

March 31
2007

Dalhousie University
Annual
Financial
Report

Published June 2007



DALHOUSIE
UNIVERSITY

Inspiring Minds

DALHOUSIE UNIVERSITY
ANNUAL FINANCIAL REPORT

March 31, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
1. SECTION A - Dalhousie Financial Overview	
● Introduction	1
● Total Revenue	3
● Operating & Endowment Revenue and Expense	4
● Facilities Renewal	5
● Endowments	5
● Ancillary Enterprises	8
2. SECTION B - Report on the 2006-07 Budget vs Actual Operating Results	
● 2006-07 Operating Budget vs Actual Results	9
● 2006-07 Operating Budget Results - Summary	12
● 2006-07 Operating Budget Results - Detail	13
● 2006-07 Analysis of Operating & Endowment Budget Components	15
3. SECTION C - 2006-07 Audited Financial Statements	
● Management Notes on the Audited Financial Statements	17
● Auditors' Report	19
● Financial Statements	20
● Notes to Financial Statements	24
● Supplementary Schedules	34

INTRODUCTION

2006-07 Financial Report

This Annual Financial Report provides its readers with an account of the stewardship exercised over the financial resources entrusted to Dalhousie University. This comprehensive overview of Dalhousie's financial affairs describes significant developments affecting the University's finances, summarizes budget developments for the current year, compares budgeted and actual Operating Fund results and explains material variances and then concludes with the audited Financial Statements for the year ended March 31, 2007.

1. During 2006-07 the Board of Governor's ad hoc Long-Term Financial Planning Committee completed its work of reviewing in detail all aspects of Dalhousie's finances, including the balance between public and private funding, tuition fee policies, fundraising, student assistance, and many other areas. The Committee's report, which included nine strategic and thirty-two supporting recommendations, was received by the Dalhousie University Board of Governors on February 20, 2007. The Committee presented its findings to the Board of Governors and the broader University Community with the hope that these will contribute to the "stable financial environment" which must underpin and support academic performance in an environment that is student centered, research-intensive of the highest quality and serves the development and other needs of our society.
2. The 2006-07 operating budget was balanced for the nineteenth consecutive year and received the approval of the Board of Governors at the June 28, 2006 meeting. Fiscal year 2006-07 was the second year of the three-year Memorandum of Understanding between the Government of Nova Scotia and the Province's universities which caps the increase in tuition fees for most programs at 3.9% p.a. in return for specified operating grant support (5.3% grant increase in 2006-07). The Government's commitment to a more supportive, multi-year grants strategy has been most welcome.

Increased grants and other revenue sources provided \$239.5 million in total operating budget revenue. In addition to meeting its ongoing commitments the University continued to invest in Strategic Initiatives. Fiscal 2007 was the fourth year of the planned five-year Strategic Initiatives program whereby \$15.6 million was earmarked for investment in the University's operational and physical infrastructure. The base amount of \$1.3 million was allocated in 2006-07 to strengthen student financial assistance, libraries, faculty salaries, and the renewal of our physical plant. To-date a total of \$11.7 million has been provided to address the previously identified strategic initiatives in these areas.

The operating surplus for the year was \$527,000 resulting primarily from improved tuition revenue. The approved budget was based on a decline in enrolment of 400 students compared to an actual decline of only fifty-three students (as at December 1, 2006). The surplus has been appropriated and together with accumulated surplus from recent years, \$1,487,000 will be available on a one-time basis in 2007-08 and beyond.

3. As the 2006-07 fiscal year drew to a close Dalhousie's Endowment and Pension Plan assets eclipsed the billion dollar mark with an aggregate value of \$1.096 billion. The Endowment Funds climbed to a market value of \$364 million at the end of March 2007, up from \$331 million

a year earlier. The Fund's rate of return was 11.7% for the year following on returns at 14.3% in 2006 and 9.6% in 2005. The 2006-07 return exceeded the funding requirement and policy benchmark set by the Investment Committee. The Endowments, comprised of 1001 individual funds, generated \$15.8 million of support for academic chairs and salaries, scholarships and bursaries, library resources, facilities and equipment and endowment management expenses.

The University's Pension Plan is comprised of the Pension Trust Fund and the Retirees' Trust Fund which reached market values of \$476 million and \$256 million respectively. The Pension Trust Fund and Retirees Trust Fund recorded one-year returns of 10.6% and 9.8% respectively. These compare with 2006 returns of 13.8% for each of the funds and 2005 returns of 9.7% (PTF) and 10% (RTF).

The Endowment and Pension Plan assets of the University are invested with a longer term perspective to provide stable returns that meet or exceed the ongoing obligations of the Funds. On a relative basis over a four-year horizon the annualized returns for all Dalhousie Funds were in the second quartile compared to the RBC Dexia universe of funds. Over the ten-year period, the University's Endowment and Pension Funds have achieved 1st Quartile performance as measured against the same universe.

The Investment Committee and Pension Fund Trustees continue to provide regular oversight of the investment portfolios. The asset mix policies for all funds have been reviewed and amended within the last few years and the portfolios are migrating to the new asset mix targets. As a result new managers have been added this past year in the areas of U.S. equity, private equity and absolute return strategies. In addition Perimeter Capital Management Inc. was appointed as the University's investment advisor.

4. Financial Statements are the formal record of the financial activities for the period ending March 31, 2007 and are used to provide an overview of the financial condition of the University. The highlights to be noted include:
 - Total assets of the University as of March 31, 2007 are reported to have increased by 7.9 % to \$700 million from the previous year, driven by growth in current assets and investments.
 - University revenue from all sources grew by 7.1% to \$438.9 million. Operating revenues were the main contributor having increased by \$17.5 million.
5. The University continued to make progress in the area of facilities renewal with expenditures exceeding \$8 million in 2006-07. Numerous major projects were completed with upgrades in accessibility, safety, building systems and structures and redevelopment of campus space.

The 2007 year was successful in financial terms and also in a number of important areas including the advancement of support, service and facilities for our students.

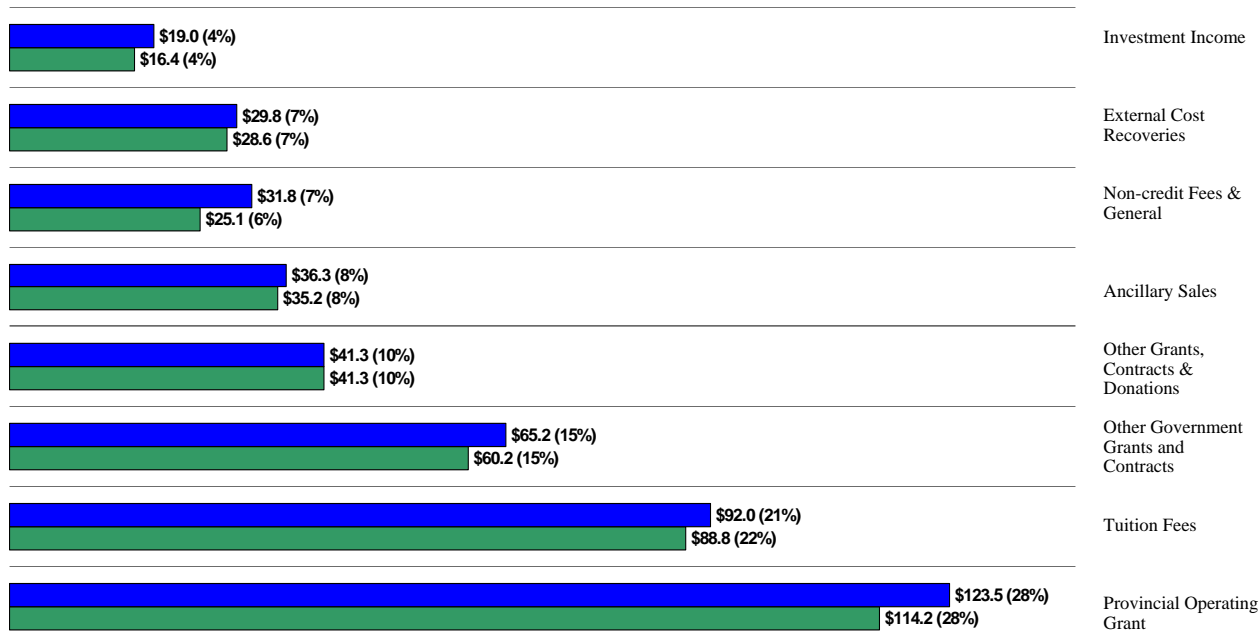


Ken R. Burt
Vice-President (Finance & Administration)

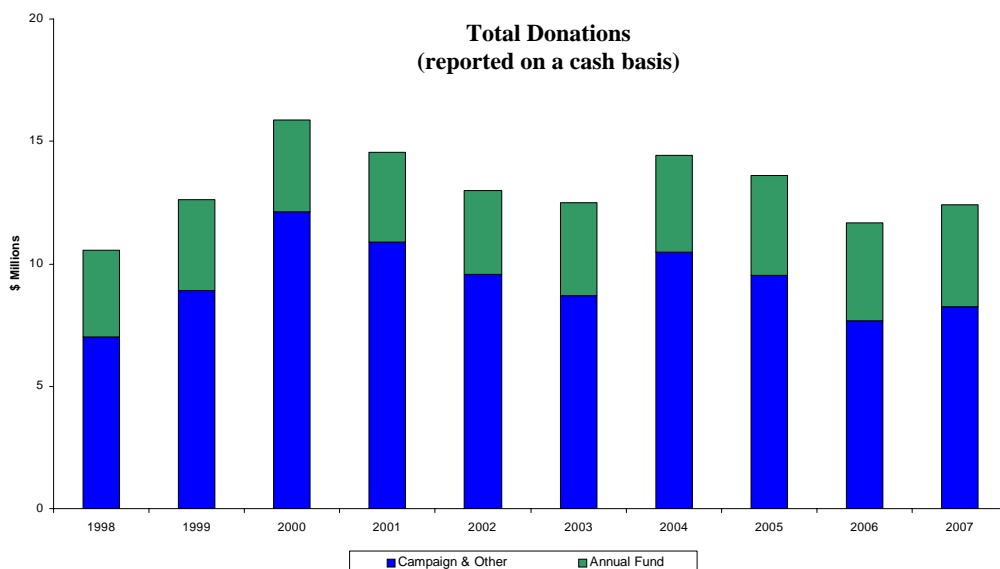
TOTAL REVENUE

Dalhousie's total revenue grew by \$29.1 million (or 7.1%) to \$438.9 million for the year ended March 31, 2007 with all revenue sources contributing to the growth. The largest dollar increase in revenue occurred in provincial operating assistance which rose by \$9.3 million (or 8.1%). Provincial operating grants, however, represent only 28% of Dalhousie's total revenue. The remaining sources include research grants and contracts, student fees, investment income, gifts and contributions as well as sales and service through the University's ancillary operations.

