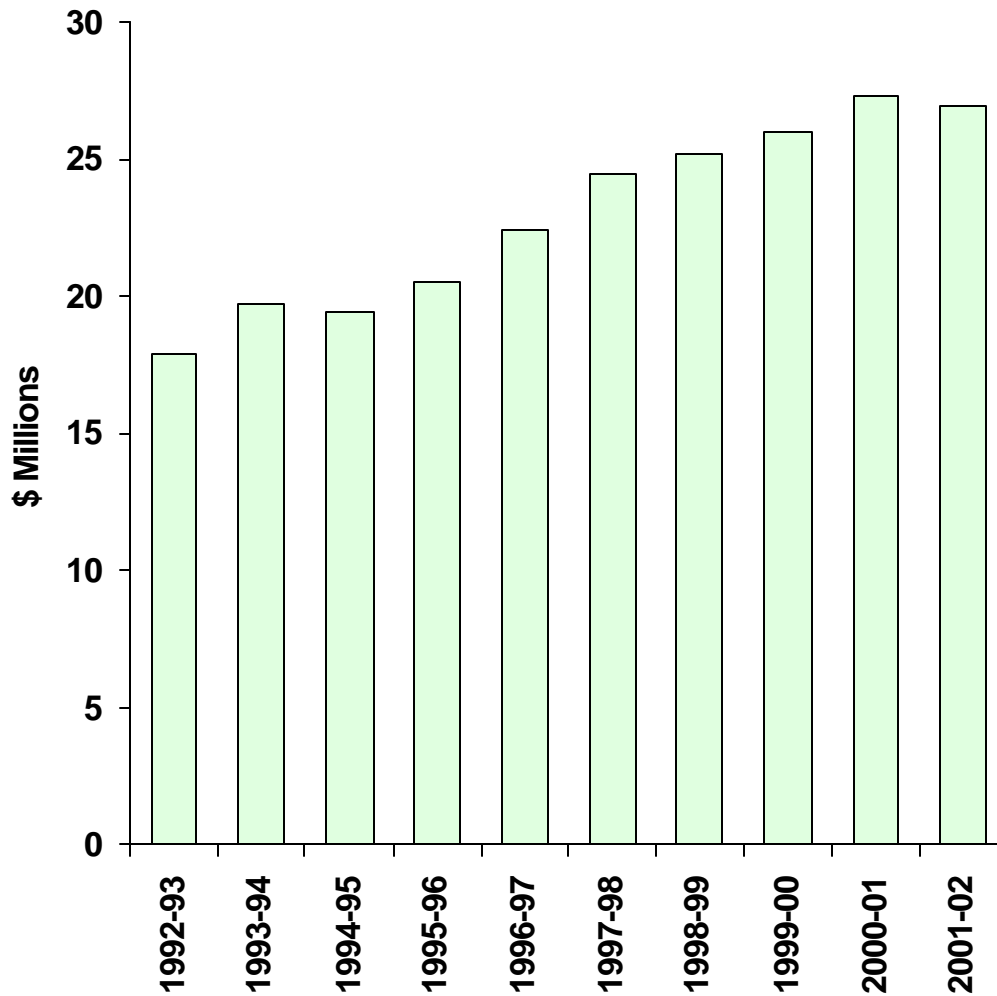
FUND	Market Value	Performance (%)			
	(\$million)	Annualized Returns			
		1 year	2 years	3 years	4 years
Endowment	275	6.9	2.3	7.2	7.1
Pension Trust Fund	365	7.0	1.8	7.4	6.8
Retirees' Trust Fund	165	7.3	2.7	9.0	8.2
	<u>805</u>				

The portfolio asset mix of each of the funds has been set to meet the specific longer-term investment risk and return objectives and liability profiles of each of the funds. The Investment Committee and the Trustees of the pension funds monitor these objectives as well as performance of the funds relative to similar funds of other organizations.

ANCILLARY ENTERPRISES

The ancillary enterprises include the Bookstore, Housing and Conference Services, Dalplex and Arena, the Arts Centre (Rebecca Cohn Auditorium), Food Services and the Personal Computer Purchase Centre. Chart 7 shows the growth in ancillary revenues since 1992. The ancillary operations report all direct revenues and expenditures and as group require no subsidy from the University's operating budget. These ancillary operations not only serve our own students and University community but also offer valuable community services. A change in the University's food service arrangement during the year resulted in a decline in the amount of revenue now reported by the University directly. Partially offsetting this decline were increases in the student residence operations as a result of the addition of new spaces, larger audiences in the Rebecca Cohn Auditorium and increased bookstore sales.

CHART 7
Ancillary Revenues
1992-93 to 2001-02



SECTION B

Report on the 2001-02

Budget vs Actual Operating Results

2001-02 FISCAL YEAR

OPERATING BUDGET VERSUS ACTUAL RESULTS

2001-02 APPROVED OPERATING BUDGET

On the recommendation of the Operations Committee the 2001-02 operating budget for the University was approved by the Board of Governors at its June 26, 2001 meeting. The balanced budget included net revenues and expenditures of \$171,266,000 respectively and marked the fourteenth consecutive year of balanced budgets at Dalhousie. The attached schedule reports on the budget versus actual results of the year ended March 31, 2002 and shows the approved budget, the final budget, the actual revenue and expenditure and variance between the final budget and the actual results of the year.

THE FINAL BUDGET

The final budget column includes the distribution of the provision for compensation adjustments for each of the units in the Responsibility Centre Expenditure category.

Included in the provision for compensation line in the final budget column is the one-time March salary savings resulting from the labour dispute with the Faculty Association. Consequently, Faculty budgets have been reduced by these amounts. The government grant line and the Faculty of Architecture line have been increased to reflect the transfer of funding to Dalhousie from NSCAD during the year for students in the environmental design and environmental planning programs.

ACTUAL RESULTS

During the year revenues and expenditures varied somewhat from the budget and explanations for the major variances are as follows:

1. Investment Income - Operating and Endowment

The negative variance totalling \$553,000 on these two lines results from a decline in interest rates earned on short-term investments during the year, and from reduced investment income on externally held endowments.

