

March 31

2008

Dalhousie University

Annual
Financial
Report

Published June 2008



DALHOUSIE
UNIVERSITY

Inspiring Minds

DALHOUSIE UNIVERSITY
ANNUAL FINANCIAL REPORT

March 31, 2008

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INTRODUCTION

2007-08 FINANCIAL REPORT

This Annual Financial Report provides readers with an account of the stewardship exercised over the financial resources entrusted to Dalhousie University. It describes significant developments affecting the University's finances, summarizes budget developments for the current year, compares budgeted and actual Operating Fund results, explains material variances, and then concludes with the audited Financial Statements for the year ended March 31, 2008

1. The 2007-08 operating budget approved by the Board of Governors on June 19, 2007 marked the 20th consecutive year Dalhousie produced and achieved a balanced budget. The 2007-08 fiscal year was the final year of the initial three-year Memorandum of Understanding between the Government of Nova Scotia and the Province's universities. As a result of the agreement, the Government grant was increased by 11.2%, including a base grant increase of 4.5% with the balance to compensate the University for freezing tuition fees and funding a \$500 rebate for Nova Scotia students. The Government's commitment to a more supportive multi-year grants strategy has been most welcome. Increased grants and other revenue sources provided \$252 million in total operating budget revenue.
2. The 2007-08 fiscal year also marked the end of the five year \$15.6 million Strategic Initiatives plan which included investments in student service and assistance, information technology, libraries, facilities renewal, research services, student recruitment, and external relations. The full amount of the target in the original Strategic Initiatives plan has been achieved or exceeded in most areas. These expenditures are consistent with recommendations of the Board of Governor's Long Term Financial Planning Committee made just last year.
3. The operating surplus for the year was \$232,000, primarily as a result of improved investment revenue and operational savings, offsetting the negative variance caused by lower than anticipated enrolment and heating costs that exceeded budget. The approved budget was based on a decline in enrolment of 125 students, compared to an actual decline of 250 students. The surplus has been appropriated and together with accumulated surpluses from recent years, \$1.7 million will be available on a one-time basis in 2008-09 and beyond.
4. Financial Statements are the formal record of the financial activities for the period ending March 31, 2008 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, 2008 are reported to have increased by 14.2% over the previous year, to \$803 million, driven by growth in current assets, up 37% and new provisions for accounting for investments, up 12%.
 - University revenue from all sources grew by 1.3% to \$444 million.
5. The University continued to make progress in the area of facilities renewal with expenditures exceeding \$9.5 million in 2007-08. Numerous major projects were completed with upgrades in accessibility, safety, building systems and structures, and redevelopment of campus space.

Not only was the 2007-08 year successful in financial terms, but in a number of important other areas including the advancement of support, service, and facilities for our students.

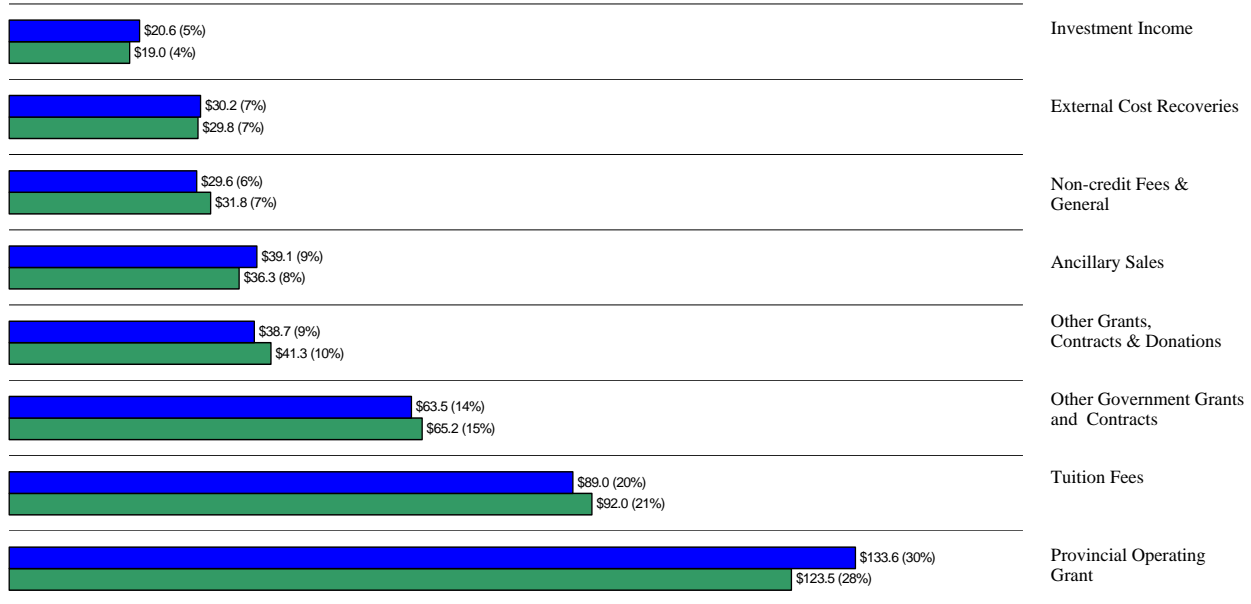


Ken R. Burt
Vice-President,
Finance and Administration

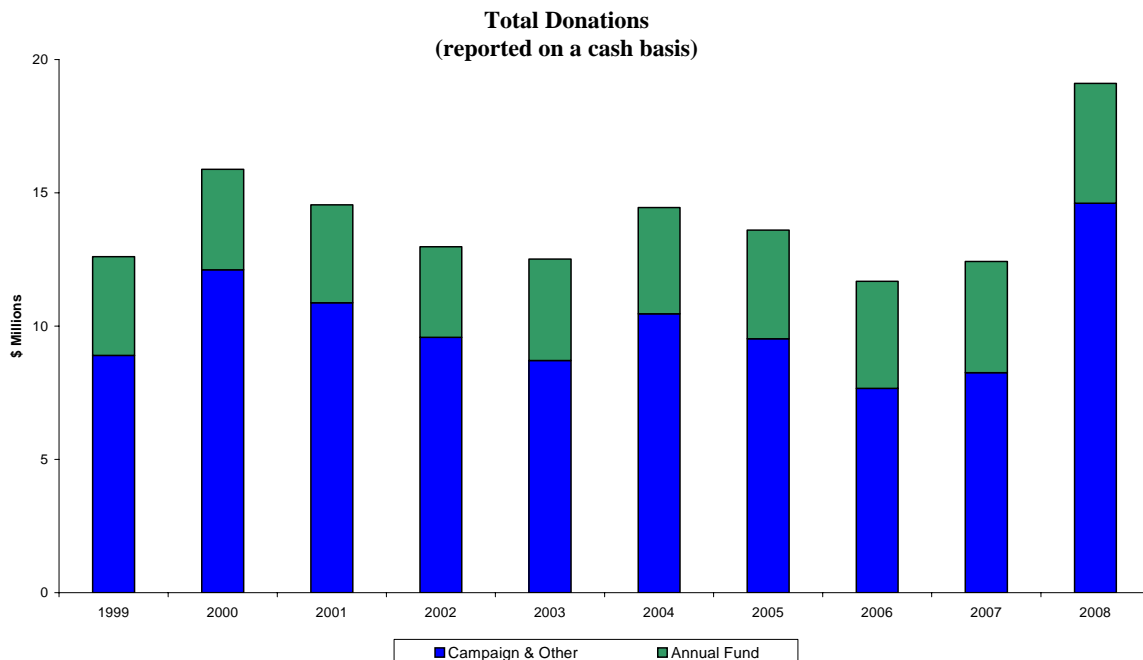
TOTAL REVENUE

University Revenue for all funds edged up to \$444.3 million in 2007-08. Operating revenue grew by \$11 million or 4% driven by increased grants from the Province of Nova Scotia. Endowment and Ancillary Fund revenue also increased over the previous year. Special Purpose revenue declined and Research activity remained relatively constant in 2007-08.