2006-07 Revenues: \$438.9 million (2005-06: \$409.8 million)



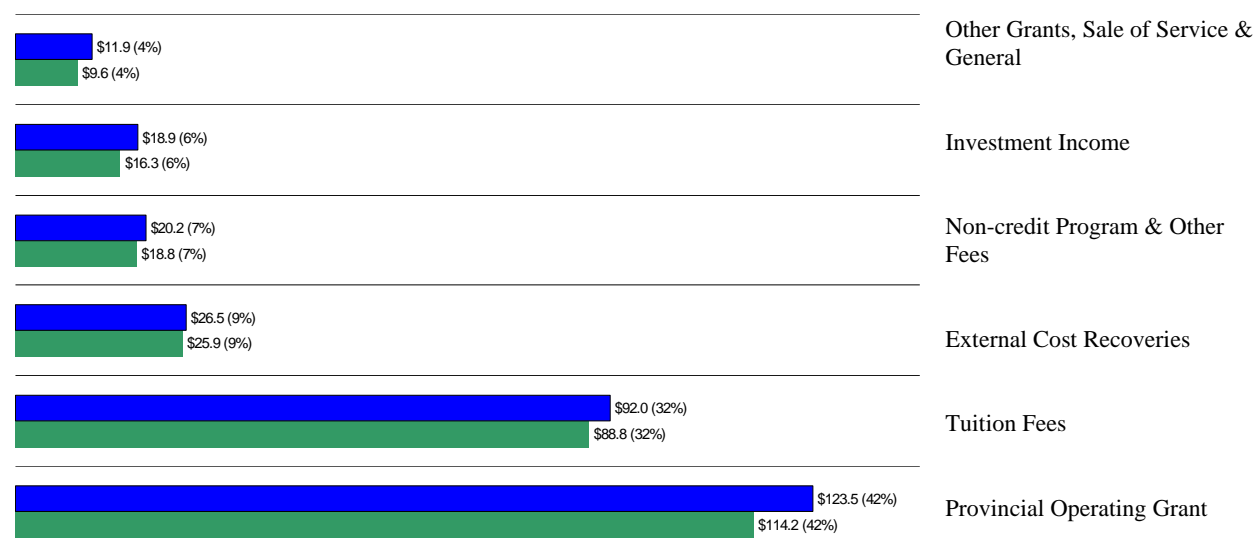
Dalhousie benefits enormously from the contributions of volunteers in support of the University's mission. Alumni, faculty, staff and friends of the University also contribute financially through a range of fundraising programs. The total amount of donations received in 2006-07 increased by 6% over last year to \$12.5 million. In particular, the Annual Fund reached a record level \$4.2 million for the year with funds raised to meet critical needs in the areas of student assistance, renewal of academic facilities and teaching and research equipment.



OPERATING AND ENDOWMENT REVENUE AND EXPENSE

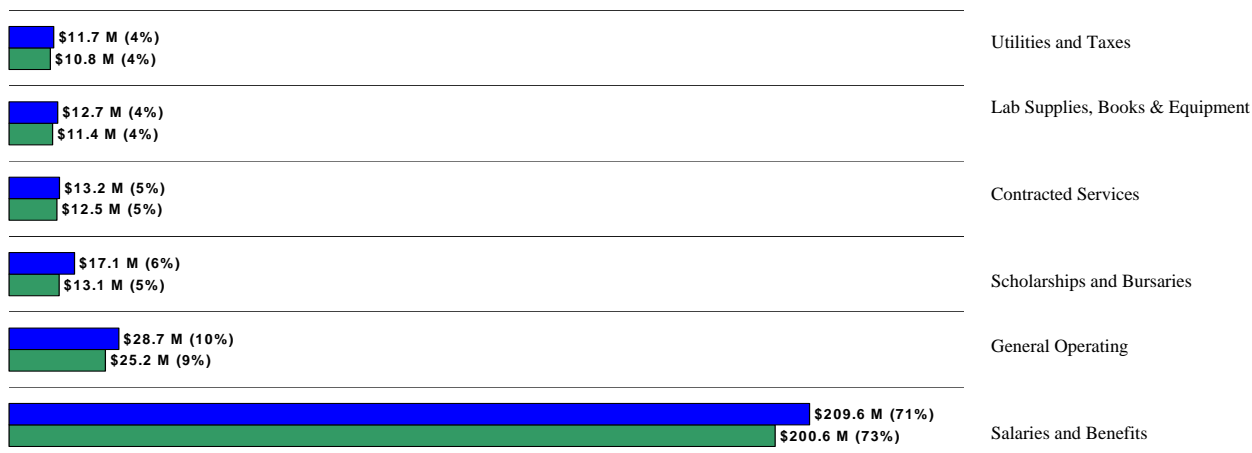
The operating budget results for the 2006-07 fiscal year were balanced with operating and endowment revenues and expenditures each of \$293 million. This marks the nineteenth consecutive year of balanced budgets at Dalhousie. While revenues from all sources outpaced 2005-06 levels the growth of \$9.3 million in provincial operating grants for 2006-07 was particularly welcome. This increase was due to a planned adjustment of \$6.3 million in Dalhousie's regular operating grant and funding of \$3 million targeted to student bursary support for Nova Scotia students. Increased revenue was also generated through University endowment and investment income (\$2.6m), student fees (\$3.2m) and other grants, gifts and contributions (\$4.3m).

2006-07 Operating and Endowment Revenue: \$293.0 million (2005-06: \$273.6 million)



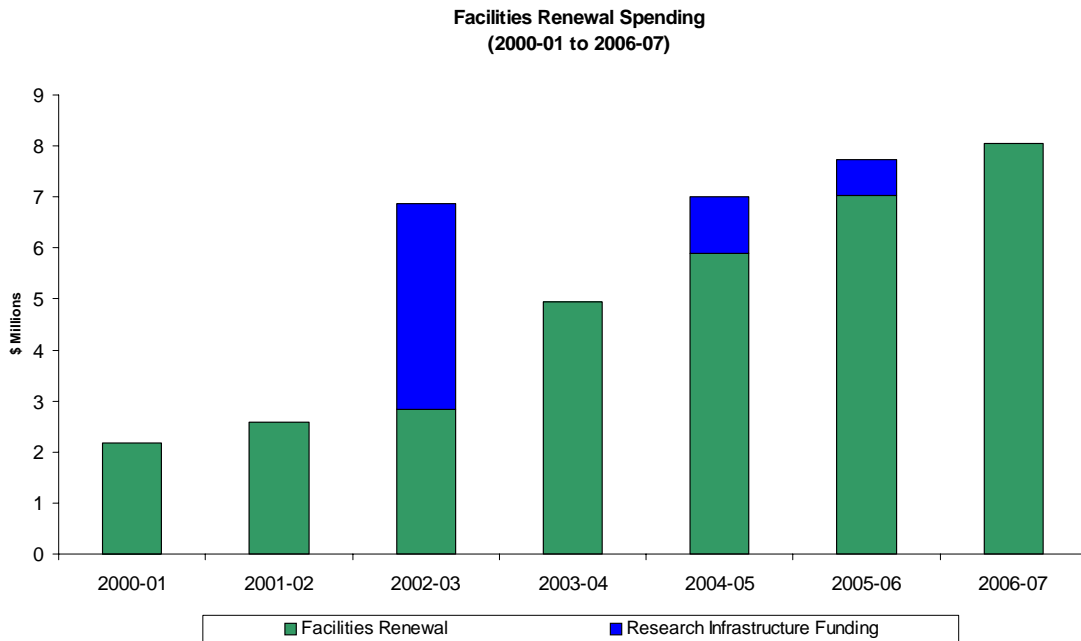
The largest single area of operating budget expenditure remains employee compensation (including University benefit and pension plan contributions) representing 71% of operating and endowment expenditures (73% in 2005-06). Scholarships, bursaries and student assistance increased by \$4.8 million to \$17.1 million funded by increased budget allocations and the provincial grant provided for bursaries to Nova Scotia students. Student assistance and employment awarded through all funds of the University was \$44 million in 2006-07.

Operating and Endowment Expense: \$293 million (2005-06: \$273.6 million)



FACILITIES RENEWAL

Since 2000-01 Dalhousie's operating budget has included steadily increasing annual allocations for facilities renewal. Following a review by the Board's Facilities Renewal Strategy Committee in 2000 emphasis was placed on developing the renewal capacity for the University's aging physical infrastructure. Initially the annual budget allocations were funded by provincial grants and student fee revenue designated for this important priority. In 2003 the President's Strategic Focus document further highlighted facilities renewal as a University priority and as shown in the graph below the annual budget allocations were increased through a Strategic Initiatives investment plan for the fiscal year period 2003-2008. These annual allocations have been supplemented in some years by the availability of research infrastructure funding.



Renewal projects in 2006-07 included a range of accessibility projects, a revitalization of the Carlton Quad area, ventilation and electrical systems upgrades in the Killam Computer Centre and D Building (Sexton Campus), energy distribution system improvements and major classroom renovations in the Dunn, Tupper, Life Science and Sexton Campus buildings. The level of base spending in facilities renewal is under one half of the \$20+ million annual expenditure suggested by industry standards. While solid progress has been made in this area a sustained effort is required to ensure that Dalhousie's facilities meet the needs of a modern student-centered campus.