2. Tuition Fees

The \$3.2 million positive variance on this line is the result of significant enrolment growth in 2001-02 over the preceding year. In accordance with the long standing University policy to allocate increased tuition to Faculties, this favourable variance will result in base budget increases in 2002-03 to Faculties which have experienced enrolment growth in 2001-02. The formula to accomplish the base budget allocations is known as Enrolment Related Budget Allocations or ERBA.

3. Equipment and Alterations

This variance reflects expenditures to furnish and equip various general use and common areas in the Marion McCain Arts and Social Sciences building.

4. Tuition Credits/Student Assistance

As a result of the labour disruption at the University during March of this year, students were granted an opportunity to withdraw from classes without academic or financial penalty. The foregone revenue for these withdrawals totalled \$1,385,000 of which \$981,000 related to the 2001-02 fiscal year. The balance of \$404,000 will be reflected in the 2002-03 budget.

5. Energy, Water, Taxes and Insurance

Over the last several years, fuel oil prices have fluctuated quite widely. For fiscal 2001-02 the average price was down by 11% compared to 2000-01. The decline in price combined with decreased consumption resulted in savings of \$497,000. In addition, there were minor negative variances in each of water, taxes and insurance resulting in an over expenditure of \$85,000 on this line.

6. Contingency

In the Spring of 2001, uncertainty about enrolment levels for the coming fall term resulted in an increase of \$115,000 on this budget line. Actual expenditures on contingency items have been held to \$405,000 resulting in a favourable variance of \$110,000.

7. Responsibility Centre Expenditures

- a) Academic - In accordance with University policy, any budget savings/overruns in academic budgets are carried forward and, hence, no variances are reported in any of the Faculties and major academic units. There are, however, two variances identified in the academic responsibility centre category. An unfavourable variance of \$125,000 results from commitments for University web-site development and marketing initiatives to support enrolment management. The second item relates to the annual transfer for teaching services from King's that in 2001-02 resulted in a favourable variance of \$18,000.
- b) Academic Support - Instructional Development and Technology, and University Computing showed modest negative variances that will be paid back over the next two years.
- c) Administration - A number of units in the Administration category had unfavourable variances offset by prior years' savings carried forward. External Relations and the Registrar's office were allowed to carryforward unspent budget for specific purposes at

31 March 2002 while the remaining positive variances in other units helped offset negative variances elsewhere in the University's operating budget. The application fee line was \$129,000 better than budget due to a higher number of student applications processed during the year.

- d) General - As reported earlier in the year, this line reflects an unfavourable variance of \$300,000 as a result of legal costs and bad debts expense. Increased expenditures related to collective bargaining are also reflected on this line.

8. Ancillary Expenditures

As was reported at mid year this budget line reflects one time costs incurred in the summer of 2001 to ready Gerard Hall as a residence facility. The extra residence spaces provided through Gerard Hall were important for recruiting students who would not have attended Dalhousie in the absence of residence accommodations.

9. Total Surplus for the Year

As reported to the Board, the University's operating budget for 2001-02 produced a favourable variance of just over one million dollars. These funds have been appropriated for use in 2002-03.

DALHOUSIE UNIVERSITY
2001-02 OPERATING BUDGET RESULTS
(\$ 000's omitted)

	Approved Budget	Final Budget	Actual	Variance Fav. (U/Infav)
REVENUE				
Government Grants				
Basic	95,865	95,998 (1)	95,998	-
Facilities/Space	1,000	1,000	1,000	-
Targeted	50	50	50	-
Equipment & Alterations	3,794	3,794	3,794	-
	100,709	100,842	100,842	-
Investment				
Endowment	14,153	14,153	13,990	(163)
Operating (net of bank & finance charges)	2,170	2,170	1,780	(390)
Tuition Fees	53,881	53,881	57,067	3,186
Facilities Renewal Fee	353	353	339	(14)
TOTAL REVENUE	171,266	171,399	174,018	2,619
GENERAL OPERATING EXPENDITURES				
Equipment & Alterations	3,794	3,794	4,058	(264)
Scholarships, Bursaries and Student Assistance	6,059	6,059	6,059	-
Tuition Credits/Student Assistance due to labour disruption	-	-	981 (2)	(981)
Energy (net of recoveries)	5,812	5,812	5,315	497
Facilities Renewal	700	700	700	-
Water, Taxes & Insurance (net of recoveries)	1,522	1,522	1,607	(85)
Facilities Space	1,000	1,000	1,000	-
Contingency	515	515	405	110
TOTAL GENERAL OPERATING EXPENDITURES	19,402	19,402	20,125	(723)
RESPONSIBILITY CENTRE EXPENDITURES				
Academic	107,177	109,400	109,507	(107)
Academic Support	5,931	6,153	6,153	-
Administration	10,502	11,193	11,033	160
General	1,012	1,010	1,359	(349)
Facilities Management	9,653	9,874	9,913	(39)
Student Services	1,961	2,118	2,118	-
Endowment Expenditures (not included in Faculty/Unit budgets)	9,489	9,489	9,431	58
Provision for Compensation/Special Adjustments	6,139	2,760	2,892 (3)	(132)
TOTAL RESPONSIBILITY CENTRE EXPENDITURES	151,864	151,997	152,406	(409)
TOTAL OPERATING EXPENDITURES	171,266	171,399	172,531	(1,132)
NET ANCILLARY EXPENDITURES	-	-	450 (4)	(450)
TOTAL EXPENDITURES	171,266	171,399	172,981	(1,582)
TOTAL SURPLUS FOR THE YEAR	-	-	1,037 (5)	1,037

(1) Government grant budget has been restated to reflect the transfer of budget funding from NSCAD to Dalhousie (re: Faculty of Architecture) during the year.

(2) This line reflects extraordinary tuition credits and expenditures following the labour disruption.

(3) The actual amount on this line is an appropriation for salary and other commitments related to the labour disruption.

(4) Housing costs incurred to support unexpected enrolment demand.