2007-08 Revenues: \$444.3 million (2006-07: \$438.9 million)



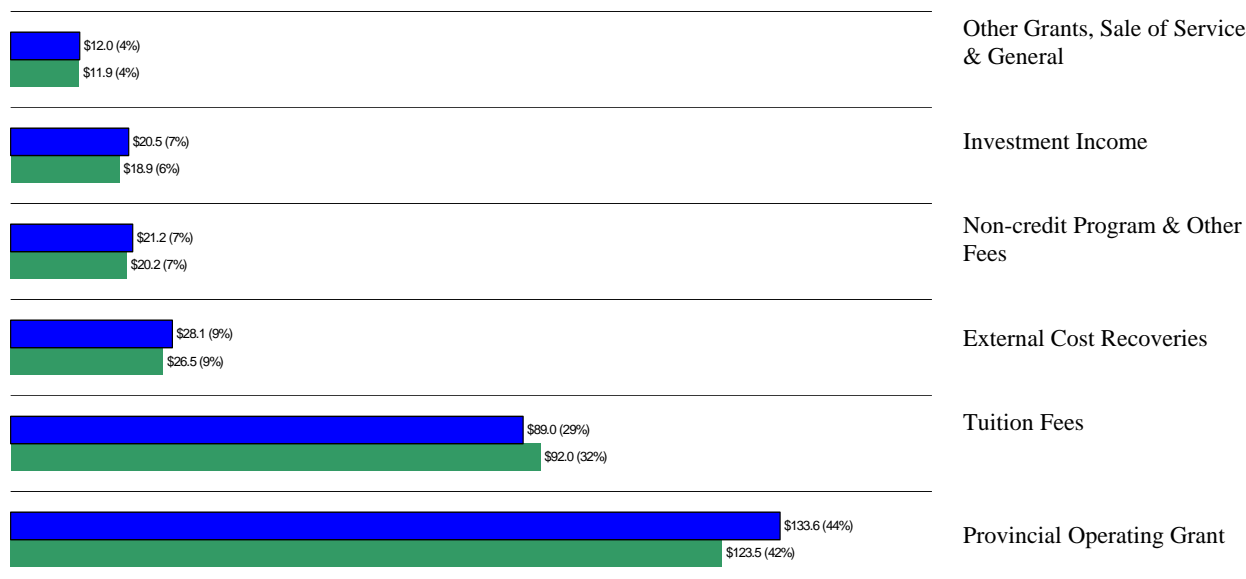
Dalhousie has enjoyed an extremely successful year in all areas of our fundraising program. Contributions from alumni, faculty, staff and friends of the University rose by \$6.8 million or 55% to \$19.2 million over the previous year. The Annual Fund achieved record levels in terms of participation and total gifts received. Estate contributions to the Dalhousie Planned Giving program were \$4.3 million for the year ended March 31, 2008 (\$1.7 million for 2007). There were also a number of significant gifts directed to benefit Dalhousie students through increased scholarships, bursaries and enhanced support services, and also to fund teaching facilities, library collections and academic chairs.



OPERATING AND ENDOWMENT REVENUE AND EXPENSE

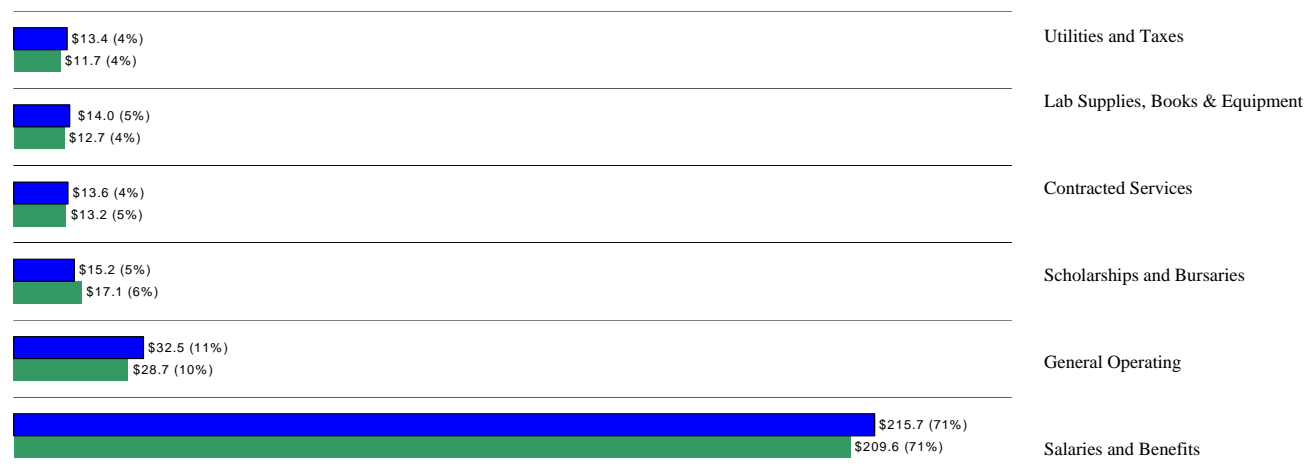
Fiscal year 2007-08 is the 20th consecutive year of balanced or surplus operating results at Dalhousie. Consolidated Operating and Endowment Revenue grew by \$11.4 million in the year with the most significant boost coming from provincial operating grants. The grant provided by the Province of Nova Scotia increased by \$10.1 million and included a general increase, funding sufficient to freeze tuition fees and also provide Nova Scotia students with a \$500 tuition rebate.

2007-08 Operating and Endowment Revenue: \$304.4 million (2006-07: \$293.0 million)



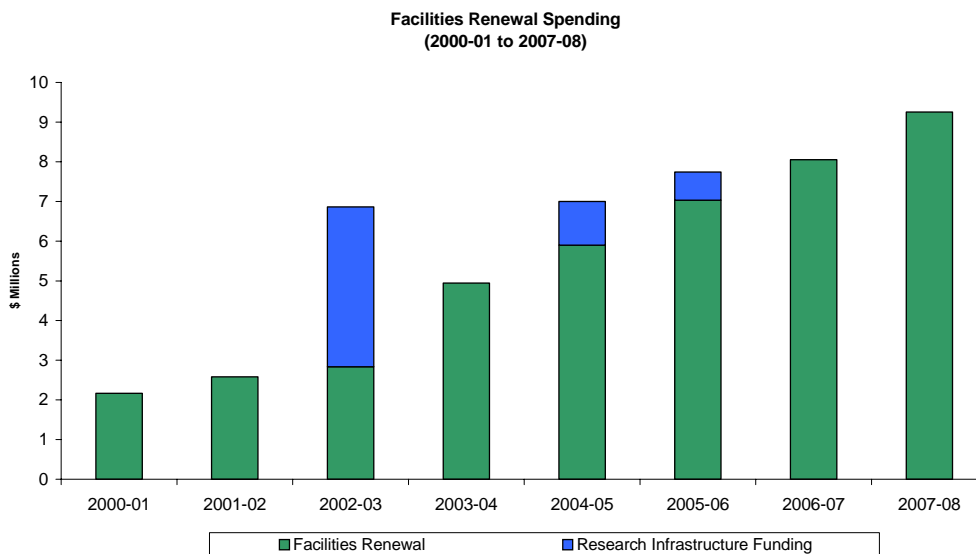
The University's operating budget expense breakdown is reported in the graph below. Employee compensation (including University benefit and pension plan contributions) represents 71% of operating and endowment expenditures (unchanged from 2006-07). In 2006-07 there was an extraordinary increase of \$3 million in student assistance with the introduction of the Nova Scotia bursary program. In 2007-08 provincially-funded tuition relief was delivered to students via a rebate in tuition (shown as a reduction in tuition revenue noted above). Allowing for this exceptional item in 2006-07, Dalhousie-funded student assistance increased by \$1.1 million in 2007-08. The other significant change in expenses in 2007-08 was the cost of heating fuel, which rose precipitously in the last half of the year.

Operating and Endowment Expense: \$304.4 million (2006-07: \$293 million)



FACILITIES RENEWAL

In 2000 the Board of Governors' Facilities Renewal Strategy Committee recommended that the University's operating budget include increased spending on facilities renewal until annual spending reached a targeted amount equal to 2% of the replacement value of our facilities. Since that time, the area of facilities renewal has been highlighted as one of Dalhousie's strategic objectives. The graph below displays the growing annual operating budget allocations to facilities renewal since 2000-01, which reached \$9.3 million in 2007-08.