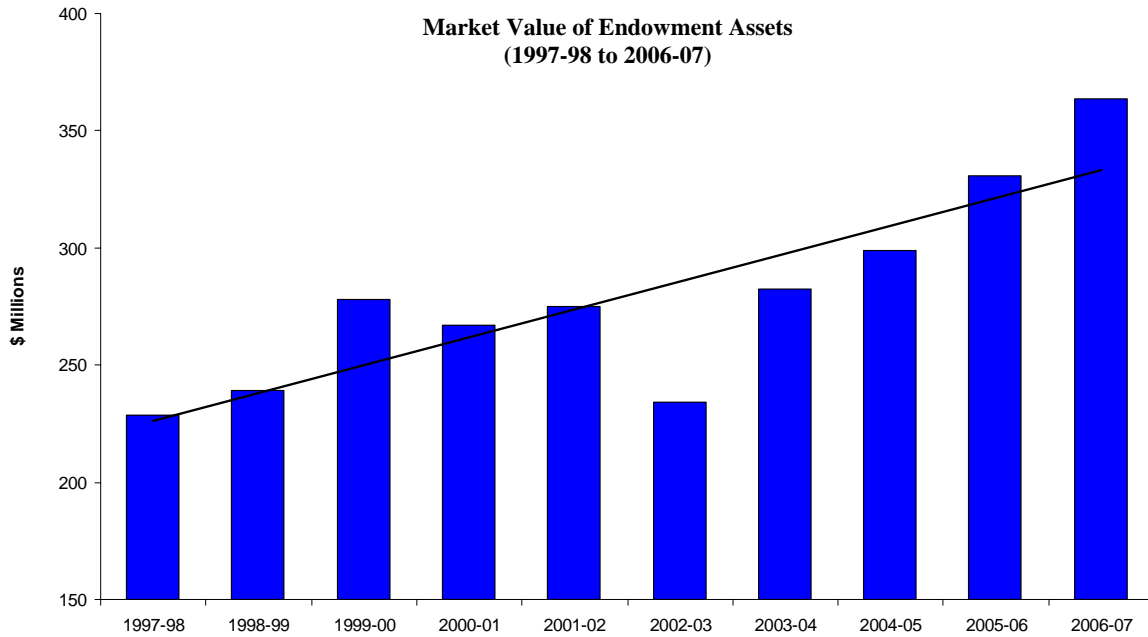
ENDOWMENTS

The Dalhousie Endowment reached \$364 million at March 31, 2007. The increase of \$33 million over last year was propelled by contributions to new and existing endowments and a return of 11.7% for the year.

The Board of Governors' Endowment Management Policy was designed to achieve the following goals.

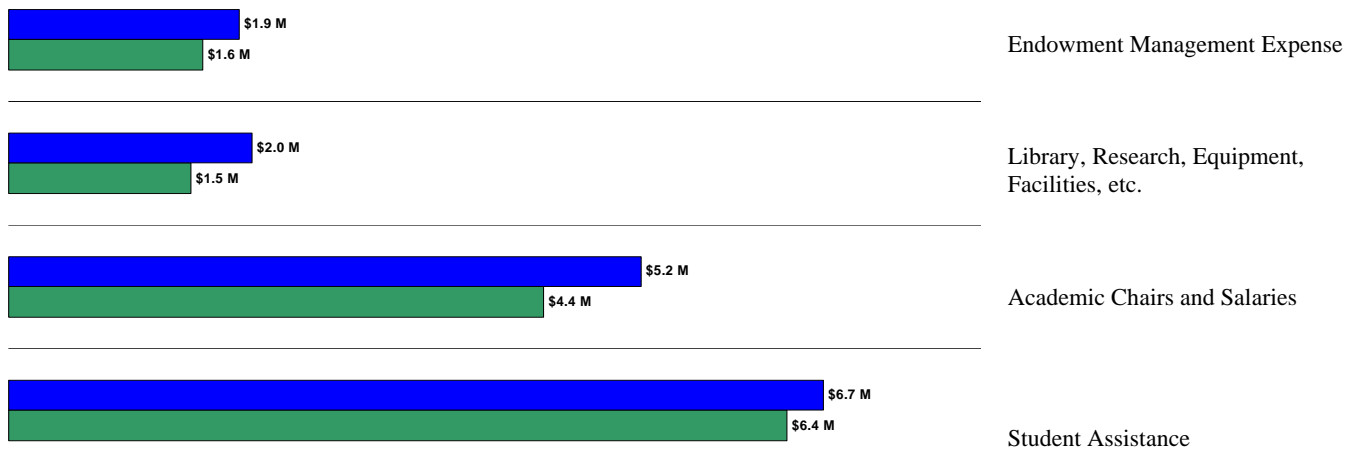
- to balance present spending needs with expected future requirements;
- to protect the purchasing power of the capital base while achieving stability in year-to-year spending; and
- to attain real increases in spending through capital appreciation from new gifts, capital investment gains, and the capitalization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

The University's spending policy allows each year's spending allocation to be adjusted for inflation to provide stability in the amount available for endowment supported programs. Limits will be placed on the annual spending allocation to ensure that the amount is kept within a "band" whereby spending will not exceed 5.75% or be less than 3.75% of the prior year's market value.



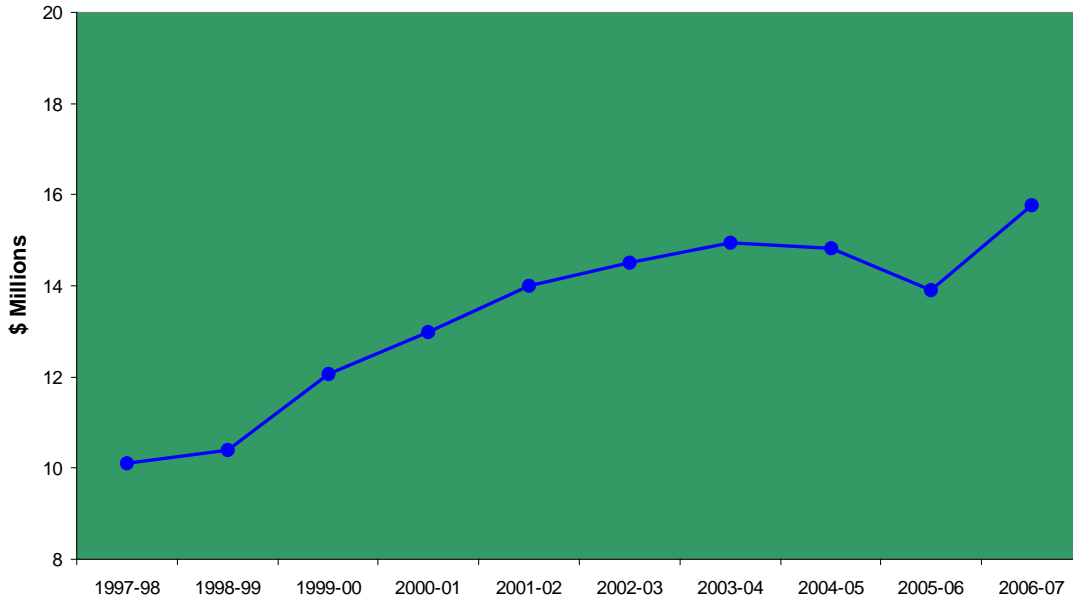
Endowment supported expenditures rose by \$1.9 million to \$15.8 million for the year. Growth occurred in all areas including student assistance, academic chairs and salaries, library resources, research projects, facilities and equipment.

2006-07 Endowment Expenditures: \$15.8 million (2005-06: \$13.9 million)



Actual expenditures will vary somewhat from the amount available for spending in any given year. The upward trend over time reflects the growth in value resulting from new contributions and reinvestment of earnings to keep pace with or exceed inflation.

**Endowment Expenditures
1997-98 to 2006-07**

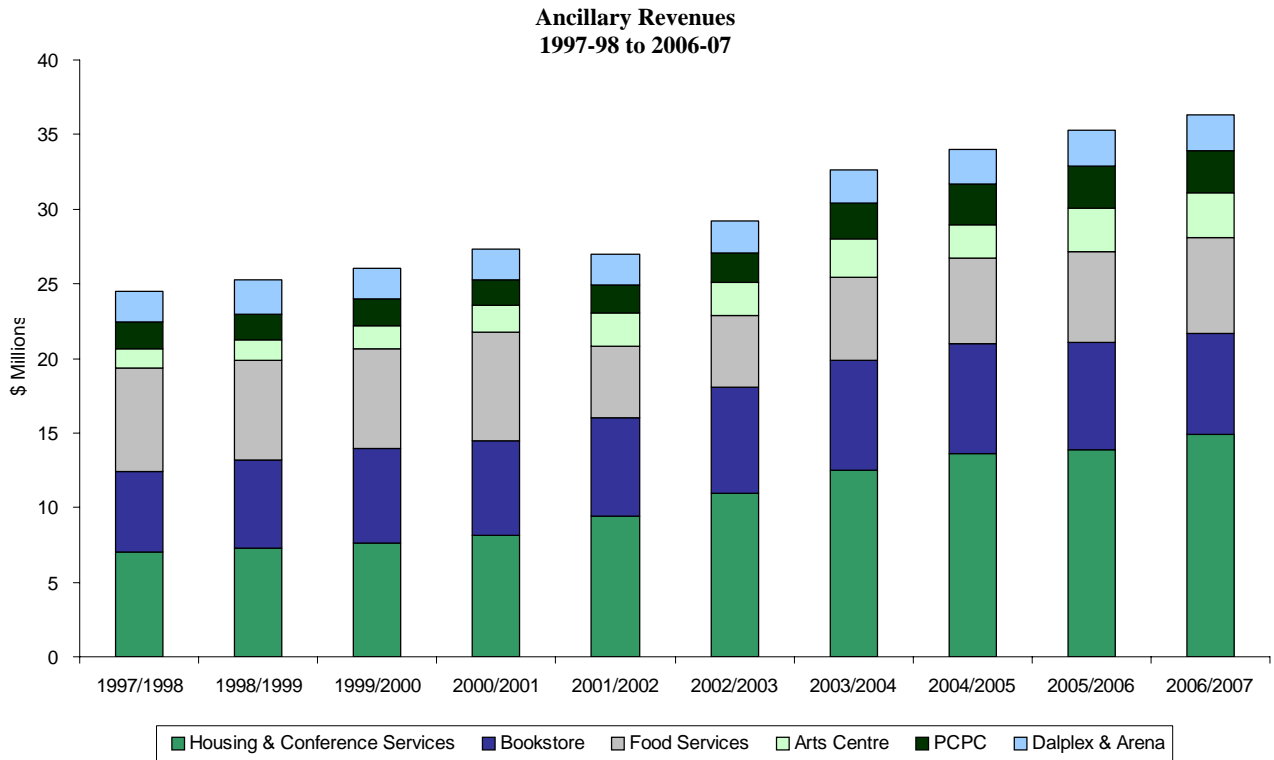


The table below provides a summary of the market value and one-through-four year and ten year annualized performance for the Endowment. [The market value and performance information for the Pension Trust Fund and Retirees' Trust Fund is also provided for information purposes only. Pension Plan funds are not incorporated into these Financial Statements.]