(5) The 2001-02 surplus has been appropriated to balance the 2002-03 operating budget.

DALHOUSIE UNIVERSITY
2001-02 OPERATING BUDGET RESULTS - DETAIL
(\$000'S omitted)

	Approved Budget	Final Budget (2) (3)	Actual (1)	Variance Fav. (Unfav)	Transfer to(from) Appropriations
ACADEMIC					
Architecture	2,182	2,399	2,399	-	(76)
Arts and Social Sciences	10,929	10,976	10,976	-	(532)
Computer Science	3,840	3,878	3,878	-	235
Dentistry	6,722	6,973	6,973	-	(79)
Engineering	10,086	10,095	10,095	-	(795)
Graduate Studies	816	913	913	-	68
Health Professions	11,262	11,324	11,324	-	141
Law	4,496	4,537	4,537	-	25
Management	5,497	5,625	5,625	-	(58)
Medicine	23,918	24,550	24,550	-	(92)
Science	18,239	18,412	18,412	-	(32)
University Library	8,617	8,714	8,714	-	(17)
Centres, Institutes & Special Projects	1,214	1,129	1,254	(125)	(107)
Continuing Technical Education	(29)	(29)	(29)	-	253
Technical Co-op Education & Career Services	399	357	357	-	17
Faculty Related Costs (Travel, Sabbatical Leave Grants, Anomolies etc.)	656	1,204	1,204 (4)	-	8
Henson College	372	382	382	-	73
Kings' Transfer	(2,039)	(2,039)	(2,057)	18	-
TOTAL ACADEMIC	107,177	109,400	109,507	(107)	(968)
ACADEMIC SUPPORT					
Art Gallery	66	69	69	-	(15)
Instructional Development & Technology	844	822	822	-	(1)
Printing Centre	(154)	(154)	(154)	-	4
University Computing & Information Services	5,175	5,416	5,416	-	(37)
TOTAL ACADEMIC SUPPORT	5,931	6,153	6,153	-	(49)
ADMINISTRATION					
External Relations	2,232	2,324	2,324	-	36
Financial Services	2,457	2,584	2,584	-	(3)
Health and Safety Office	236	244	244	-	(14)
Institutional Affairs	226	249	249	-	-
Inter-University Services	38	42	42	-	-
Personnel Services	1,505	1,625	1,625	-	8
President's Office	1,349	1,462	1,450	12	-
Public Relations	548	577	564	13	-
Registrar & Admissions	1,973	2,108	2,108	-	45
Research Services	408	441	441	-	-
Senate Office	127	132	132	-	(6)
Secretary -The Board of Governors	78	80	74	6	-
Application Fees and Services Recovery	(675)	(675)	(804)	129	-
TOTAL ADMINISTRATION	10,502	11,193	11,033	160	66

- (1) The actual column includes transfers to (from) appropriations in accordance with University policy.
- (2) The restated budget includes a distribution of scale, step/progression salary adjustments for all groups, (except the NSGEU where a provision has been made for salary increases), net of the savings related to the faculty labour disruption in March.
- (3) The restated budget includes the following adjustments: base budget increase to Architecture for the transfer of programs from NSCAD; a reallocation of resources from Career Services to Architecture for the transfer of staff and changes in responsibilities; base budget transfers from Special Projects to Registrars Office and Institutional Affairs to support Enrolment Management; and from LPI (which is included on the Centres and Institutes line) to Student Services to consolidate resources for International Student Services.
- (4) Faculty Related Costs includes 2001-02 compensation adjustments for which the distribution among Faculties will not be known until 2002-03.

DALHOUSIE UNIVERSITY
2001-02 OPERATING BUDGET RESULTS - DETAIL
(\$000'S omitted)

	Approved Budget	Final Budget	Actual (1)	Variance Fav (U/fav)	Transfer to(from) Appropriations
GENERAL	1,012	1,010	1,359	(349)	-
FACILITIES MANAGEMENT	9,653	9,874	9,913	(39)	-
STUDENT SERVICES					
Awards Office	207	221	221	-	-
Counselling	427	438	438	-	-
General Student Services	569	683 (2)	683	-	-
Office of the Vice-President	301	308	308	-	(22)
Student Health	76	76	76	-	-
Varsity, Intramurals & Clubs	381	392	392	-	78
TOTAL STUDENT SERVICES	1,961	2,118	2,118	-	56
ENDOWMENT EXPENDITURES					
Academic Salaries/Chairs	1,541	1,541	1,595	(54)	-
Library	86	86	48	38	-
Scholarships & Bursaries	4,639	4,639	4,694	(55)	-
Research, Equipment and Other	1,875	1,875	1,711	164	-
Endowment Management Expense	1,348	1,348	1,383	(35)	-
TOTAL ENDOWMENT EXPENDITURES	9,489	9,489	9,431	58	-
ANCILLARIES					
Dalhousie Arts Centre	324	324	324	-	-
Dalplex and Arena	181	181	181	-	34
Food Services	-	-	-	-	(66)
Personal Computer Purchase Centre	-	-	-	-	-
University Bookstore	(133)	(133)	(133)	-	(17)
University Housing	(372)	(372)	(372)	-	123
Gerard Hall	-	-	450	(450)	-
TOTAL ANCILLARIES	-	-	450	(450)	74

(1) The actual column includes transfers to (from) appropriations in accordance with the University Policy.

(2) The restated budget includes a base budget reallocation from LPI to Student Services to consolidate resources for International Student Services

SECTION C

2001-02

Audited Financial Statements

Dalhousie University

**Management Notes on the Audited
Financial Statements**

March 31, 2002

MANAGEMENT NOTES ON THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

The audited financial statements of Dalhousie University are presented in this section of the Annual Financial Report for the year ended March 31, 2002. These financial statements have been audited and reported on by the firm of KPMG. These notes provide an overview of the results, contents of the financial statements and expectation of major changes.

Overview

- The University achieved a balanced operating result for 2001-02. This makes the fourteenth consecutive year that the University has achieved a balance or surplus from regular operations.
- Total revenues were \$319.1 million from all fund sources including operating, ancillary, research, endowment, special purpose and capital.
- Total University assets increased year-over-year by \$18.1 million.