During the year a number of key renewal projects were undertaken. Among those were the construction of a new chemical storage facility, a major upgrade to animal care facilities in the Tupper Building, classroom renovations, replacement of electrical transformers and distribution systems, masonry work and improvements to the Carlton Quad area.

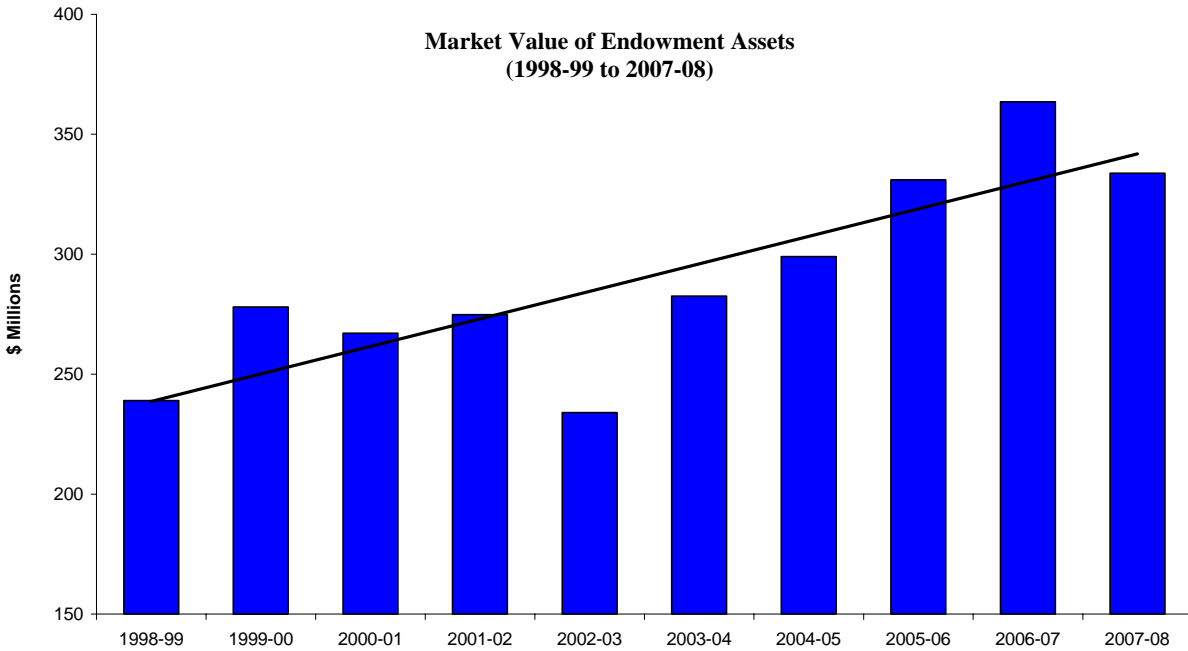
ENDOWMENTS

The market value of the Dalhousie Endowment was \$337.7 million at March 31, 2008. Investment fund performance for the year resulted in a year-over-year decline in value as Dalhousie's globally diversified portfolios experienced negative returns.

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

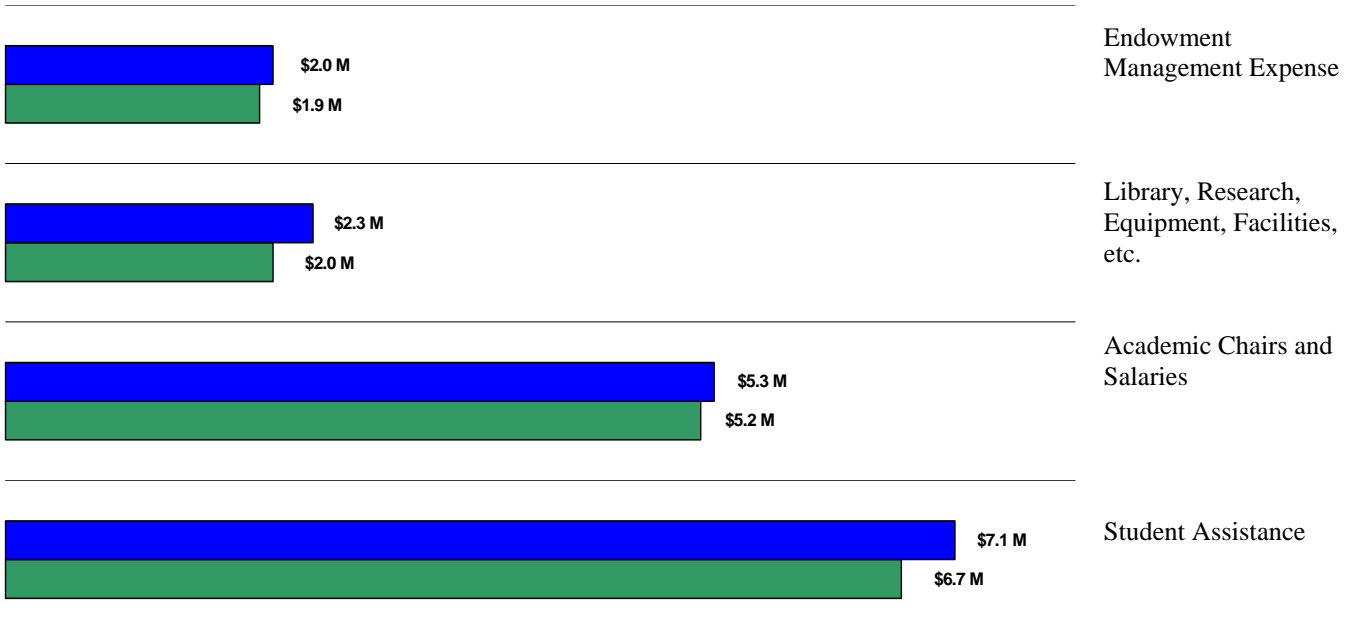
- to balance present spending needs with expected future requirements;
- to protect the purchasing power of the capital base while achieving stability in year-to-year spending; and
- to attain real increases in spending through capital appreciation from new gifts, capital investment gains, and the capitalization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

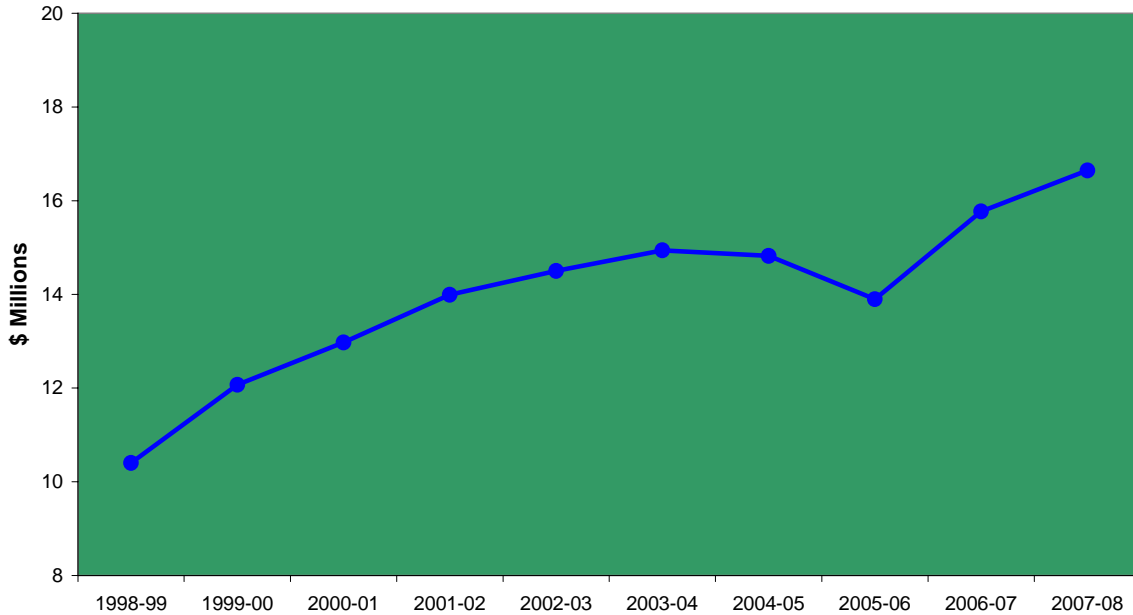


Endowment supported expenditures rose by \$1.0 million to \$16.7 million for the year. Growth occurred in all areas including student assistance, academic chairs and salaries, library resources, research projects, facilities and equipment. The spending support provided by our endowment is extremely important as it allows Dalhousie to supplement spending in many of our areas of excellence.