FUND	Market Value	Performance (%)				
	(\$million)	Annualized Returns				
		1 year	2 years	3 years	4 years	10 years
Endowment	364	11.7	13.0	11.8	15.1	9.9
Pension Trust Fund	476	10.6	12.2	11.3	14.5	9.8
Retirees' Trust Fund	256	9.8	11.8	11.2	14.6	9.7
TOTAL	1,096					

ANCILLARY ENTERPRISES

The ancillary enterprises include the Bookstore, University Housing and Conference Services, Dalplex (and Arena), the Arts Centre (Rebecca Cohn Auditorium), Food Services and the Personal Computer Purchase Centre (PCPC). Ancillary revenue increased by 2% to \$36.3 million in 2006-07. The ancillary operations record all direct revenues and expenses and as a group require no subsidy from the operating revenue of the University.



2006-07 FISCAL YEAR

OPERATING BUDGET VERSUS ACTUAL RESULTS

2006-07 APPROVED OPERATING BUDGET

The 2006-07 Operating Budget was approved at the June 27, 2006 meeting of the Board of Governors. The budget as recommended by the Operations Committee included revenues and expenditures of \$239.5 million respectively and was the nineteenth consecutive year that the operating budget has been balanced at Dalhousie. This report includes a comparison of the budget versus actual results for the year in summary and by Faculty/unit as well as commentary on the major revenue and expenditure variances.

THE FINAL BUDGET

The budget summary on page 12 shows the Approved Budget and Final Budget column. The Final Budget reflects compensation adjustments made to each of the Faculties/units in the responsibility centre expenditure category.

ACTUAL RESULTS

The commentary below addresses the major revenue and expenditure variances giving rise to an overall positive variance of \$527,000 for the year. As reported last fall, the major factor contributing to this favourable result was increased tuition revenue resulting from higher-than-budgeted enrolment.

1. Provincial Government Grants

In October 2006 the Provincial Government announced a bursary program providing a \$440 (\$220 for part-time students) bursary to Nova Scotia students studying at Nova Scotia universities. The details of the program were finalized and bursaries awarded in the January academic term. In total Dalhousie received \$2,970,000 to award to our students. The positive variance for this amount reported in the Provincial Government Grant is offset by an identical amount reported under the Canada Nova Scotia Bursaries line in the General Operating Expenditures section.

2. Indirect Costs of Research Grant

The 2006-07 Approved Budget included \$6,352,000 in grant revenue from the Federal Indirect Costs of Research Program. The budget amount was based on preliminary grant figures provided by the federal government in the spring of 2006. A final distribution of funding to Dalhousie under this program was confirmed on December 20, 2006 resulting in a positive variance of \$392,000. An offsetting charge is reported in the Academic category under Responsibility Centre Expenditures and will be used to fund priority research infrastructure needs in 2007-08.

3. Investment Income - Endowment

Endowment income and Endowment Expenditures are lower than budget by \$780,000 resulting in a nil impact on the bottom line. Endowment income is recognized each year in an amount sufficient to meet the expenditures. In any given year the revenue and expenditures will vary from the budget. In 2006-07 there was planned under-expenditure to accumulate funds for research and other projects, there was a decline in gift revenue transferred from externally-held endowments/estates and in some cases where the full spending allocation was not required to meet immediate commitments, the unspent amount was reinvested into the endowment principle.

4. Tuition Fees

The 2006-07 tuition revenue budget was based on a projected decline in enrolment of 400 students. The fall and winter term enrolment experience was better than projected (the year-over-year decline at December 1 was 53 students). This improvement relative to budget generated a \$1,474,000 positive variance in tuition revenue for the year.

5. Facilities Renewal Fee and Facilities Renewal Expenditures

Facilities Renewal fee revenue of \$24,000 relates to higher than budgeted enrolment. This variance is offset by the corresponding expenditure commitment for renewal projects as reflected in the Facilities Renewal Expenditure line.

6. Use of Prior Years' Surplus

In developing the balanced budget recommendation for 2006-07 it was necessary to include \$937,000 of operating surplus accumulated in recent years. Based on the operating results for the year the prior years' surplus is not required to balance the budget and will therefore be carried forward for use in future years (please see note 11 below).

7. Scholarships, Bursaries and Student Assistance

Prior to the commencement of the 2006-07 academic year the University's undergraduate scholarship program was restructured. This restructuring coupled with an increased acceptance rate for entrance scholarship offers and additional bursary assistance generated an overexpenditure of \$287,000.

8. Energy, Water, Taxes and Insurance

The unfavourable variance in energy results from higher fuel oil prices compared to the budget estimate.

9. Endowment Management

The University's endowment management expenses are comprised of external investment manager, custodial, consulting and other professional fees and administrative support. Two thirds of the expense is based on the asset value of the Endowment, a value that rose by \$33 million during the year. This increased value as well as shifts in the portfolio investments resulted in higher than projected management expenses.

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. These variances from budget appear at the bottom of each of the Responsibility Centre sections and are offset by the variance on the Investment Income - Endowment line in the revenue section of the budget.

- a) **Academic** – In accordance with the University policy, 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. As a result of unanticipated revenues and expenditure savings in the budget, \$390,000 has been appropriated on the Centres, Institutes and Special Projects line for priority research infrastructure needs in 2007-08. The second item relates to the annual transfer from King's for teaching services, a major element of which relates to enrolment changes at that university. The transfer was \$403,000 favourable compared to budget.

- b) **Administration** – The positive variance of \$91,000 in administration was generated by higher application fee revenue and staff vacancy savings in the Board of Governors and Internal Audit offices. A number of administrative units drew down budget savings from the prior year in order to complete planned projects.
- c) **Student Services** – A number of student service and support initiatives are being developed within the various student service units. Unspent funds relating to those initiatives have been appropriated for use in 2007-08.
- d) **Provision for Compensation** – The approved budget included a provision for salary, wage and benefit increases for all employee groups which have been distributed to units in the Final Budget column. In advance of the fiscal year, assumptions must be made as to the exact salary base, salary increments where these have yet to be determined, and likely levels of benefit cost increases. The distribution of the salary increments and related benefits vary with actual experience and in 2006-07 the provision was underspent by \$81,000.

11. **Total Surplus for the Year**

The 2006-07 operating results generated a net positive variance of \$527,000. The funds have been appropriated at year end and together with the surplus accumulated in prior years of \$960,000, the cumulative balance of \$1,487,000 is available on a one-time only basis in 2007-08 and beyond.

DALHOUSIE UNIVERSITY
2006-07 OPERATING BUDGET RESULTS
(\$ 000's omitted)

	Approved Budget (1)	Final Budget (2)	Actual	Variance Fav (Unfav)
<u>REVENUE</u>				
Provincial Government Grants				
Operating	117,642	117,642	117,671	29
Canada Nova Scotia Student Bursary Funding	-	-	2,970	2,970
Medicine Expansion	1,805	1,805	1,805	-
Facilities/Space	1,000	1,000	1,000	-
Targeted	50	50	50	-
	120,497	120,497	123,496	2,999
Federal Indirect Costs of Research Grant	6,352	6,352	6,744	392
Investment			-	
Endowment	16,553	16,553	15,773	(780) (3)
Operating (net of bank & finance charges)	2,700	2,700	2,659	(41)
Tuition Fees	91,227	91,227	92,701	1,474
Facilities Renewal Fee	1,230	1,230	1,254	24
Use of Surplus Appropriations	937	937	-	(937)
TOTAL REVENUE	239,496	239,496	242,627	3,131
<u>GENERAL OPERATING EXPENDITURES</u>				
Non-Space Equipment	2,210	2,210	2,210	-
Scholarships, Bursaries and Student Assistance				
Operating	8,256	8,256	8,543	(287)
Canada Nova Scotia Student Bursaries	-	-	2,970	(2,970)
Endowment	5,065	5,065	4,866	199 (3)
Facilities Renewal ⁽¹⁾	8,053	8,053	8,077	(24)
Energy (net of recoveries)	8,103	8,103	8,402	(299)
Water, Taxes & Insurance (net of recoveries)	2,766	2,766	2,793	(27)
Endowment Management Expenses	1,738	1,738	1,866	(128) (3)
Facilities/Space	1,000	1,000	1,000	-
Contingency	1,000	1,000	965	35
TOTAL GENERAL OPERATING EXPENDITURES	38,191	38,191	41,692	(3,501)
<u>RESPONSIBILITY CENTRE EXPENDITURES</u>				
Academic	151,752	158,521	157,850	671
Academic Support	7,680	8,011	8,001	10
Administration	16,389	17,229	17,138	91
General	923	910	859	51
Facilities Management	12,505	12,707	12,755	(48)
Student Services	3,420	3,610	3,575	35
Provision for Compensation	8,400	81	-	81
TOTAL RESPONSIBILITY CENTRE EXPENDITURES	201,069	201,069	200,178	891
TOTAL OPERATING EXPENDITURES	239,260	239,260	241,870	(2,610)
NET ANCILLARY EXPENDITURES	236	236	230	6
TOTAL EXPENDITURES	239,496	239,496	242,100	(2,604)
TOTAL SURPLUS FOR THE YEAR	-	-	527 (4)	527

(1) The approved budget has been restated to reflect a consolidation of the Facilities Renewal expenditure budget formerly included in the following lines: Equipment and Alterations (\$2,182), Classroom Upgrades (\$500), Energy (\$150) and Facilities Renewal (\$5,221) budgets.

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

(3) 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 9.

(4) The 2006-07 Surplus of \$527,000 has been appropriated for future use.