Financial Statements Contents

The Auditor's Report representing the standard unqualified audit opinion pertaining to the 2001-02 financial statements of the University. (page 19)

The Notes to the Financial Statements are designed to give the reader information on the accounting practices and policies used by the University and to indicate any changes in those practices from the previous fiscal period. The notes also provide more detailed information on balance sheet items and other financial matters which may not be included in, or be obvious from a reading of the financial statements. (pages 20 to 26)

The Balance Sheet shows the assets, liabilities, and net assets (equity) of the University as at March 31, 2002. (page 27)

The Statement of Revenue, Expense, and Change in Operating Surplus records the revenue and matching expense of all funds of the University for the year. (page 28)

The 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 29)

The Statement of Cash Flows discloses the sources and uses of cash by the University for the year. (page 30)

Supplementary Schedule 1 (page 31) provides additional detail on a fund basis of University revenues and expenses.

Supplementary Schedules 2 and 3 (pages 32 and 33) provide a more detailed breakdown of the Operating and Ancillary Funds and Schedule 4 (page 34) provides comparative data for the Endowment, Special Purpose and Research columns on Schedule 1.

Funds

The University follows a fund accounting approach which aggregates the financial aspects of similar activities. The following funds are maintained by the University:

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

Ancillary - an unrestricted fund that separately accounts for all sales producing operations that are supplementary to the University's primary operating activities. These operations include Housing and Conference Services, the Arts Centre (Rebecca Cohn Auditorium), Dalplex and Arena, Food Services and the Personal Computer Purchase Centre. These operations normally 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.

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

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.

Comments

Balance Sheet (page 27)

Total assets of the University increased by \$18.1 million for the year ended March 31, 2002. The change results from a \$9.3 million increase in capital assets relating to the extension of the Howe Hall residence and completion of the Marion McCain Arts & Social Sciences building together with increases of \$8.9 million in cash position and \$3.5 million in endowment investment.

Liabilities increased by \$6 million due to accrued salary and fringe benefit amounts to be paid out in 2002-03 and an increase in deferred revenue relating to restricted revenue received in the year for which expenditures will occur in a subsequent year.

Statement of Revenue and Expense (page 28)

The \$20 million increase in revenue resulted mainly from increased research through grants and contracts from government, corporations and foundations, and tuition revenue relating to increased rates and enrolments. Gift revenue declined as a result of the winding down of the Capital Ideas Campaign and ancillary sales and services revenue was lower than the previous year because of a change in the structure of the food services management arrangement.

As indicated in the statement there is no surplus or deficit for the year just ended as the excess of operating revenue over expense of \$1 million was appropriated for use in balancing the 2002-03 budget.

Statement of Cash Flows (page 30)

A major change occurred in the 2001 fiscal year which affected the Change in Current Liabilities and 'Capitalization of Deferred Revenue' lines. In 2001 an amount of \$15.3 million in deferred endowment income beyond the amount required for stabilization reserve purposes had been transferred to capitalized endowment principal. No similar adjustment was required in 2001-02.

Supplementary Schedules (pages 31 to34)

Comparative figures are presented on a year-over-year basis for each of the funds described on page 17. An amount of \$1 million has been restated for 2001 relating to salary and benefits of research chairs previously showing in the operating fund column. In addition to academic salaries in the operating fund, there are academic salaries and chairs funded by research sponsors and endowments of \$2.6 and \$1.6 million respectively for the 2002 year.

Auditor's Report



KPMG

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AUDITOR'S REPORT

To the Board of Governors of
Dalhousie University

We have audited the balance sheet of Dalhousie University as at March 31, 2002 and the statements of revenue, expense and change in operating deficit, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2002 and the results of its operating and its cash flows for the year ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 to 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has not been subjected to the auditing procedures applied in the examination of the basic financial statements, and accordingly we express no opinion on it.

KPMG LLP
Chartered Accountants

Halifax, Canada

May 31, 2002



KPMGp, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

Dalhousie University

**Notes to
Financial Statements**

March 31, 2002

1. Authority and Purpose:

Dalhousie 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 generally accepted accounting principles.

a) 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.

Revenues received without restriction 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.

b) 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.

c) Cash and Cash Equivalents:

Cash and cash equivalents include amounts on deposit with financial institutions and investments with original maturities of less than one year.

d) Temporary Investments:

Temporary investments include bonds with original terms to maturity in excess of one year and are carried at the lower of cost and market.

e) Inventories:

Inventories are valued at the lower of cost and net realizable value.

f) Investments:

Segregated investments are carried at cost.

Investments in pooled funds are carried at book value representing cost plus any capital gains or losses realized within the pool but not remitted to the University. These capital gains or losses as well as those realized upon redemption of units in the pool, being the difference between the redemption price and the book value, are recorded as realized.

DALHOUSIE UNIVERSITYNotes to Financial Statements *(Continued)*

Year ended March 31, 2002

(In Thousands of Dollars)

g) 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 life:

Buildings	40 years
Furniture and Equipment	3 to 10 years
Vehicles	5 years
Library Books	10 years
Computing	3 years
Land Improvements	20 years

h) Pension Plan:

The University charges the annual funding instalments to expense in each year.

i) 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.

3. Investments:

	2002		2001	
	Market Value	Cost	Market Value	Cost
Treasury Bills & Notes	\$ 2,973	2,973	8,409	8,409
Bonds	95,919	95,549	99,767	96,749
Canadian Equities	62,252	53,565	57,199	51,191
US Equities	56,443	51,525	49,014	46,309
Non-North American Equities	58,170	50,658	53,447	48,062
	\$ 275,757	254,270	267,836	250,720

DALHOUSIE UNIVERSITYNotes to Financial Statements (*Continued*)

Year ended March 31, 2002

*(In Thousands of Dollars)***4. Capital Assets:**

	2002			2001		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,869	--	1,869	1,944	--	1,944
Buildings	250,261	120,445	129,816	240,703	114,634	136,069
Furniture & Equipment	45,611	26,185	19,426	35,304	21,605	13,699
Vehicles	156	85	71	113	62	51
Library Books	12,138	5,276	6,862	11,105	4,376	6,729
Computing	4,194	3,578	616	3,589	2,964	625
Land Improvements	5,474	2,698	2,776	5,474	2,424	3,050
	\$319,703	158,267	161,436	298,232	146,065	152,167

5. Deferred Revenue:

Deferred revenue includes unspent grants, contributions, donations, payments or income received for which the contributor has specified a particular use. Since these amounts are designated to fund certain expenditures, they are deferred and reported as revenue when the related expenses occur.