2007-08 Endowment Expenditures: \$16.7 million (2006-07: \$15.8 million)

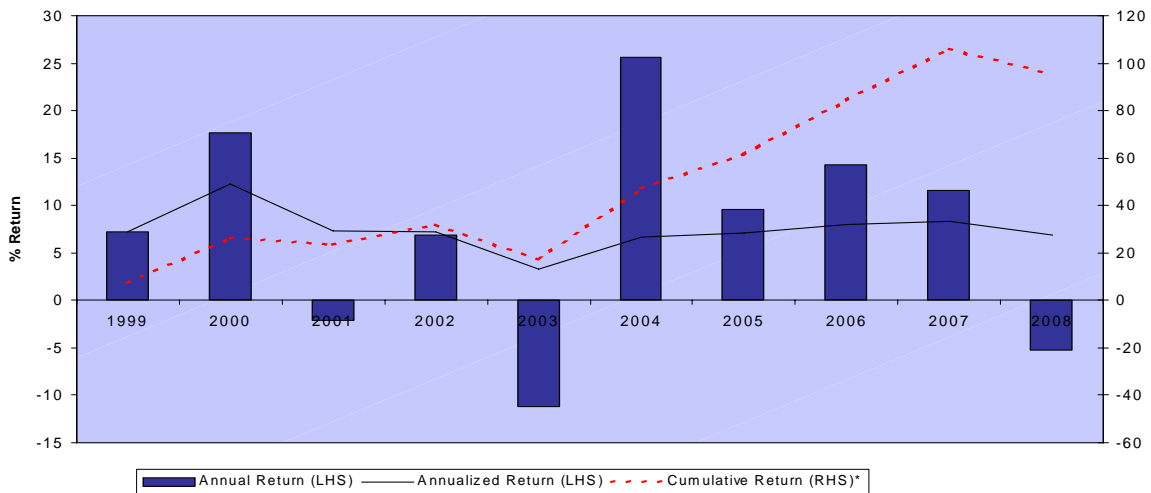


**Endowment Expenditures
1998-99 to 2007-08**



The quarter that ended March 31, 2008 was disappointing and was a drag on the Funds' performance for the year. After numerous years where the Funds have consistently had first and second quartile rankings relative to other funds, the rankings of the Dalhousie Funds slipped to third and fourth quartile rankings. Dalhousie's annualized endowment returns for various periods to March 31, 2008 were: one year (-5.2%); two year (2.9%); three year (6.5%); four year (7.3%) and ten year (6.9%). The graph below illustrates Dalhousie's longer term endowment returns and the investment market challenges over the past decade.

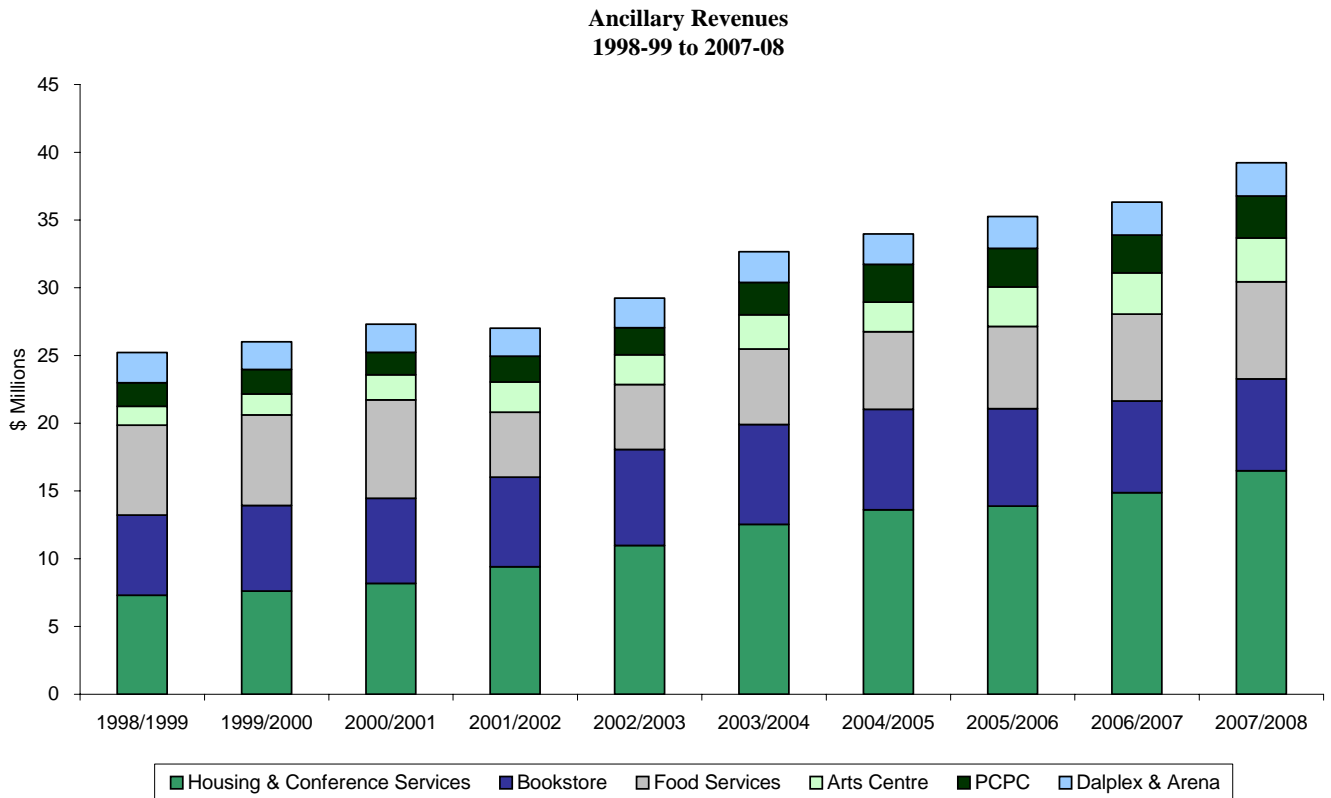
**Rate of Return for Dalhousie Endowments
March 31, 2008**



Cumulative Return represents the compounded return of the ten annual returns.

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 8% to \$39.2 million in 2007-08 with the largest increases occurring in the Housing and Food Service areas as student residence occupancy rates improved this year. The ancillary operations record all direct revenues and expenses and as a group require no subsidy from the operating revenue of the University.



2007-08 FISCAL YEAR

OPERATING BUDGET VERSUS ACTUAL RESULTS

2007-08 APPROVED OPERATING BUDGET

The 2007-08 Operating Budget was approved at the June 19, 2007 meeting of the Board of Governors. The budget as recommended by the Operations Committee included revenues and expenditures of \$252 million respectively and was the twentieth 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. The final budget has been restated to adjust the Government Grant and Tuition Revenue by offsetting amounts. This adjustment allows for a portion of the 2007-08 grant to be used to support the \$500 student rebate program in the summer 2008 (as required by the Province).

ACTUAL RESULTS

The commentary below addresses the major operating revenue and expenditure variances giving rise to an overall positive variance of \$232,000 for the year.

1. Indirect Costs of Research Grant

The 2007-08 Approved Budget included \$6,742,000 in grant revenue from the Federal Indirect Costs of Research Program. The budget was based on preliminary grant figures provided by the federal government in the spring of 2007. A final distribution of funding to Dalhousie under this program was confirmed on December 20, 2007 resulting in a positive variance of \$84,000. An offsetting charge is reported in the Academic category under Responsibility Centre Expenditures and will be used to fund priority research infrastructure needs in future.

2. Investment Income - Endowment

Endowment Income and Endowment Expenditures are lower than budget by \$685,000 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.

3. Investment Income - Operating

Operating investment income resulted in a favourable variance of \$1,185,000 for 2007-08. Deferred spending on capital projects and increased research revenue improved the University cash position available for short-term investment. Interest rates on average were higher than those used in the budget projection for the year.