DALHOUSIE UNIVERSITY
2006-07 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget	Final Budget	Actual (2)	Variance Fav (Unfav)	Transfer to (from) Appropriation
ACADEMIC					
Architecture and Planning	3,604	3,782	3,782	-	109
Arts and Social Sciences	16,949	17,798	17,798	-	661
Computer Science	4,654	4,898	4,898	-	(289)
Dentistry	7,852	8,213	8,213	-	17
Engineering	13,739	14,328	14,328	-	56
Graduate Studies	1,525	1,546	1,546	-	203
Health Professions	17,707	18,433	18,433	-	314
Law	6,312	6,639	6,639	-	77
Management	8,480	8,872	8,872	-	68
Medicine	32,933	34,445	34,445	-	941
Science	24,872	26,072	26,072	-	(201)
University Library	11,381	11,633	11,633	-	584
College of Continuing Education	545	562	562	-	(518)
Centres, Institutes & Special Projects	1,484	1,454	1,844	(390)	318
Engineering & Computer Science Career Services	424	445	445	-	24
Faculty Related Costs (eg.Travel, Leave Grants, PDA.)	1,186	1,296	1,296	-	120
Kings' Transfer	(2,367)	(2,367)	(2,770)	403	-
Academic Initiatives	472	472	472	-	(4)
Endowment Expenditures less than Budget (net)		-	(658)	658	(658)
TOTAL ACADEMIC	151,752	158,521	157,850	671	1,822
ACADEMIC SUPPORT					
Art Gallery	121	127	127	-	8
Centre for Learning and Teaching	964	994	994	-	(28)
Printing Centre	(154)	(154)	(154)	-	(16)
University Computing & Information Services	6,749	7,044	7,044	-	(14)
Endowment Expenditures less than Budget (net)		-	(10)	10	(10)
TOTAL ACADEMIC SUPPORT	7,680	8,011	8,001	10	(60)
ADMINISTRATION					
Application Fees and Services Recovery	(860)	(860)	(917)	57	-
Board of Governors/Internal Audit	298	304	251	53	-
Business Process Integration	161	173	173	-	(22)
Communications & Marketing	1,761	1,842 (1)	1,860	(18)	(63)
Environmental Health and Safety Office	355	365	365	-	(2)
External Relations	2,523	2,736 (1)	2,736	-	21
Financial Services	3,271	3,460	3,452	8	-
Institutional Analysis and Research	290	307	307	-	(32)
Inter-University Services	63	50	50	-	-
Personnel Services	1,987	2,079	2,079	-	29
President's Office	2,035	2,126	2,126	-	(34)
Registrar & Admissions	3,589	3,688	3,688	-	(35)
Research Services	687	722	722	-	-
Senate Office	229	237	246	(9)	(13)
TOTAL ADMINISTRATION	16,389	17,229	17,138	91	(151)

(1) As a result of changes in reporting structure the External Relations and Communications & Marketing units have been separated in the final budget and the approved budget has been restated accordingly. Graphics and Photography which was formerly included in Academic Support is now included with Communications & Marketing.

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

DALHOUSIE UNIVERSITY
2006-07 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget	Final Budget	Actual (2)	Variance Fav (Unfav)	Transfer to (from) Appropriation
GENERAL	923	910	859	51	-
FACILITIES MANAGEMENT	12,505	12,707	12,755	(48)	-
STUDENT SERVICES					
Awards Office & Student Services Centre -Sexton	312 (1)	328	328	-	-
Counselling	715	746	746	-	26
General Student Services	848 (1)	921	921	-	59
Office of the Vice-President	622	670	670	-	103
International Student Exchange Services	282 (1)	289	289	-	(20)
Student Health	84	84	84	-	-
Varsity, Intramurals & Clubs	557	572	572	-	55
Endowment Expenditures less than Budget		-	(35)	35	(35)
TOTAL STUDENT SERVICES	3,420	3,610	3,575	35	188
ANCILLARIES					
Dalhousie Arts Centre	324	324	324	-	-
Dalplex and Arena	181	181	181	-	127
Food Services	(130)	(130)	(130)	-	53
Personal Computer Purchase Centre	-	-	-	-	-
University Bookstore	(283)	(283)	(283)	-	38
University Housing	144	144	144	-	141
Endowment Expenditures less than Budget		-	(6)	6	(6)
TOTAL ANCILLARIES	236	236	230	6	353

(1) As a result of a restructuring of responsibilities Student Services budget units have been reorganized and the approved budget has been restated.

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

DALHOUSIE UNIVERSITY
2006-07 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	3,744	3,640	104	3,744	-	38	33	5	38	-	-
Arts and Social Sciences	17,016	16,528	488	17,016	-	782	609	173	782	-	-
Computer Science	4,774	4,908	(134)	4,774	-	124	279	(155)	124	-	-
Dentistry	8,166	8,166	-	8,166	-	47	30	17	47	-	-
Engineering	13,554	13,576	(22)	13,554	-	774	696	78	774	-	-
Graduate Studies	1,095	1,029	66	1,095	-	451	314	137	451	-	-
Health Professions	17,967	17,615	352	17,967	-	466	504	(38)	466	-	-
Law	6,098	6,098	-	6,098	-	541	464	77	541	-	-
Management	8,505	8,401	104	8,505	-	367	403	(36)	367	-	-
Medicine	31,274	30,943	331	31,274	-	3,171	2,561	610	3,171	-	-
Science	23,657	23,657	-	23,657	-	2,415	2,616	(201)	2,415	-	-
University Library	11,447	10,936	511	11,447	-	186	113	73	186	-	-
College of Continuing Education	513	944	(431)	513	-	49	136	(87)	49	-	-
Centres, Institutes & Special Projects	1,433	1,510	313	1,823	(390)	21	16	5	21	-	(390)
Engineering & Computer Science Career Services	445	421	24	445	-	-	-	-	-	-	-
Faculty Related Costs	1,296	1,176	120	1,296	-	-	-	-	-	-	-
Kings' Transfer	(2,367)	(2,770)	-	(2,770)	403	-	-	-	-	-	403
Academic Initiatives	472	476	(4)	472	-	-	-	-	-	-	-
Endowment Expenditures less than Budget (net)	-	-	-	-	-	-	-	(658)	(658)	658	658
TOTAL ACADEMIC	149,089	147,254	1,822	149,076	13	9,432	8,774	-	8,774	658	671
ACADEMIC SUPPORT											
Art Gallery	112	113	(1)	112	-	15	6	9	15	-	-
Centre for Learning and Teaching	993	1,022	(29)	993	-	1	-	1	1	-	-
Printing Centre	(154)	(138)	(16)	(154)	-	-	-	-	-	-	-
University Computing & Information Services	7,044	7,058	(14)	7,044	-	-	-	-	-	-	-
Endowment Expenditures less than Budget (net)	-	-	-	-	-	-	-	(10)	(10)	10	10
TOTAL ACADEMIC SUPPORT	7,995	8,055	(60)	7,995	-	16	6	-	6	10	10
ADMINISTRATION											
Application Fees and Services Recovery	(860)	(917)	-	(917)	57	-	-	-	-	-	57
Board of Governors/ Internal Audit	304	251	-	251	53	-	-	-	-	-	53
Business Process Integration	173	195	(22)	173	-	-	-	-	-	-	-
Communications and Marketing	1,842	1,923	(63)	1,860	(18)	-	-	-	-	-	(18)
Environmental Health and Safety Office	365	367	(2)	365	-	-	-	-	-	-	-
External Relations	2,736	2,715	21	2,736	-	-	-	-	-	-	-
Financial Services	3,460	3,452	-	3,452	8	-	-	-	-	-	8
Institutional Analysis and Research	307	339	(32)	307	-	-	-	-	-	-	-
Inter-University Services	50	50	-	50	-	-	-	-	-	-	-
Personnel Services	2,079	2,050	29	2,079	-	-	-	-	-	-	-
President's Office	2,126	2,160	(34)	2,126	-	-	-	-	-	-	-
Registrar & Admissions	3,688	3,723	(35)	3,688	-	-	-	-	-	-	-
Research Services	722	722	-	722	-	-	-	-	-	-	-
Senate Office	237	259	(13)	246	(9)	-	-	-	-	-	(9)
TOTAL ADMINISTRATION	17,229	17,289	(151)	17,138	91	-	-	-	-	-	91

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

* The information on pages 13 and 14 of this report is a consolidation of the Endowment and Operating Expenditure budgets. Columns 1 and 6 above are the Final Budget, Columns 4 and 9 are the Total Actual and Columns 5 and 10 total column 11 which is the Variance on this schedule.

DALHOUSIE UNIVERSITY
2006-07 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)
GENERAL	910	859	-	859	51	-	-	-	-	-	51
FACILITIES MANAGEMENT	12,707	12,755	-	12,755	(48)	-	-	-	-	-	(48)
STUDENT SERVICES											
Awards Office	328	328	-	328	-	-	-	-	-	-	-
Counselling	746	720	26	746	-	-	-	-	-	-	-
General Student Services	921	862	59	921	-	-	-	-	-	-	-
Office of the Vice-President	670	567	103	670	-	-	-	-	-	-	-
International Student Exchange Services	289	309	(20)	289	-	-	-	-	-	-	-
Student Health	84	84	-	84	-	-	-	-	-	-	-
Varsity, Intramurals & Clubs	506	486	20	506	-	66	31	35	66	-	-
Endowment Expenditures less than Budget	-	-	-	-	-	-	-	(35)	(35)	35	35
TOTAL STUDENT SERVICES	3,544	3,356	188	3,544	-	66	31	-	31	35	35
ANCILLARIES											
Dalhousie Arts Centre	324	324	-	324	-	-	-	-	-	-	-
Dalplex and Arena	181	54	127	181	-	-	-	-	-	-	-
Food Services	(130)	(183)	53	(130)	-	-	-	-	-	-	-
Personal Computer Purchase Centre	-	-	-	-	-	-	-	-	-	-	-
University Bookstore	(283)	(321)	38	(283)	-	-	-	-	-	-	-
University Housing	(92)	(227)	135	(92)	-	236	230	6	236	-	-
Endowment Expenditures less than Budget	-	-	-	-	-	-	-	(6)	(6)	6	6
TOTAL ANCILLARIES	-	(353)	353	-	-	236	230	-	230	6	6

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

* The information on pages 13 and 14 of this report is a consolidation of the Endowment and Operating Expenditure budgets. Columns 1 and 6 above are the Final Budget, Columns 4 and 9 are the Total Actual and Columns 5 and 10 total column 11 which is the Variance on this schedule.