	2002					2001
	Operating	Endowed	Special Purpose	Sponsored Research	Total	Total
Balance, Beginning of Year	\$9,564	15,853	7,806	33,061	66,284	75,117
Income Received	10,761	14,657	10,638	60,475	96,531	90,614
Capitalized to Principal	--	--	--	--	--	(15,325)
Recognized as Revenue in the Current Year	(9,564)	(13,990)	(11,387)	(57,663)	(92,604)	(84,122)
Balance, End of Year	\$10,761	16,520	7,057	35,873	70,211	66,284

In accordance with the University's Endowment Management Policy, the University has set aside as deferred revenue an income stabilization reserve to be used to maintain level spending in those years when endowment spending allocations are less than a previous year.

DALHOUSIE UNIVERSITYNotes to Financial Statements (*Continued*)

Year ended March 31, 2002

*(In Thousands of Dollars)***6. 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 statement of revenue, expense, and changes in operating surplus.

	2002	2001
Balance, Beginning of Year	\$ 71,061	65,900
Contributions Received	5,938	8,334
Amortization of Contributions	(6,063)	(3,173)
Balance, End of Year	\$ 70,936	71,061

7. Mortgages Payable:

	2002	2001
Shirreff Hall:		
• 5% due October 1, 2013 repayable in quarterly instalments of \$12	\$ 413	438
• 5 7/8% due October 1, 2018 repayable in quarterly instalments of \$20	845	875
Howe Hall:		
• 5 1/8% due July 1, 2014 repayable in quarterly instalments of \$9	337	361
• 5 7/8% due April 1, 2018 repayable in quarterly instalments of \$15	623	646
Peter Green Hall:		
• 5 7/8% due December 1, 2017 repayable in monthly instalments of \$7	857	887
Fenwick Place:		
• 7 1/2% due July 1, 2022 repayable in semi-annual instalments of \$190	3,951	4,030
• 7 1/8% due November 1, 2009 repaid in full during the year	--	974
Eliza Ritchie Hall:		
• 9 7/8% due August 1, 2007 repayable in monthly instalments of \$12	625	709
O'Brien Hall:		
• 5 3/4% due March 31, 2018 repayable in semi-annual instalments of \$22	452	468
5247 Morris Street:		
• 5 7/8% due April 1, 2019 repayable in monthly instalments of \$2	243	252
	8,345	9,640
Less: Current Portion	336	400
	\$ 8,009	9,240

All above payments include principal and interest.

The principal due within each of the next five years on mortgages payable is as follows: 2003 - \$336; 2004 - \$358; 2005 - \$382; 2006 - \$409; 2007 - \$436.

DALHOUSIE UNIVERSITYNotes to Financial Statements (*Continued*)

Year ended March 31, 2002

*(In Thousands of Dollars)***8. Net Assets:**

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 must 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.

	Endowed Funds March 31, 2001	New Contributions	Capitalized Income	Endowed Funds March 31, 2002
Externally Restricted	\$238,487	3,853	81	242,421
Internally Restricted	850	807	68	1,725
TOTAL	\$239,337	4,660	149	244,146

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 fundraising activity.

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

9. Commitments and Contingent Liabilities:

The University has a capital project valued at \$7,400 for the construction of an extension to the Howe Hall residence. The portion of the \$7,400 committed but unspent at March 31, 2002 is \$1,290.

The University has provided guarantees to third parties of \$3,069 on borrowings in connection with capital projects.

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, 1998. While the University is subject to risk for insurance losses experienced by CURIE members, no such losses have been incurred to date and CURIE's current reserves exceed actuarially determined requirements. 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 subscribers.

The University has pledged a short-term investment as security for standby letters of credit of \$515 (2001 - \$1,809) with the Royal Bank of Canada in favour of the National Bank of Kuwait relating to a contract between the University and the Ministry of Health, State of Kuwait.

DALHOUSIE UNIVERSITY

Notes to Financial Statements (Continued)

Year ended March 31, 2002

(In Thousands of Dollars)

10. Pension Plan:

For certain employees, the University has a contributory defined benefit pension plan which provides benefits based on best 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 was as of June 30, 2000. Subsequently, the Plan's actuary extrapolated the results of the valuation to June 30, 2001. The actuarial value of net assets which reflect long-term market trends, accrued pension benefits of the plan, and net plan surplus were reported by the University's actuary as follows:

	June 30, 2001			June 30, 2000
	Pension Trust Fund	Retirees' Trust Fund	Total	Total
Market Value of Net Assets Available for Benefits	350,623	159,631	510,254	545,009
Market Value Changes Not Reflected in Actuarial Value of Net Assets	29,915	18,578	48,493	1,225
Actuarial Value of Net Assets Available for Benefits	380,538	178,209	558,747	546,234
Actuarial Accrued Pension Benefits	405,938	137,474	543,412	501,012
Net Plan Surplus (Deficit)	(25,400)	40,735	15,335	45,222

The assets and liabilities of the plan are not included in the financial statements of the University.

	June 30, 2001	June 30, 2000
Employer Contributions During the Year	\$ 4,779	\$ 1,896
Employee Contributions During the Year (including voluntary contributions)	5,049	2,715
Amount of Retirement Benefits Paid	17,032	11,805

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligations are as follows:

	June 30, 2001	June 30, 2000
Discount Rate Range	5-7%	5-7%
Expected Long-Term Rate of Return on Plan Assets	7%	7%
Salary Escalation Rate	5%	5%

11. Financial Instruments:

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

The fair value of the investments is defined as their quoted market value at year end and is disclosed in Note 3.