4. Tuition Fees

The 2007-08 tuition revenue budget was based on a projected decline in enrolment of 125 students. As reported at midyear the actual decline was 250 students resulting in a \$509,000 negative variance on this line.

5. Facilities Renewal Fee and Facilities Renewal Expenditures

The negative variance in the Facilities Renewal fee revenue of \$10,000 relates to lower than budgeted enrolment.

6. Energy, Water, Taxes and Insurance

The unfavourable variance in energy results from higher fuel oil prices compared to the budget estimate. The price of Bunker C fuel has escalated sharply since November 2007 resulting in an overall variance of \$840,000 for 2007-08.

7. Responsibility Centre Expenditures

The budgets for various units within the Responsibility Centre Expenditure section include endowment expenditures which vary from the amount available for spending in any given year as described in note 2 above. 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 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 in the budget, \$84,000 has been appropriated on the Centres, Institutes and Special Projects line for priority research infrastructure needs in 2008-09. 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 \$170,000 favourable compared to budget.
- b) **Administration** – The positive variance of \$131,000 in administration was generated by higher application fee revenue and delays in hiring new positions (funded by Strategic Initiatives) in Institutional Analysis. A number of administrative units drew down budget savings from the prior year or increased appropriations for future years as warranted to complete planned projects.
- c) **Student Services** – A number of student service and support initiatives continue to be developed within the various student service units. Unspent funds relating to those initiatives have been appropriated for use in 2008-09.

- d) **Provision for Compensation** – The approved budget included a provision for salary, wage and benefit increases for all employee groups which has been distributed to units in the Final Budget column. The budget balance of \$2.6 million on this line reflects reduced employer pension contributions resulting from the decision in June 2007 to conduct a valuation of the pension plan as at June 30, 2006. The valuation allowed a reduction in the Board’s contribution rate retroactive to July 1, 2006. As reported to the Board Operations Committee in November, these savings are being held in a “Pension Stabilization Fund” resulting in no overall variance on this line.
- e) **General**– The favourable variance of \$118,000 on this budget line reflects lower-than-budgeted expenditures for professional fees, labour relations and general University costs during the year.
- f) **Facilities Management** – Facilities operations include positive and negative variances in various areas with a significant negative variance relating to snow removal.

8. **Total Surplus for the Year**

The 2007-08 operating results generated a net positive variance of \$232,000. The funds have been appropriated at year end and together with the surplus accumulated in prior years of \$1,487,000, the cumulative balance of \$1,719,000 is available on a one-time only basis in 2008-09 and beyond.

DALHOUSIE UNIVERSITY
2007-08 OPERATING BUDGET RESULTS
(\$ 000's omitted)

	Approved Budget	Final Budget (1),(2)	Actual	Variance Fav (Unfav)
<u>REVENUE</u>				
Provincial Government Grants				
Operating	131,106	130,756	130,756	-
Medicine Expansion	1,805	1,805	1,805	-
Facilities/Space	1,000	1,000	1,000	-
Targeted	50	50	50	-
	133,961	133,611	133,611	-
Federal Indirect Costs of Research Grant	6,742	6,742	6,826	84
Investment			-	
Endowment	17,349	17,349	16,664	(685)
Operating (net of bank & finance charges)	2,700	2,700	3,885	1,185
Tuition Fees	89,939	90,289	89,780	(509)
Facilities Renewal Fee	1,270	1,270	1,260	(10)
TOTAL REVENUE	251,961	251,961	252,026	65
<u>GENERAL OPERATING EXPENDITURES</u>				
Non-Space Equipment	2,309	2,309	2,309	-
Scholarships, Bursaries and Student Assistance				
Operating	9,341	9,341	9,341	-
Endowment	5,301	5,301	5,176	125 (3)
Facilities Renewal	9,254	9,254	9,254	-
Energy (net of recoveries)	8,893	8,893	9,733	(840)
Water, Taxes & Insurance (net of recoveries)	2,876	2,876	2,956	(80)
Endowment Management Expenses	1,817	1,817	2,008	(191) (3)
Facilities/Space	1,000	1,000	1,000	-
Contingency	1,300	1,300	1,082	218
TOTAL GENERAL OPERATING EXPENDITURES	42,091	42,091	42,859	(768)
<u>RESPONSIBILITY CENTRE EXPENDITURES</u>				
Academic	156,207	161,142	160,330	812
Academic Support	8,203	8,420	8,440	(20)
Administration	18,569	19,236	19,105	131
General	929	926	808	118
Facilities Management	13,341	13,290	13,434	(144)
Student Services	3,942	4,062	4,022	40
Provision for Compensation	8,440	2,555	2,555	-
TOTAL RESPONSIBILITY CENTRE EXPENDITURES	209,631	209,631	208,694	937
TOTAL OPERATING EXPENDITURES	251,722	251,722	251,553	169
NET ANCILLARY EXPENDITURES	239	239	241	(2)
TOTAL EXPENDITURES	251,961	251,961	251,794	167
TOTAL SURPLUS FOR THE YEAR	-	-	232 (4)	232

(1) The approved budget has been restated to adjust the Government grant and tuition revenue by an offsetting amounts. The provincial government requires the use of a portion of the 2007-08 grant to support the \$500 student rebate program in the 2008 summer term .(i.e. the 2008-09 fiscal year)

(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 2007-08 Surplus of \$232,000 has been appropriated for use in 2008-09 and subsequent years.

DALHOUSIE UNIVERSITY
2007-08 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget	Final Budget	Actual (2)	Variance Fav (Unfav)	Transfer to (from) Appropriation
ACADEMIC					
Architecture and Planning	3,620	3,764	3,764	-	(9)
Arts and Social Sciences	17,365	18,007	18,007	-	423
Computer Science	4,827	5,126	5,126	-	78
Dentistry	8,090	8,341	8,341	-	133
Engineering	14,104	14,690	14,690	-	(15)
Graduate Studies	1,507	1,575	1,575	-	(162)
Health Professions	18,627	19,186	19,186	-	129
Law	6,498	6,721	6,721	-	28
Management	8,765	8,939	8,939	-	(147)
Medicine	33,975	34,921	34,921	-	903
Science	25,342	26,223	26,223	-	261
University Library	11,831	12,016	12,016	-	104
College of Continuing Education	572	588	588	-	124
Centres, Institutes & Special Projects	1,447	1,469	1,553	(84)	241
Engineering & Computer Science Career Services	442	464	464	-	(94)
Faculty Related Costs (eg.Travel, Leave Grants, PDA.)	1,296	1,247	1,247	-	161
Kings' Transfer	(2,767)	(2,767)	(2,937)	170	-
Academic Initiatives	666	632 (1)	632	-	332
Endowment Expenditures less than Budget (net)		-	(726)	726	(726)
TOTAL ACADEMIC	156,207	161,142	160,330	812	1,764
ACADEMIC SUPPORT					
Academic IT	250	250	250	-	211
Art Gallery	127	134	134	-	(13)
Centre for Learning and Teaching	991	1,021	1,021	-	4
Printing Centre	(154)	(154)	(147)	(7)	(2)
University Computing & Information Services	6,989	7,169	7,169	-	240
Endowment Expenditures in excess of Budget (net)		-	13	(13)	13
TOTAL ACADEMIC SUPPORT	8,203	8,420	8,440	(20)	453
ADMINISTRATION					
Administrative Initiatives	525	- (1)	-	-	-
Application Fees and Services Recovery	(860)	(860)	(939)	79	-
Board of Governors / Internal Audit	301	329	329	-	29
Business Process Integration	171	206	206	-	-
Communications & Marketing	2,068	2,141	2,141	-	33
Environmental Health and Safety Office	364	363	368	(5)	-
External Relations	3,234	3,309	3,309	-	(22)
Financial Services	3,425	3,551	3,551	-	(22)
Institutional Analysis and Research	304	518	450	68	-
Inter-University Services	51	61	61	-	-
Human Resources	2,063	2,189	2,189	-	75
President's Office	2,109	2,314	2,319	(5)	(14)
Registrar & Admissions	3,863	4,054	4,054	-	150
Research Services	716	813	813	-	42
Senate Office	235	248	254	(6)	-
TOTAL ADMINISTRATION	18,569	19,236	19,105	131	271