MANAGEMENT NOTES ON THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

The financial statements of Dalhousie University have been audited by the firm of KPMG and are presented in this section of the Annual Financial Report for the year ended March 31, 2007. The notes below provide an overview of the results, contents of the financial statements and explanation of major changes.

Overview

- Total revenues were \$438.9 million from all fund sources including operating, endowment, ancillary, research, special purpose and capital.
- Total University assets increased year-over-year by \$51 million.

Financial Statements Contents

The Auditor's Report attests, without qualification, that the 2006-07 financial statements present the financial position of the University fairly. (page 19)

The Statement of Financial Position (Balance Sheet) shows the assets, liabilities, and net assets (equity) of the University as at March 31, 2007. (page 20)

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 21)

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 22)

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

The Notes to the 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 be obvious from a reading of, the financial statements. (pages 24 to 33)

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

Supplementary Schedules 2 and 3 (pages 35 and 36) provide a detailed breakdown of the Operating and Endowment Funds and Schedules 4 and 5 (pages 37 and 38) provide comparative data for the Ancillary, 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, 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 673,000 from estates, endowments and foundations which are held and invested outside the University.

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), 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.

Comments

Statement of Financial Position (page 20)

Total assets increased year over year by \$51 million. Increases occurred in cash (\$52.3 million), (\$36 million in short term bonds will mature within the next year and are classified as 'Cash' - these bonds were classified as 'Investments' in the previous year.) deferred pension asset (\$14.1 million) and prepaid expense (\$1 million) offset by decreases in capital assets (\$4.5 million) and investments (\$10.7 million). Capital assets increased in equipment (\$7.1 million), computers (\$2.4 million), library books (\$1.3 million) and major improvements to existing buildings (\$6.8 million). Amortization of capital assets in the amount of \$22.1 million during the year provided a net reduction in capital assets of \$4.5 million.

Statement of Revenue and Expense (page 21)

Total revenue increased by \$29.1 million primarily the result of increases in the Operating and Research Funds.

Supplementary Schedules (pages 34 to 38)

Comparative figures are presented on a year-over-year basis for each of the funds described above.



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AUDITORS' REPORT

To the Board of Governors of
Dalhousie University

We have audited the statement of financial position of Dalhousie University as at March 31, 2007 and the statements of revenue, expense and changes in operating surplus, changes in net assets and cash flows 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chartered Accountants

Halifax, Canada

19

May 30, 2007

DALHOUSIE UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2007
(thousands of dollars)

ASSETS		2007	2006
Current assets			
Cash and cash equivalents	\$	120,245	67,967
Accounts receivable		17,889	19,112
Inventories		2,488	2,456
Prepaid expense		3,615	2,601
		144,237	92,136
Deferred pension asset (note 3)		24,626	10,510
Investments (note 4)		296,265	307,006
Capital assets (note 5)		234,769	239,272
	\$	699,897	648,924
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$	26,542	26,958
Deferred revenue (note 6)		93,683	88,476
Current portion of long-term debt		1,800	1,274
		122,025	116,708
Deferred capital contributions (note 7)		89,341	89,342
Long-term debt (note 8)		42,976	44,923
		254,342	250,973
Net assets (note 9)			
Endowment principal		297,978	270,164
Restricted for future pension benefits		24,626	10,510
Restricted funds		28,972	27,825
Equity in capital assets		93,979	89,452
		445,555	397,951
	\$	699,897	648,924

Commitments and contingent liabilities (note 10)

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
STATEMENT OF REVENUE, EXPENSE
AND CHANGES IN OPERATING SURPLUS
FOR THE YEAR ENDED MARCH 31, 2007
(thousands of dollars)

	Total	
	2007	2006
Revenue		
Provincial government operating grants	\$ 123,496	114,185
Other government grants and contracts	65,195	60,198
Corporations and foundations	23,656	22,820
Tuition fees	91,996	88,800
Non-credit and other fees	20,194	18,853
General	11,613	6,235
Gifts	9,081	8,834
Investment income	19,036	16,441
Ancillary sales and service	36,244	35,201
External cost recoveries	29,777	28,569
Amortization of deferred capital contributions	8,570	9,639
Total revenue	438,858	409,775
Expense		
Salaries and employee benefits	255,564	245,854
Pension expense adjustment	(14,116)	(5,494)
Library acquisitions	4,035	4,199
Laboratory and teaching supplies	9,792	9,335
Equipment and service	9,902	5,871
Finance costs	4,178	3,861
Utilities and taxes	13,709	12,684
Externally contracted services	31,851	29,431
Scholarships, bursaries and prizes	33,179	28,218
Ancillary cost of sales and service	9,836	10,050
Travel	10,601	10,760
Amortization of capital assets	22,051	20,863
General operating	23,829	23,364
Total expense	414,411	398,996
Excess of revenue over expense	24,447	10,779
Use of excess of revenue over expense		
Committed to equity in capital assets	(4,527)	(5,203)
Committed to future pension benefits (note 3)	(14,116)	(5,494)
Committed to restricted funds	(5,804)	(82)
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
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2007
(thousands of dollars)

	2007					2006
	Endowment Principal	Restricted For Future Pension Benefits	Restricted Funds	Equity in Capital Assets	Total	Total
Net Assets, Beginning of Year	\$ 270,164	10,510	27,825	89,452	397,951	376,309
Excess of Revenue over Expense	-	14,116	5,804	4,527	24,447	10,779
Gifts of Endowed Principal	3,361	-	-	-	3,361	3,255
Transfers to endowment principal	24,453	-	(4,657)	-	19,796	7,608
Net Change for the Year	27,814	14,116	1,147	4,527	47,604	21,642
Net Assets, End of Year (note 9)	\$ 297,978	24,626	28,972	93,979	445,555	397,951

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2007
(thousands of dollars)

	2007	2006
Cash flows from operating activities:		
Excess of revenue over expense	\$ 24,447	10,779
Items not involving cash:		
Amortization of capital assets	22,051	20,863
Amortization of deferred capital contributions	(8,570)	(9,639)
Increase in deferred pension asset	(14,116)	(5,494)
Adjustments for changes in current assets	177	2,769
Adjustments for changes in current liabilities	4,791	934
	<u>28,780</u>	<u>20,212</u>
Cash flows from investing activities		
Purchase of capital assets	(17,548)	(36,779)
Net (increase) decrease in investments	10,741	(6,396)
	<u>(6,807)</u>	<u>(43,175)</u>
Cash flows from financing activities		
Endowment gifts	3,361	3,255
Endowment income transferred	19,796	7,608
Deferred capital contributions received	8,569	13,374
Issue of long-term debt	-	16,296
Principal payments on long-term debt	(1,421)	(6,770)
	<u>30,305</u>	<u>33,763</u>
Increase in cash and cash equivalents	52,278	10,800
Cash and cash equivalents, beginning of year	67,967	57,167
Cash and cash equivalents, end of year	<u>\$ 120,245</u>	<u>67,967</u>

(See accompanying notes to the financial statements)

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 Canadian 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 provided collection and the relevant receivable is probable, persuasive evidence of an arrangement exist and the price is fixed or determinable.

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 maturities of less than one year.

d) Inventories:

Inventories are valued at the lower of cost on a first-in, first-out basis and net realizable value.

e) 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 and 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.

f) 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	5 years
Equipment	3 to 10 years
Vehicles	5 years
Library Books	10 years
Computing	3 years
Land Improvements	20 years

g) 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 13 years (2005 - 14 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 period of employees active at the date of amendment. The transitional pension asset that arose on adoption of 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 June 30, 2005 and the next required valuation will be as of June 30, 2008.

h) 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.

i) Consolidation:

These financial statement include the accounts of GINI University Services Incorporated (GINIus) and Nova Universities Technology Incorporated (Nutech), which are, affiliated entities controlled by the University. GINIus was established to provide computer science research and consulting services to the local education and business communities; and provided support services, infrastructure and advice to students and recent graduates of the Faculty of Computer Science who were starting businesses of their own. Nutech was the unified office of technology transfer and commercialization for Dalhousie University. The operations of GINIus and Nutech ceased in 2007. All significant inter-organizational balances and transactions have been eliminated on consolidation. For purposes of consolidation, the financial statements of GINIus (at December 31, 2006) and Nutech (at March 31, 2007) have been used.

j) 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.

k) Financial Instruments:

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

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 statement of financial position or to specific firm commitments or anticipated transactions. The University also formally assesses, both at the hedge's inception 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.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. These 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 hedge agreements as hedges of the underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

In the event that interest rate swaps are terminated or cease to be effective prior to maturity, any associated realized and unrealized gains or losses deferred under other current, or non-current, assets or liabilities on the statement of financial position would be recognized in income 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 income.

The University, in the normal course of operations relating to endowment investments, periodically enters into future foreign currency exchange contracts to manage foreign currency exposures. These contracts are not designated and documented as hedging relationships in accordance with Accounting Guideline 13, Hedging Relationships, and, accordingly, are measured at fair value.

3. Pension Plan:

For certain employees, the University has a contributory defined benefit pension plan, which provides benefits based on 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 June 30, 2005. This valuation reflected a plan deficit of \$23,774. The University is required to complete the next actuarial valuation not later than June 30, 2008.

For accounting purposes the funded status of the defined benefit plan as at March 31, 2007 in the financial statements is as follows:

Pension benefit plan – for accounting purposes	2007	2006
Fair value of plan assets	731,989	663,106
Accrued benefit obligation	721,319	660,637
Funded status		
Plan surplus	10,670	2,469
Balance of unamortized amounts	13,956	8,041
Accrued benefit asset	\$24,626	\$10,510

The percentage of the fair value of plan assets by major category is as follows: equity securities 58.7% (2006 - 59.6%); debt securities 34.8% (2006 - 39.0%); alternatives 4.9% (2006 - 0.0%) and other 1.6 % (2006 - 1.4 %).