The carrying value of the mortgages payable approximates fair value.

12. Pledges:

Pledges to the University at March 31, 2002 were \$5,679 (2001 - \$8,871). While these pledges are expected to be honoured over the next several years, they have not been recorded as receivable.

13. Fine Artwork Collections:

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

14. Comparative Figures:

In fiscal 2002, the University determined that certain amounts received in fiscal 2001 and prior were incorrectly recorded as deferred capital contributions. As a result, previously reported revenue and excess of revenue over expense have increased by \$1,000, use of excess of revenue over expenses - committed to capital assets has increased by \$1,000, deferred capital contributions has decreased by \$1,555 and equity in capital assets has increased by \$1,555.

Certain other 2001 figures have been reclassified to conform to the 2002 financial statement presentation.

Dalhousie University

Financial Statements

March 31, 2002

DALHOUSIE UNIVERSITY
BALANCE SHEET
AS AT MARCH 31, 2002
(thousands of dollars)

ASSETS		2002	2001
Current assets			
Cash and Cash Equivalents	\$	50,654	41,720
Temporary Investments		10,436	14,209
Accounts Receivable		19,659	19,958
Inventories		2,695	2,367
Prepaid Expense		384	327
		83,828	78,581
Investments (note 3)		254,270	250,720
Capital assets (note 4)		161,436	152,167
	\$	499,534	481,468
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued liabilities	\$	21,430	17,902
Deferred revenue (note 5)		70,211	66,284
Current portion of mortgages payable		336	400
		91,977	84,586
Deferred capital contributions (note 6)		70,936	71,061
Mortgages payable (note 7)		8,009	9,240
		170,922	164,887
Net Assets (note 8)			
Endowment principal		244,146	239,337
Restricted funds		21,428	19,265
Equity in capital assets		63,038	57,979
		328,612	316,581
	\$	499,534	481,468

Commitments and contingent liabilities (note 9)

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
STATEMENT OF REVENUE, EXPENSE
AND CHANGES IN OPERATING SURPLUS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Total	
	2002	2001
Revenue		
Provincial government operating grants	\$ 100,842	98,673
Other government grants and contracts	40,527	35,749
Corporations and foundations	18,149	12,799
Tuition fees	56,804	52,024
Non-credit and other fees	12,833	11,227
General	7,440	6,778
Gifts	5,858	9,067
Investment income	15,418	15,255
Ancillary sales and service	26,684	26,993
External cost recoveries	28,474	27,090
Amortization of deferred capital contributions	6,063	3,173
Pension surplus recoveries	-	660
Total revenue	<u>319,092</u>	<u>299,488</u>
Expense		
Salaries and employee benefits	187,443	182,257
Library acquisitions	4,164	3,988
Laboratory and teaching supplies	7,546	7,122
Equipment and service	11,736	11,104
Finance costs	1,516	1,398
Utilities and taxes	8,269	8,777
Externally contracted services	25,445	19,351
Scholarships, bursaries and prizes	17,938	15,826
Ancillary cost of sales and service	9,097	11,110
Travel	7,646	8,020
Amortization of capital assets	12,356	10,602
General operating	17,907	18,298
Total expense	<u>311,063</u>	<u>297,853</u>
Excess of revenue over expense	8,029	1,635
Use of excess of revenue over expense		
Committed to equity in capital assets	(5,059)	(1,195)
Committed to restricted funds	(2,970)	(440)
Net change in operating surplus	-	-
Accumulated operating surplus, beginning of year	-	-
Accumulated operating surplus, end of year	<u>\$ -</u>	<u>-</u>

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002				2001
	Endowment Principal	Restricted Funds	Equity in Capital Assets	Total	Total
Net Assets, Beginning of Year	\$ 239,337	19,265	57,979	316,581	289,134
Excess of Revenue over Expense	-	2,970	5,059	8,029	1,635
Gifts of Endowed Principal	3,853	-	-	3,853	5,968
Direct Capitalization of Investment Income	149	-	-	149	4,519
Internally restricted contributions	807	(807)	-	-	-
Capitalization of deferred investment income	-	-	-	-	15,325
Net Change for the Year	4,809	2,163	5,059	12,031	27,447
Net Assets, End of Year (note 8)	\$ 244,146	21,428	63,038	328,612	316,581

DALHOUSIE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002	2001
Cash flow from operating activities:		
Excess of revenue over expense	\$ 8,029	1,635
Items not involving cash:		
Amortization of capital assets	12,356	10,602
Amortization of deferred capital contributions	(6,063)	(3,173)
Adjustments for changes in non-cash current assets	(86)	527
Adjustments for changes in current liabilities	<u>7,455</u>	<u>(11,774)</u>
	<u>21,691</u>	<u>(2,183)</u>
Cash flow from investing activities		
Purchase of capital assets	(21,625)	(20,534)
Net (increase) decrease in investments	(3,550)	(14,211)
Net (increase) decrease in temporary investments	3,773	6,185
Deferred capital contributions received	<u>5,938</u>	<u>8,334</u>
	<u>(15,464)</u>	<u>(20,226)</u>
Cash flow from financing activities		
Endowment gifts	3,853	5,968
Endowment income capitalized	149	4,519
Capitalization of deferred revenue	-	15,325
Principal payments on mortgages payable	<u>(1,295)</u>	<u>(370)</u>
	<u>2,707</u>	<u>25,442</u>
Increase in cash and cash equivalents	8,934	3,033
Cash and cash equivalents, beginning of year	<u>41,720</u>	<u>38,687</u>
Cash and cash equivalents, end of year	<u>\$ <u>50,654</u></u>	<u>41,720</u>

(See accompanying notes to the financial statements)

Dalhousie University

Supplementary Schedules

March 31, 2002

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.