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

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

DALHOUSIE UNIVERSITY
2007-08 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget	Final Budget	Actual ⁽²⁾	Variance Fav (Unfav)	Transfer to (from) Appropriation
<u>GENERAL</u>	929	926	808	118	-
<u>FACILITIES MANAGEMENT</u>	13,341	13,290	13,434	(144)	-
<u>STUDENT SERVICES</u>					
Awards Office & Student Services Centre -Sexton	327	335	335	-	-
Counselling	746	788	788	-	(8)
General Student Services	1,503 ⁽¹⁾	1,591	1,591	-	101
Office of the Vice-President	677	672	672	-	(159)
Student Health	84	86	86	-	9
Varsity, Intramurals & Clubs	605	590	590	-	79
Endowment Expenditures less than Budget		-	(40)	40	(40)
TOTAL STUDENT SERVICES	3,942	4,062	4,022	40	(18)
<u>ANCILLARIES</u>					
Dalhousie Arts Centre	324	324	324	-	-
Dalplex and Arena	181	181	181	-	89
Food Services	(130)	(130)	(130)	-	64
Personal Computer Purchase Centre	-	-	-	-	-
University Bookstore	(283)	(283)	(283)	-	12
University Housing	147	147	147	-	207
Endowment Expenditures in excess of Budget		-	2	(2)	2
TOTAL ANCILLARIES	239	239	241	(2)	374

(1) As a result of 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
2007-08 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	3,724	3,740	(16)	3,724	-	40	33	7	40	-	-
Arts and Social Sciences	17,204	16,955	249	17,204	-	803	629	174	803	-	-
Computer Science	4,856	4,898	(42)	4,856	-	270	150	120	270	-	-
Dentistry	8,292	8,178	114	8,292	-	49	30	19	49	-	-
Engineering	13,901	13,928	(27)	13,901	-	789	777	12	789	-	-
Graduate Studies	1,180	1,255	(75)	1,180	-	395	482	(87)	395	-	-
Health Professions	18,704	18,778	(74)	18,704	-	482	279	203	482	-	-
Law	6,133	6,133	-	6,133	-	588	560	28	588	-	-
Management	8,603	8,682	(79)	8,603	-	336	404	(68)	336	-	-
Medicine	31,565	30,727	838	31,565	-	3,356	3,291	65	3,356	-	-
Science	23,720	23,652	68	23,720	-	2,503	2,310	193	2,503	-	-
University Library	11,826	11,788	38	11,826	-	190	124	66	190	-	-
College of Continuing Education	533	418	115	533	-	55	46	9	55	-	-
Centres, Institutes & Special Projects	1,448	1,276	256	1,532	(84)	21	36	(15)	21	-	(84)
Engineering & Computer Science Career Services	464	558	(94)	464	-	-	-	-	-	-	-
Faculty Related Costs	1,247	1,086	161	1,247	-	-	-	-	-	-	-
Kings' Transfer	(2,767)	(2,937)	-	(2,937)	170	-	-	-	-	-	170
Academic Initiatives	632	300	332	632	-	-	-	-	-	-	-
Endowment Expenditures less than Budget (net)	-	-	-	-	-	-	-	(726)	(726)	726	726
TOTAL ACADEMIC	151,265	149,415	1,764	151,179	86	9,877	9,151	-	9,151	726	812
ACADEMIC SUPPORT											
Academic IT	250	39	211	250	-	-	-	-	-	-	-
Art Gallery	118	118	-	118	-	16	29	(13)	16	-	-
Centre for Learning and Teaching	1,020	1,016	4	1,020	-	1	1	-	1	-	-
Printing Centre	(154)	(145)	(2)	(147)	(7)	-	-	-	-	-	(7)
University Computing & Information Services	7,169	6,929	240	7,169	-	-	-	-	-	-	-
Endowment Expenditures in excess of Budget (net)	-	-	-	-	-	-	-	13	13	(13)	(13)
TOTAL ACADEMIC SUPPORT	8,403	7,957	453	8,410	(7)	17	30	-	30	(13)	(20)
ADMINISTRATION											
Administrative Initiatives	-	-	-	-	-	-	-	-	-	-	-
Application Fees and Services Recovery	(860)	(939)	-	(939)	79	-	-	-	-	-	79
Board of Governors/ Internal Audit	329	300	29	329	-	-	-	-	-	-	-
Business Process Integration	206	206	-	206	-	-	-	-	-	-	-
Communications and Marketing	2,141	2,108	33	2,141	-	-	-	-	-	-	-
Environmental Health and Safety Office	363	368	-	368	(5)	-	-	-	-	-	(5)
External Relations	3,309	3,331	(22)	3,309	-	-	-	-	-	-	-
Financial Services	3,551	3,573	(22)	3,551	-	-	-	-	-	-	-
Institutional Analysis and Research	518	450	-	450	68	-	-	-	-	-	68
Inter-University Services	61	61	-	61	-	-	-	-	-	-	-
Human Resources	2,189	2,114	75	2,189	-	-	-	-	-	-	-
President's Office	2,314	2,333	(14)	2,319	(5)	-	-	-	-	-	(5)
Registrar & Admissions	4,054	3,904	150	4,054	-	-	-	-	-	-	-
Research Services	813	771	42	813	-	-	-	-	-	-	-
Senate Office	248	254	-	254	(6)	-	-	-	-	-	(6)
TOTAL ADMINISTRATION	19,236	18,834	271	19,105	131	-	-	-	-	-	131

(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
2007-08 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	926	808	-	808	118	-	-	-	-	-	118
FACILITIES MANAGEMENT	13,290	13,434	-	13,434	(144)	-	-	-	-	-	(144)
STUDENT SERVICES											
Awards Office	335	335	-	335	-	-	-	-	-	-	-
Counselling	788	796	(8)	788	-	-	-	-	-	-	-
General Student Services	1,591	1,490	101	1,591	-	-	-	-	-	-	-
Office of the Vice-President	672	831	(159)	672	-	-	-	-	-	-	-
Student Health	86	77	9	86	-	-	-	-	-	-	-
Varsity, Intramurals & Clubs	492	453	39	492	-	98	58	40	98	-	-
Endowment Expenditures less than Budget	-	-	-	-	-	-	-	(40)	(40)	40	40
TOTAL STUDENT SERVICES	3,964	3,982	(18)	3,964	-	98	58	-	58	40	40
ANCILLARIES											
Dalhousie Arts Centre	324	324	-	324	-	-	-	-	-	-	-
Dalplex and Arena	181	92	89	181	-	-	-	-	-	-	-
Food Services	(130)	(194)	64	(130)	-	-	-	-	-	-	-
Personal Computer Purchase Centre	-	-	-	-	-	-	-	-	-	-	-
University Bookstore	(283)	(295)	12	(283)	-	-	-	-	-	-	-
University Housing	(92)	(301)	209	(92)	-	239	241	(2)	239	-	-
Endowment Expenditures in excess of Budget	-	-	-	-	-	-	-	2	2	(2)	(2)
TOTAL ANCILLARIES	-	(374)	374	-	-	239	241	-	241	(2)	(2)

(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, 2008

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, 2008. The notes below provide an overview of the results, contents of the financial statements and explanation of major changes.

Overview

- Total revenues were \$ 444.3 million from all fund sources including operating, endowment, ancillary, research, special purpose and capital.
- Total University assets increased year-over-year by \$ 102.9 million.

Financial Statements Contents

The Auditor's Report attests, without qualification, that the 2007-08 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, 2008. (page 20)

The Statement of Revenue, Expense, and Changes in Operating Surplus records the revenue and matching expense of all funds of the University for the year. (page 21)

The 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 are 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.

Pension Benefit Accounting in the Financial Statements

This note is intended to highlight the difference between the accounting expense that appears in the audited financial statements and the pension contribution level that must be maintained by the University in accordance with actuarial standards and the Pension Benefits Act of Nova Scotia.

Dalhousie University accounts for the cost of pension benefits in the financial statements in accordance with section 3461 of the Canadian Institute of Chartered Accountant's handbook. The assumptions and measurement techniques for the valuation of pension plan assets, liabilities and expense required by the CICA are quite different than those employed by pension actuaries. Actuarial assumptions are those used for determining the level of contributions required under the Pension Benefits Act of Nova Scotia and the level of contributions permitted by Canada Revenue Agency regulations. It is this level of contributions that is included in the annual budget plan of the University.