The significant assumptions used are as follows:

Pension benefit plan	2007	2006
Accrued benefit obligation		
As of March 31:		
Discount rate	5.0%	5.20%
Rate of compensation increase	4.5%	4.5%
Benefit costs of year		
Ended March 31:		
Discount rate	5.0%	5.12%
Expected long-term rate of	7.0%	7.0%
Return on plan assets		
Rate of compensation increase	4.5%	4.5%

Pension benefit costs recognized in the year are \$3,833 (2006 - \$11,260). The cash amount of employer contributions to the defined pension benefit plan were \$17,946 (2006 - \$16,754).

4. Investments:

	2007		2006	
	Market Value	Cost	Market Value	Cost
Treasury Bills & Notes	4,396	4,396	1,845	1,845
Bonds	95,195	94,971	141,117	139,914
Canadian Equities	81,140	49,357	77,299	44,603
US Equities	70,453	66,082	72,112	66,108
Non-North American Equities	85,213	57,110	71,864	50,909
Alternative	25,331	24,349	3,654	3,627
	\$361,728	\$296,265	\$367,891	\$307,006

Investments include securities held in endowment and operating funds of the University.

5. Capital Assets:

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	2,010	--	2,010	2,010	--	2,010
Buildings	332,267	154,249	178,018	325,493	146,671	178,822
Leasehold Improvements	655	487	168	655	356	299
Equipment	85,989	42,004	43,985	96,416	49,448	46,968
Vehicles	694	411	283	536	337	199
Library Books	18,214	11,620	6,594	16,924	10,112	6,812
Computing	8,536	7,470	1,066	8,200	6,136	2,064
Land Improvements	6,225	3,580	2,645	5,409	3,311	2,098
	\$454,590	\$219,821	\$234,769	\$455,643	\$216,371	\$239,272

DALHOUSIE UNIVERSITYNotes to Financial Statements (*Continued*)

Year ended March 31, 2007

*(In Thousands of Dollars)***6. 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.

	2007					2006
	Operating	Endowed	Special Purpose	Sponsored Research	Total	Total
Balance, Beginning of Year	21,459	7,468	9,519	50,030	88,476	86,359
Income Received	26,235	16,254	17,141	85,708	145,338	136,694
Transferred to principal	--	(1,384)	--	--	(1,384)	(629)
Recognized as Revenue in the Current Year	(21,459)	(15,617)	(16,677)	(84,994)	(138,747)	(133,948)
Balance, End of Year	\$26,235	\$6,721	\$9,983	\$50,744	\$93,683	\$88,476

7. 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.

	2007	2006
Balance, Beginning of Year	89,342	85,607
Contributions Received	8,569	13,374
Amortization of Contributions	(8,570)	(9,639)
Balance, End of Year	\$89,341	\$89,342

8. Long-Term Debt:

	2007	2006
Howe Hall:		
- 5.86% due January 10, 2013 repayable in quarterly instalments of \$136	6,553	6,707
Peter Green Hall:		
- 5.88% due December 1, 2017 repayable in monthly instalments of \$7	663	707
Fenwick Place:		
- 5.03% due December 29, 2015 repayable in quarterly instalments of \$80	3,458	3,602
Central Services Building Parkade:		
- 5.41% due December 1, 2013 repayable in quarterly instalments of \$22	729	772
Risley Hall:		
- 5.71% due September 1, 2014 repayable in quarterly instalments of \$385	19,060	19,450
Residence Renewal:		
- 4.96% due November 15, 2014 repayable in quarterly instalments of \$58	2,237	2,357
- 4.69% due October 12, 2015 repayable in quarterly instalments of \$47	2,402	2,481
Faculty of Management Building:		
- 5.06% due March 2, 2017 repayable in quarterly instalments of \$236	7,708	8,000
Howe Hall/Shirreff Hall:		
- 4.74% due December 29, 2015 repayable in quarterly instalments of \$61	1,966	2,121
	\$44,776	\$46,197
Less: Current Portion	1,800	1,274
	\$42,976	\$44,923

All above payments include principal and interest.

The principal due within each of the next five years on long-term debt is as follows: 2008 - \$1,800; 2009 - \$1,892; 2010 - \$1,997; 2011- \$2,104; 2012 -\$2,206.

The University has entered into eight interest rate swap agreements whereby the University has fixed interest rates on long-term loans. Swap payments are reflected as interest expense and accounted for on an accrual basis. The principal underlying the swap agreements amounts to \$44,113 at March 31, 2007 (2006 - \$45,490).

9. 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, 2006	New Contributions	Transfer to Endowment Principal	Endowment Principal March 31, 2007
Externally Restricted	266,490	3,361	19,796	289,647
Internally Restricted	3,674	--	4,657	8,331
TOTAL	\$270,164	\$3,361	\$24,453	\$297,978

b) Restricted For Future Pension Benefits:

The University's operating budget includes as a cost the amount 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 \$14,116 (2006 - \$5,494) 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:

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 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:

	2007	2006
Capital assets	234,769	239,272
less amounts financed by:		
deferred capital contributions	(89,341)	(89,342)
long-term debt	(44,776)	(46,197)
cash flows, pending repayment by ancillaries or other identified sources	(6,673)	(14,281)
Equity in capital assets	\$93,979	\$89,452

10. Commitments and Contingent Liabilities:

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, 2003. 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 subscribers.

As of March 31, 2007, there are a number of claims against the University the amount of which is indeterminable at this time. The University has filed a defence 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.

11. Financial Instruments:

The carrying values of cash and cash equivalents, 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 4.

The carrying value of the long-term debt approximates fair value.

Although the University has no intention of settling these instruments at March 31, 2007, the interest rate swap contracts described in note 8 have a fair value of (\$2,935) (2006- (\$2,675)).

12. Pledges:

Pledges to the University at March 31, 2007 were \$12,353 (2006 - \$15,067). 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 artworks are recorded in the financial statements at nominal value.

14. Comparative Figures:

Certain 2006 figures have been reclassified to conform to the 2007 financial statement presentation.

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense
Year Ended March 31, 2007 (With Comparatives Figures for 2006)
(in Thousands of Dollars)

	Operating 2007 (Schedule 2)	Endowment 2007 (Schedule 3)	Ancillary 2007 (Schedule 4)	Capital 2007	Special Purpose 2007 (Schedule 5)	Research 2007 (Schedule 5)	2007	Total 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Provincial government operating grants	123,496	-	-	-	-	-	123,496	114,185
Other government grants and contracts	9,009	-	75	58	185	55,868	65,195	60,198
Corporations and foundations	272	-	-	-	997	22,387	23,656	22,820
Tuition fees	91,996	-	-	-	-	-	91,996	88,800
Non-credit and other fees	20,194	-	-	-	-	-	20,194	18,853
General	1,874	-	-	457	8,635	647	11,613	6,235
Gifts	91	673	-	282	7,348	687	9,081	8,834
Investment	3,806	15,099	-	-	128	3	19,036	16,441
Ancillary sales and service	-	-	36,244	-	-	-	36,244	35,201
External cost recoveries	26,477	-	-	542	2,095	663	29,777	28,569
Amortization of deferred capital contributions	-	-	-	2,956	575	5,039	8,570	9,639
Total revenue	277,215	15,772	36,319	4,295	19,963	85,294	438,858	409,775
Expense								
Salaries								
Academic	105,933	4,245	-	-	574	11,727	122,479	117,745
Library	3,419	15	-	-	-	-	3,434	3,179
Plant maintenance	9,695	-	386	-	-	-	10,081	10,081
Administrative and support	56,274	307	4,532	-	4,047	20,135	85,295	82,441
Benefits costs	29,122	635	736	-	681	3,101	34,275	32,408
Total salaries and benefits	204,443	5,202	5,654	-	5,302	34,963	255,564	245,854
Library acquisitions	3,901	44	-	-	28	62	4,035	4,199
Laboratory and teaching supplies	3,065	38	-	-	346	6,343	9,792	9,335
Equipment and service	5,556	68	827	-	119	3,332	9,902	5,871
Finance costs	1,363	-	2,528	278	9	-	4,178	3,861
Utilities and taxes	11,662	-	2,047	-	-	-	13,709	12,684
Externally contracted services	11,673	1,548	5,698	-	2,841	10,091	31,851	29,431
Scholarships, bursaries and prizes	10,404	6,676	961	-	920	14,218	33,179	28,218
Ancillary cost of sales and service	-	-	9,836	-	-	-	9,836	10,050
Travel	4,086	203	25	-	895	5,392	10,601	10,760
Amortization of capital assets	-	-	-	22,051	-	-	22,051	20,863
General operating	14,029	406	2,237	-	3,506	3,651	23,829	23,364
Internal / interfund transfers	4,589	1,475	6,152	(22,561)	3,199	7,146	-	-
Total expense	274,771	15,660	35,965	(232)	17,165	85,198	428,527	404,490
Change in year before appropriations	2,444	112	354	4,527	2,798	96	10,331	5,285
Change in net assets	(2,444)	(112)	(354)	(4,527)	(2,798)	(96)	(10,331)	(5,285)
Surplus before pension expense adjustment	-	-	-	-	-	-	-	-
Pension expense adjustment	14,116	-	-	-	-	-	14,116	5,494
Net assets after pension adjustment	14,116	-	-	-	-	-	14,116	5,494

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense - Operating
Year Ended March 31, 2007 (With Comparatives Figures for 2006)
(in Thousands of Dollars)