Schedule of Revenue and Expense
Year Ended March 31, 2002 (With Comparatives Figures for 2001)
(in Thousands of Dollars)

	Operating		Ancillary	Capital	Endowment	Special Purpose	Research	Total	
	2002	2001	2002	2002	2002	2002	2002	2002	2001
	(Schedule 2)		(Schedule 3)		(Schedule 4)	(Schedule 4)	(Schedule 4)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Provincial government operating grants	100,842	98,673	-	-	-	-	-	100,842	98,673
Other government grants and contract	1,411	1,185	124	-	-	194	38,798	40,527	35,749
Corporations and foundations	430	928	-	-	-	707	17,012	18,149	12,799
Tuition fees	56,804	52,024	-	-	-	-	-	56,804	52,024
Non-credit and other fees	12,366	10,707	-	-	-	467	-	12,833	11,227
General	1,640	1,612	-	42	-	5,342	416	7,440	6,778
Gifts	1,104	769	-	-	1,063	2,729	962	5,858	9,067
Investment	2,357 *	2,611	-	63	12,927	70	1	15,418 *	15,255
Endowment transfers	4,559	4,272	212	-	(4,999)	155	73	-	-
Ancillary sales and service	-	-	26,684	-	-	-	-	26,684	26,993
External cost recoveries	25,385	24,935	-	975	-	1,903	211	28,474	27,090
Amortization of capital grants	-	-	-	6,063	-	-	-	6,063	3,173
Pension surplus recoveries	-	660	-	-	-	-	-	-	660
Total revenue	206,898	198,376	27,020	7,143	8,991	11,567	57,473	319,092	299,488
Expense									
Salaries									
Academic	83,017 **	82,362	-	-	1,143	611	3,280	88,051 **	87,071
Library	2,613 **	2,642	-	-	-	-	-	2,613 **	2,642
Plant maintenance	8,235	8,344	294	-	-	-	-	8,529	8,615
Administrative and support	44,243	42,203	3,652	-	199	3,702	16,403	68,199	64,846
Benefit costs	17,578	16,854	445	-	111	424	1,493	20,051	19,083
Total salaries and benefits	155,686	152,405	4,391	-	1,453	4,737	21,176	187,443	182,257
Library acquisitions	3,443	3,661	-	-	49	184	488	4,164	3,988
Laboratory and teaching supplies	2,782	2,830	-	-	14	364	4,386	7,546	7,122
Equipment and service	6,074	6,598	813	-	86	773	3,990	11,736	11,104
Finance costs	657 *	484	846	-	-	-	13	1,516 *	1,398
Utilities and taxes	7,034	7,427	1,235	-	-	-	-	8,269	8,777
Externally contracted services	11,103	10,281	4,143	-	1,198	1,726	7,275	25,445	19,351
Scholarships, bursaries and prizes	5,240	4,873	-	-	4,705	657	7,336	17,938	15,826
Ancillary cost of sales and service	-	-	9,097	-	-	-	-	9,097	11,110
Travel	3,295	3,281	32	-	115	551	3,653	7,646	8,020
Amortization of capital assets	-	-	-	12,356	-	-	-	12,356	10,602
General operating	10,141	9,244	1,283	-	353	2,178	3,952	17,907	18,298
Internal / interfund transfers	(1,476)	(2,429)	5,107	(10,272)	1,018	989	4,634	-	-
Total expense	203,979	198,655	26,947	2,084	8,991	12,159	56,903	311,063	297,853
Change in year before appropriations	2,919	(279)	73	5,059	-	(592)	570	8,029	1,635
Change in net assets	(2,919)	279	(73)	(5,059)	-	592	(570)	(8,029)	(1,635)
Surplus (deficit) for the year*	-	-	-	-	-	-	-	-	-

* For the year ended March 31, 2002 bank charges and credit card charges on student tuition fee payments are reported in the finance cost line. In previous years these amounts were netted against investment revenue. The comparative figures for 2001 have been restated.

** As a result of a recent labour disruption affecting the academic and professional librarian staff the corresponding expenses are lower by \$3.2 million relating to a period of service withdrawal by members of the bargaining unit.

Schedule 1
(Prepared without audit)

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense - Operating
Year Ended March 31, 2002 (With Comparative Figures for 2001)
(In Thousands of Dollars)

	Academic		Academic Support		Administration and General		Facilities Management		Student Services
	2002	2001	2002	2001	2002	2001	2002	2001	2002
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-
Other government grants and contract	1,398	826	-	-	-	-	-	-	13
Corporations and foundations	430	928	-	-	-	-	-	-	-
Tuition fees	3,111	2,902	-	-	-	-	-	-	-
Non-credit and other fees	6,581	6,563	281	111	1,519	1,125	339	-	1,252
General	-	-	13	44	332	464	636	534	659
Gifts	615	523	29	39	10	7	-	-	450
Investment	-	-	-	-	-	-	-	-	-
Endowment transfers	-	-	-	-	-	-	-	-	-
Ancillary sales and service	-	-	-	-	-	-	-	-	-
External cost recoveries	23,311	22,892	746	877	543	361	705	731	80
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-
Pension surplus recoveries	-	-	-	-	-	-	-	-	-
Total revenue	35,446	34,634	1,069	1,071	2,404	1,957	1,680	1,265	2,454
Expense									
Salaries									
Academic	82,415 **	81,712	-	-	24	24	-	-	578 **
Library	2,613 **	2,642	-	-	-	-	-	-	-
Plant maintenance	74	76	-	-	-	-	8,161	8,268	-
Administrative and support	24,807	23,617	5,656	5,407	9,884	9,426	1,976	2,043	1,920
Benefit costs	13,343	12,842	766	727	1,440	1,274	1,705	1,733	324
Total salaries and benefits	123,252	120,889	6,422	6,134	11,348	10,724	11,842	12,044	2,822
Library acquisitions	3,414	3,629	4	4	23	19	-	-	2
Laboratory and teaching supplies	2,782	2,830	-	-	-	-	-	-	-
Equipment and service	2,139	2,822	2,488	2,493	189	271	1,042	816	216
Finance costs	40	38	6	6	19	17	15	15	-
Utilities and taxes	40	44	-	-	-	-	6,994	7,383	-
Externally contracted services	5,274	5,228	121	182	818	1,175	4,575	3,478	315
Scholarships, bursaries and prizes	530	611	-	2	-	-	-	-	4,710
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-
Travel	2,536	2,565	72	82	267	253	49	20	371
General operating	4,890	4,918	299	241	2,144	2,176	2,335	1,295	335
Internal / interfund transfers	3,332	3,076	(1,565)	(1,414)	37	(490)	(4,574)	(5,381)	544
Total expense	148,229	146,650	7,847	7,730	14,845	14,145	22,278	19,670	9,315
Change in year before appropriations	(112,783)	(112,016)	(6,778)	(6,659)	(12,441)	(12,188)	(20,598)	(18,405)	(6,861)
Change in appropriations	1,271	238	16	(10)	(121)	(13)	(155)	(9)	(94)
Net increase (decrease) in expenditures to be funded from future revenue (note 8)	125	276	-	-	(35)	-	-	-	-
Surplus (deficit) for the year*	(111,387)	(111,502)	(6,762)	(6,669)	(12,597)	(12,201)	(20,753)	(18,414)	(6,955)