The difference between financial accounting and actuarial Plan results can be attributable to the valuation of assets and/or liabilities. At March 31, 2008 there is a difference between the actuarial and the accounting methodologies relating to the calculation of Plan assets. The actuarial approach uses a smoothing technique, which averages market value gains and losses over a three-year period whereas the accounting approach values assets at a single point in time. There are also differences between the methodologies relating to liabilities including the use of different and more variable discount rates to value liabilities. Unfortunately the accounting approach will produce far greater volatility from year to year. As an example, the "Plan deficit" for accounting purposes at 31 March 2008 (see note 3 on page 27) was \$68.4 million versus an actuarial extrapolation on a going concern basis to that same date of \$0.4 million.

The CICA's methodology also adds volatility to the calculation of pension expense. For the 2007-08 fiscal year the accounting expense for the year was \$2.2 million compared with the actuarially determined contribution requirements of \$15.4 million. The difference is attributable to the fact that experience gains and losses for accounting purposes may be deferred and recognized over an extended period.

Funds

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

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

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

Ancillary - an unrestricted fund that accounts separately for all sales-producing operations that are supplementary to the University's primary operating activities. These operations include 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.



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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, 2008 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, 2008 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

May 30, 2008

DALHOUSIE UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2008
(thousands of dollars)

ASSETS		2008	2007
Current assets			
Cash and cash equivalents	\$	163,231	115,039
Accounts receivable		21,626	17,889
Inventories		2,476	2,488
Prepaid expense		3,417	3,615
		190,750	139,031
Deferred pension asset (note 3)		37,804	24,626
Investments (note 4)		338,346	301,471
Capital assets (note 5)		235,896	234,769
	\$	802,796	699,897
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$	40,744	26,542
Deferred revenue (note 6)		146,732	93,683
Current portion of long-term debt		1,892	1,800
		189,368	122,025
Deferred capital contributions (note 7)		87,720	89,341
Long-term debt (note 8)		41,083	42,976
		318,171	254,342
Net assets (note 9)			
Endowment principal		322,765	297,978
Restricted for future pension benefits		37,804	24,626
Restricted funds		35,671	32,374
Equity in capital assets		88,385	90,577
		484,625	445,555
	\$	802,796	699,897

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, 2008
(thousands of dollars)

	Total	
	2008	2007
Revenue		
Provincial government operating grants	\$ 133,611	123,496
Other government grants and contracts	63,469	65,195
Corporations and foundations	22,674	23,656
Tuition fees	89,013	91,996
Non-credit and other fees	21,171	20,194
General	8,486	11,613
Gifts	6,979	9,081
Investment income	20,609	19,036
Ancillary sales and service	39,162	36,244
External cost recoveries	30,164	29,777
Amortization of deferred capital contributions	9,008	8,570
Total revenue	444,346	438,858
Expense		
Salaries and employee benefits	259,607	255,564
Pension expense adjustment	(13,178)	(14,116)
Library acquisitions	4,895	4,035
Laboratory and teaching supplies	9,866	9,792
Equipment and service	10,073	9,902
Finance costs	4,478	4,178
Utilities and taxes	15,677	13,709
Externally contracted services	31,866	31,851
Scholarships, bursaries and prizes	31,490	33,179
Ancillary cost of sales and service	10,488	9,836
Travel	10,238	10,601
Amortization of capital assets	22,896	22,051
General operating	24,236	23,829
Total expense	422,632	414,411
Excess of revenue over expense	21,714	24,447
Use of excess of revenue over expense		
Committed to equity in capital assets	(1,599)	(1,125)
Committed to future pension benefits (note 3)	(13,178)	(14,116)
Committed to restricted funds	(6,937)	(9,206)
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, 2008
(thousands of dollars)

	2008					2007
	Endowment Principal	Restricted For Future Pension Benefits	Restricted Funds	Equity in Capital Assets	Total	Total
Net Assets, Beginning of Year	\$ 297,978	24,626	32,374	90,577	445,555	397,951
Excess of Revenue over Expense	-	13,178	6,937	1,599	21,714	24,447
Gifts of Endowed Principal	7,960	-	-	-	7,960	3,361
Impact of Accounting Changes	-	-	(3,006)	(3,791)	(6,797)	-
Transfers to (from) endowment principal	16,827	-	(634)	-	16,193	19,796
Net Change for the Year	24,787	13,178	3,297	(2,192)	39,070	47,604
Net Assets, End of Year (note 9)	\$ 322,765	37,804	35,671	88,385	484,625	445,555

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008	2007
Cash flows from operating activities:		
Excess of revenue over expense	\$ 21,714	24,447
Items not involving cash:		
Amortization of capital assets	22,896	22,051
Amortization of deferred capital contributions	(9,008)	(8,570)
Increase in deferred pension asset	(13,178)	(14,116)
Adjustments for changes in current assets	(3,527)	177
Adjustments for changes in current liabilities	67,251	4,791
	<u>86,148</u>	<u>28,780</u>
Cash flows from investing activities		
Purchase of capital assets	(24,023)	(17,548)
Net (increase) decrease in investments	(36,875)	5,535
	<u>(60,898)</u>	<u>(12,013)</u>
Cash flows from financing activities		
Endowment gifts	7,960	3,361
Endowment income transferred	16,193	19,796
Adjustment to market value	(6,797)	-
Deferred capital contributions received	7,387	8,569
Principal payments on long-term debt	(1,801)	(1,421)
	<u>22,942</u>	<u>30,305</u>
Increase in cash and cash equivalents	48,192	47,072
Cash and cash equivalents, beginning of year	115,039	67,967
Cash and cash equivalents, end of year	<u>\$ 163,231</u>	<u>115,039</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 of the related receivable is probable, persuasive evidence of an arrangement exists 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:

Investments in pooled funds, equities and long term bonds, are classified as held for trading and stated at fair value. Investments of temporary cash surpluses are classified as loans and receivables and classified at amortized cost. The change in fair value year over year is reflected in the Statement of Revenue and Expense.

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 (2007 - 13 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, 2006, and the next required valuation will be as of June 30, 2009.

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) 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.

j) Derivative Financial Instruments:

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

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. 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 swap 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.

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.

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 the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in the Statement of Revenue and Expense.

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 and, accordingly, are measured at fair value at each reporting with changes in fair value being recognized in the Statement of Revenue and Expense.

k) New Accounting Policies:

On April 1, 2007, the University adopted CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation, and Section 3865, Hedges. Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and, therefore, the comparative figures have not been restated. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses for derivative financial instruments in the same year as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognised on the Statement of Financial Position and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are initially measured in the Statement of Financial Position at fair value. Subsequent measurements and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in revenue; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in net assets until the investment is derecognized or impaired at which time the amounts would be recorded in the statement of revenue, expenditures and changes in surplus; loans and receivables, held to maturity and other liabilities are recorded at amortized cost using the effective interest rate method.

Upon adoption of these new standards, the University designated its cash and cash equivalent as held-to-maturity, which is recorded at amortized cost. Accounts Receivable are classified as loans and receivables, which are recorded at amortized cost. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities, which are recorded at amortized cost.

As a result of the adoption of these new accounting changes at April 1, 2007, the value of investments increased (\$65,463) which is offset by increases in accounts payable (\$6,752), deferred revenue (\$64,653) and decreases in net assets (\$5,942).

All derivative instruments are recorded in the Statement of Financial Position at fair value. The University has cash flow hedging relationships. At April 1, 2007, the University continued to designate interest rate swap contracts as cash flow hedges. The fair value of these contracts was recorded on the balance sheet at fair value. Opening net assets was adjusted to reflect the changes.

Changes to fair value related to the effective portion of cash flow hedges are recorded in the Statement of Net Assets. Changes in fair value related to the ineffective portion of cash flow hedges are reported in the Statement of Revenue and Expense. At March 31, 2008, the University had no ineffective cash flow hedges.

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, 2006. This valuation reflected a plan deficit of \$6,911. The University is required to complete the next actuarial valuation not later than June 30, 2009.