	Academic		Academic Support		Administration and General		Facilities Management		Student Services		Institution		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	123,496	114,185	123,496	114,185
Other government grants and contracts	2,183	364	-	-	-	-	-	-	83	75	6,743	6,215	9,009	6,654
Corporations and foundations	272	81	-	-	-	-	-	-	-	-	-	-	272	81
Tuition fees	4,590	4,666	-	-	-	-	-	-	-	-	87,406	84,134	91,996	88,800
Non-credit and other fees	7,715	7,929	19	17	2,042	1,876	-	-	3,868 (1)	2,996	6,550	6,035	20,194	18,853
General	-	-	6	26	382	423	763	783	723	682	-	-	1,874	1,914
Gifts	15	17	50	42	-	-	-	5	26	28	-	-	91	92
Investment	-	-	-	-	-	-	-	-	-	-	3,806	3,290	3,806	3,290
Ancillary sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External cost recoveries	24,243	23,713	661	710	660	602	854	756	59	71	-	-	26,477	25,852
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	39,018	36,770	736	795	3,084	2,901	1,617	1,544	4,759	3,852	228,001	213,859	277,215	259,721
Expense														
Salaries														
Academic	104,888	101,237	-	-	48	99	-	-	997	991	-	-	105,933	102,327
Library	3,419	3,158	-	-	-	-	-	-	-	-	-	-	3,419	3,158
Plant maintenance	86	84	-	-	-	-	9,609	9,666	-	-	-	-	9,695	9,750
Administrative and support	30,670	29,111	7,005	6,820	13,669	12,869	2,256	2,185	2,674	2,476	-	-	56,274	53,461
Benefits costs	22,177	21,131	1,268	1,211	2,627	2,402	2,443	2,228	607	580	-	-	29,122	27,552
Total salaries and benefits	161,240	154,721	8,273	8,031	16,344	15,370	14,308	14,079	4,278	4,047	-	-	204,443	196,248
Library acquisitions	3,873	3,956	4	5	21	34	-	-	3	2	-	-	3,901	3,997
Laboratory and teaching supplies	3,065	3,027	-	-	-	-	-	-	-	-	-	-	3,065	3,027
Equipment and service	2,092	1,662	2,197	1,220	234	361	748	581	285	340	-	-	5,556	4,164
Finance costs	64	56	25	6	30	28	97	96	-	-	1,147	1,221	1,363	1,407
Utilities and taxes	-	-	-	-	-	-	11,662	10,801	-	-	-	-	11,662	10,801
Externally contracted services	5,193	5,353	97	157	889	1,128	5,193	4,307	301	393	-	-	11,673	11,338
Scholarships, bursaries and prizes	869	992	2	1	-	-	-	-	6,563	5,732	2,970	-	10,404	6,725
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	3,100	2,921	75	82	348	378	25	23	538	537	-	-	4,086	3,941
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating	5,439	5,823	510	513	2,853	2,552	2,991	2,817	1,862 (1)	1,179	374	333	14,029	13,217
Internal / interfund transfers	4,294	5,767	(1,516)	(770)	(105)	(172)	770	(315)	1,146	996	-	72	4,589	5,578
Total expense	189,229	184,278	9,667	9,245	20,614	19,679	35,794	32,389	14,976	13,226	4,491	1,626	274,771	260,443
Change in year before appropriations	(150,211)	(147,508)	(8,931)	(8,450)	(17,530)	(16,778)	(34,177)	(30,845)	(10,217)	(9,374)	223,510	212,233	2,444	(722)
(Increase) decrease in appropriations	(1,806)	613	29	(28)	(341)	330	511	(815)	(310)	159	(527)	463	(2,444)	722
Surplus before pension expense adjustment	(152,017)	(146,895)	(8,902)	(8,478)	(17,871)	(16,448)	(33,666)	(31,660)	(10,527)	(9,215)	222,983	212,696	-	-
Pension expense adjustment	-	-	-	-	-	-	-	-	-	-	(14,116)	(5,494)	(14,116)	(5,494)
Change in net assets after pension adjustment	(152,017)	(146,895)	(8,902)	(8,478)	(17,871)	(16,448)	(33,666)	(31,660)	(10,527)	(9,215)	237,099	218,190	14,116	5,494

(1) 2007 is the first full year of the student bus pass program. Student fees are offset by payment to Metro Transit.

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense for Operating and Endowment
Year Ended March 31, 2007 (With Comparatives Figures for 2006)
(in Thousands of Dollars)

	2007			2006		
	Operating	Endowment	Total	Operating	Endowment	Total
Revenue	\$	\$	\$			\$
Provincial government operating grants	123,496	-	123,496	114,185	-	114,185
Other government grants and contracts	9,009	-	9,009	6,654	-	6,654
Corporations and foundations	272	-	272	81	-	81
Tuition fees	91,996	-	91,996	88,800	-	88,800
Non-credit and other fees	20,194	-	20,194	18,853	-	18,853
General	1,874	-	1,874	1,914	-	1,914
Gifts	91	673	764	92	830	922
Investment	3,806	15,099	18,905	3,290	13,034	16,324
Ancillary sales and service	-	-	-	-	-	-
External cost recoveries	26,477	-	26,477	25,852	-	25,852
Amortization of deferred capital contributions	-	-	-	-	-	-
Total revenue	277,215	15,772	292,987	259,721	13,864	273,585
Expense						
Salaries						
Academic	105,933	4,245	110,178	102,327	3,584	105,911
Library	3,419	15	3,434	3,158	19	3,177
Plant maintenance	9,695	-	9,695	9,750	-	9,750
Administrative and support	56,274	307	56,581	53,461	249	53,710
Benefits costs	29,122	635	29,757	27,552	531	28,083
Total salaries and benefits	204,443	5,202	209,645	196,248	4,383	200,631
Library acquisitions	3,901	44	3,945	3,997	90	4,087
Laboratory and teaching supplies	3,065	38	3,103	3,027	26	3,053
Equipment and service	5,556	68	5,624	4,164	56	4,220
Finance costs	1,363	-	1,363	1,407	-	1,407
Utilities and taxes	11,662	-	11,662	10,801	-	10,801
Externally contracted services	11,673	1,548	13,221	11,338	1,198	12,536
Scholarships, bursaries and prizes	10,404	6,676	17,080	6,725	6,351	13,076
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	4,086	203	4,289	3,941	173	4,114
Amortization of capital assets	-	-	-	-	-	-
General operating	14,029	406	14,435	13,217	421	13,638
Internal / interfund transfers	4,589	1,475	6,064	5,578	1,088	6,666
Total expense	274,771	15,660	290,431	260,443	13,786	274,229
Change in year before appropriations	2,444	112	2,556	(722)	78	(644)
Change in net assets	(2,444)	(112)	(2,556)	722	(78)	644
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
Schedule of Revenue and Expense - Ancillary
Year Ended March 31, 2007 (With Comparatives Figures for 2006)
(in Thousands of Dollars)

	Arts Centre		Housing and Conference Services		Bookstore		Dalplex & Arena		Personal Computing Purchase Centre		Food Service		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other government grants and contracts	75	65	-	-	-	-	-	-	-	-	-	-	75	65
Corporations and foundations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tuition fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-credit and other fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary sales and service	2,969	2,854	14,871	13,885	6,775	7,189	2,439	2,353	2,783	2,845	6,407	6,075	36,244	35,201
External cost recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	3,044	2,919	14,871	13,885	6,775	7,189	2,439	2,353	2,783	2,845	6,407	6,075	36,319	35,266
Expense														
Salaries														
Academic	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	386	331	-	-	-	-	-	-	-	-	386	331
Administrative and support	506	495	1,737	1,741	507	518	1,441	1,423	301	310	40	35	4,532	4,522
Benefits costs	70	66	330	325	90	99	184	177	55	54	7	8	736	729
Total salaries and benefits	576	561	2,453	2,397	597	617	1,625	1,600	356	364	47	43	5,654	5,582
Library acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and service	79	25	428	375	72	65	128	94	1	1	119	72	827	632
Finance costs	45	24	2,074	2,054	180	161	28	27	32	36	169	146	2,528	2,448
Utilities and taxes	78	67	1,709	1,567	9	8	233	205	-	-	18	36	2,047	1,883
Externally contracted services	25	51	524	492	62	68	43	64	25	24	5,019	4,695	5,698	5,394
Scholarships, bursaries and prizes	-	-	961	-	-	-	-	-	-	-	-	-	961	-
Ancillary cost of sales and service	2,208	2,136	-	-	5,123	5,354	246	283	2,259	2,277	-	-	9,836	10,050
Travel	3	5	8	17	9	7	2	2	3	10	-	-	25	41
General operating	39	55	1,741	1,669	202	280	221	185	34	54	-	-	2,237	2,243
Internal / interfund transfers	(9)	(5)	4,838	5,314	483	526	(214)	(107)	73	79	981	1,070	6,152	6,877
Total expense	3,044	2,919	14,736	13,885	6,737	7,086	2,312	2,353	2,783	2,845	6,353	6,062	35,965	35,150
Change in year before appropriations	-	-	135	-	38	103	127	-	-	-	54	13	354	116
Net (increase) decrease in appropriations	-	-	(135)	-	(38)	(103)	(127)	-	-	-	(54)	(13)	(354)	(116)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Schedule 4

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense for Restricted Funds
Year Ended March 31, 2007 (With Comparatives Figures for 2006)
(in Thousands of Dollars)

	Special Purpose		Research	
	2007	2006	2007	2006
Revenue	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-
Other government grants and contracts	185	165	55,868	53,314
Corporations and foundations	997	890	22,387	21,849
Tuition fees	-	-	-	-
Non-credit and other fees	-	-	-	-
General	8,635	3,690	647	631
Gifts	7,348	6,557	687	670
Investment	128	114	3	3
Ancillary sales and service	-	-	-	-
External cost recoveries	2,095	1,870	663	643
Amortization of deferred capital contributions	575	570	5,039	4,813
Total revenue	19,963	13,856	85,294	81,923
Expense				
Salaries				
Academic	574	605	11,727	11,229
Library	-	2	-	-
Plant maintenance	-	-	-	-
Administrative and support	4,047	3,687	20,135	20,522
Benefits costs	681	564	3,101	3,032
Total salaries and benefits	5,302	4,858	34,963	34,783
Library acquisitions	28	48	62	64
Laboratory and teaching supplies	346	329	6,343	5,953
Equipment and service	119	16	3,332	1,003
Finance costs	9	6	-	-
Utilities and taxes	-	-	-	-
Externally contracted services	2,841	2,523	10,091	8,978
Scholarships, bursaries and prizes	920	836	14,218	14,306
Ancillary cost of sales and service	-	-	-	-
Travel	895	818	5,392	5,787
Amortization of capital assets	-	-	-	-
General operating	3,506	3,199	3,651	4,284
Internal / interfund transfers	3,199	949	7,146	6,429
Total expense	17,165	13,582	85,198	81,587
Change in year before appropriations	2,798	274	96	336
Change in net assets	(2,798)	(274)	(96)	(336)
Surplus for the year	-	-	-	-