* For the year ended March 31, 2002 bank charges and credit card charges on student tuition fee payments are reported in the finance cost line. In previous years these amounts were netted against investment revenue. The comparative figures for 2001 have been restated.

** As a result of a recent labour disruption affecting the academic and professional librarian staff the corresponding expenses are lower by \$3.2 million relating to a period of service withdrawal by members of the bargaining unit.

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense - Ancillary
Year Ended March 31, 2002 (With Comparatives Figures for 2001)
(in Thousands of Dollars)

	Arts Centre		Housing and Conference Services		Bookstore		Dalplex & Arena		Personal Computing Purchase Centre	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-
Other government grants and contract Corporations and foundations	124	128	-	-	-	-	-	-	-	-
Tuition fees	-	-	-	-	-	-	-	-	-	-
Non-credit and other fees	-	-	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-	-
Gifts	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-
Endowment transfers	-	-	212	193	-	-	-	-	-	-
Ancillary sales and service	2,112	1,737	9,195	7,982	6,610	6,292	2,079	2,071	1,893	1,656
External cost recoveries	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-
Total revenue	2,236	1,865	9,407	8,175	6,610	6,292	2,079	2,071	1,893	1,656
Expense										
Salaries										
Academic	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	294	271	-	-	-	-	-	-
Administrative and support	402	394	1,454	1,266	477	511	1,068	1,070	234	251
Benefit costs	43	41	199	197	60	65	106	103	36	33
Total salaries and benefits	445	435	1,947	1,734	537	576	1,174	1,173	270	284
Library acquisitions	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-
Equipment and service	64	23	292	203	237	39	106	108	10	2
Finance costs	30	23	611	632	116	134	25	30	19	15
Utilities and taxes	56	61	999	1,101	7	7	173	181	-	-
Externally contracted services	29	32	681	211	18	20	73	69	34	31
Scholarships, bursaries and prizes	-	-	-	-	-	-	-	-	-	-
Ancillary cost of sales and service	1,545	1,265	-	-	5,141	4,798	176	141	1,468	1,261
Travel	1	1	24	23	5	1	1	3	-	2
General operating	83	70	550	617	254	209	188	188	44	22
Internal / interfund transfers	(17)	(45)	4,180	3,823	312	402	129	147	48	39
Total expense	2,236	1,865	9,284	8,344	6,627	6,186	2,045	2,040	1,893	1,656
Change in year before appropriations	-	-	123	(169)	(17)	106	34	31	-	-
Change in appropriations	-	-	(123)	169	17	(106)	(34)	(31)	-	-
Surplus (deficit) for the year	-	-	-	-	-	-	-	-	-	-

* The reduction in Food Service revenue and expenses relates to a change in the contractual arrangement with the provider.

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense for Restricted Funds
Year Ended March 31, 2002 (With Comparatives Figures for 2001)
(in Thousands of Dollars)

	Endowment		Special Purpose		Research	
	2002	2001	2002	2001	2002	2001
Revenue	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-
Other government grants and contract Corporations and foundations	-	-	194	276	38,798	34,160
Tuition fees	-	-	707	407	17,012	11,464
Non-credit and other fees	-	-	-	-	-	-
General	-	-	467	520	-	-
Gifts	-	-	5,342	4,231	416	703
Investment	1,063	776	2,729	6,356	962	1,166
Endowment transfers	12,927	12,199	70	357	1	88
Ancillary sales and service	(4,999)	(4,689)	155	144	73	80
External cost recoveries	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	1,903	1,850	211	305
Total revenue	8,991	8,286	11,567	14,141	57,473	47,966
Expense						
Salaries						
Academic	1,143	919	611	783	3,280	3,007
Library	-	-	-	-	-	-
Plant maintenance	-	-	-	-	-	-
Administrative and support	199	190	3,702	4,070	16,403	14,883
Benefit costs	111	74	424	363	1,493	1,352
Total salaries and benefits	1,453	1,183	4,737	5,216	21,176	19,242
Library acquisitions	49	48	184	52	488	227
Laboratory and teaching supplies	14	19	364	241	4,386	4,032
Equipment and service	86	53	773	546	3,990	3,456
Finance costs	-	-	-	-	13	20
Utilities and taxes	-	-	-	-	-	-
Externally contracted services	1,198	1,118	1,726	626	7,275	5,383
Scholarships, bursaries and prizes	4,705	4,139	657	593	7,336	6,221
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	115	143	551	495	3,653	4,066
Amortization of capital assets	-	-	-	-	-	-
General operating	353	294	2,178	3,833	3,952	3,518
Internal / interfund transfers	1,018	1,289	989	2,731	4,634	1,947
Total expense	8,991	8,286	12,159	14,333	56,903	48,112
Change in year before appropriations	-	-	(592)	(192)	570	(146)
Change in net assets	-	-	592	192	(570)	146
Surplus (deficit) for the year	-	-	-	-	-	-

Schedule 4
(Prepared without audit)