For accounting purposes the funded status of the defined benefit plan as at March 31, 2008, in the financial statements is as follows:

Pension benefit plan – for accounting purposes	2008	2007
Fair value of plan assets	\$699,778	\$731,989
Accrued benefit obligation	768,190	721,319
Funded status		
Plan surplus (deficit)	(68,412)	10,670
Balance of unamortized amounts	106,216	13,956
Accrued benefit asset	\$37,804	\$24,626

The percentage of the fair value of plan assets by major category is as follows: equity securities 51.2 % (2007 – 58.7%); debt securities 41.5 % (2007 – 34.8%); alternatives 4.9 % (2007 – 4.9%) and other 2.4 % (2007 - 1.6 %).

The significant assumptions used are as follows:

Pension benefit plan	2008	2007
Accrued benefit obligation As of March 31:		
Discount rate	5.3%	5.0%
Rate of compensation increase	4.5%	4.5%
Benefit costs for year Ended March 31:		
Discount rate	5.0%	5.0%
Expected long-term rate of Return on plan assets	7.0%	7.0%
Rate of compensation increase	4.5%	4.5%

Pension benefit costs recognized in the year are \$2,263 (2007 - \$3,833). The cash amount of employer contributions to the defined pension benefit plan was \$15,441 (2007 - \$17,946).

4. Investments:

	2008		2007	
	Market Value	Cost	Market Value	Cost
Cash	\$ 1,277	\$ 1,277	\$ 5,206	\$ 5,206
Treasury Bills & Notes	5,782	5,782	4,396	4,396
Bonds	95,698	95,121	95,195	94,971
Canadian Equities	74,852	55,601	81,140	49,357
US Equities	58,534	69,198	70,453	66,082
Non-North American Equities	73,972	66,525	85,213	57,110
Alternative	28,231	29,872	25,331	24,349
	\$338,346	323,376	\$366,934	\$301,471

Investments include securities held in endowment and other funds of the University and recorded at market value for the 2008 year; a change in accounting policy from the 2007 fiscal year where the investments were recorded at cost.

DALHOUSIE UNIVERSITYNotes to Financial Statements (*Continued*)

Year ended March 31, 2008

*(In Thousands of Dollars)***5. Capital Assets:**

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 2,010	--	\$ 2,010	\$ 2,010	\$ -	\$ 2,010
Buildings	340,078	160,031	180,047	332,267	154,249	178,018
Leasehold Improvements	655	618	37	655	487	168
Equipment	95,023	52,225	42,798	85,989	42,004	43,985
Vehicles	715	495	220	694	411	283
Library Books	19,674	13,354	6,320	18,214	11,620	6,594
Computing	9,249	8,724	525	8,536	7,470	1,066
Land Improvements	7,871	3,932	3,939	6,225	3,580	2,645
	\$475,275	\$239,379	\$235,896	\$454,590	\$219,821	\$234,769

6. Deferred Revenue:

Deferred revenue includes unspent grants, contributions, donations, payments or income received for which the contributor has specified a particular use. The change in accounting standards has resulted in the inclusion of a market value adjustment in deferred revenue. Since these amounts are designated to fund certain expenditures, they are deferred and reported as revenue when the related expenses occur.

	2008					2007
	Operating	Endowed	Special Purpose	Sponsored Research	Total	Total
Balance, Beginning of Year	\$26,235	\$ 6,721	\$ 9,983	\$50,744	\$93,683	\$88,476
Impact of Accounting Changes	--	64,653	--	--	64,653	--
Income Received (Loss)	51,635	(16,997)	14,800	94,721	144,159	145,338
Transferred to principal	--	(16, 193)	--	--	(16,193)	(1,384)
Recognized as Revenue in the Current Year	(26,235)	(16,135)	(13,603)	(83,597)	(139,570)	(138,747)
Balance, End of Year	\$51,635	\$22,049	\$11,180	\$61,868	\$146,732	\$93,683

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.

	2008	2007
Balance, Beginning of Year	\$89,341	\$89,342
Contributions Received	7,387	8,569
Amortization of Contributions	(9,008)	(8,570)
Balance, End of Year	\$87,720	\$89,341

8. Long-Term Debt:

	2008	2007
Howe Hall:		
- 5.86% due January 10, 2013 repayable in quarterly instalments of \$136	\$6,389	\$6,553
Peter Green Hall:		
- 5.88% due December 1, 2017 repayable in monthly instalments of \$7	617	663
Fenwick Place:		
- 5.28% due December 29, 2015 repayable in quarterly instalments of \$80	3,307	3,458
Central Services Building Parkade:		
- 5.41% due December 1, 2013 repayable in quarterly instalments of \$22	685	729
Risley Hall:		
- 5.71% due September 1, 2014 repayable in quarterly instalments of \$385	18,640	19,060
Residence Renewal:		
- 4.96% due November 15, 2014 repayable in quarterly instalments of \$58	2,110	2,237
- 4.69% due October 12, 2015 repayable in quarterly instalments of \$47	2,320	2,402
Faculty of Management Building:		
- 5.06% due March 2, 2017 repayable in quarterly instalments of \$236	7,103	7,708
Howe Hall/Shirreff Hall:		
- 4.74% due December 29, 2015 repayable in quarterly instalments of \$61	1,804	1,966
	\$42,975	\$44,776
Less: Current Portion	1,892	1,800
	\$41,083	\$42,976

All above payments include principal and interest.

DALHOUSIE UNIVERSITYNotes to Financial Statements (*Continued*)

Year ended March 31, 2008

(In Thousands of Dollars)

The principal due within each of the next five years on long-term debt is as follows: 2009 - \$1,892; 2010 - \$1,997; 2011 - \$2,104; 2012 - \$2,206; 2013 - \$2,331. The University uses interest rate swaps to manage interest rate risk (see note 11).

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, 2007	New Contributions	Transfer to Endowment Principal	Endowment Principal March 31, 2008
Externally Restricted	\$289,647	\$7,946	\$15,996	\$313,589
Internally Restricted	8,331	14	831	9,176
TOTAL	\$297,978	7,960	16,827	322,765

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 \$13,178 (2007 - \$14,116) 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:

	2008	2007
Capital assets	\$235,896	\$234,769
less amounts financed by:		
deferred capital contributions	(87,720)	(89,341)
long-term debt	(42,975)	(44,776)
change in fair value of cash flow hedges	(3,791)	--
cash flows, pending repayment by ancillaries or other identified sources	(13,025)	(10,075)
Equity in capital assets	88,385	\$90,577

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, 2008. The University is subject to risk for insurance losses experienced by CURIE members and the University has met all of its obligations under the subscriber's agreement. Each CURIE member is required to participate for a minimum of five years. This long-term period creates an environment for CURIE where financial risk can be spread over time as well as among subscribers.

As of March 31, 2008, 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.

The University has determined that a certain scientific facility is no longer required. Original cost estimates for the project have been fully expensed. The University has recently commenced a process to update the decommissioning requirements. Due to the uncertainty as to the amount ultimately required, no further cost has been set aside for the project.

11. Financial Instruments:

a) Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of the investments is determined by using published price quotations in an active market at year end.

b) Foreign Currency Risk

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

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

c) Interest Rate Risk Management

The University uses derivatives to alter interest rate exposures. Interest rate swaps allow the University to raise long-term borrowings at floating rates and effectively swap them into fixed rates that are lower than those available to the University if fixed-rate borrowings were made directly. Under interest rate swaps, the University agrees with the counterparty to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount.

Although the University has no intention of settling these instruments at March 31, 2008, the interest rate swap contracts described in note 8 have a fair value of \$3,791, (2007 - \$2,935) greater than the recorded value. In accordance with generally accepted accounting principles, this deficiency has been charged against equity in capital assets and will be restored with the maturity of the debt.

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

d) Credit Risk

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

12. Pledges:

Pledges to the University at March 31, 2008 were \$14,956 (2007 - \$12,353). 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. Impact of Future Changes in Accounting Policies:

- a) The new sections 3862 and 3863 replace Handbook Section 3861 for non-publicly accountable entities, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically April 1, 2008, for the University. This standard will impact the University's disclosures provided but will not affect the University's results or financial position.
- b) New accounting standards for inventories provide more guidance on the measure and disclosure requirements effective April 1, 2008. The University is currently reviewing the results of implementing this new standard.

15. Comparative Figures:

Certain 2007 figures have been reclassified to conform to the 2008 financial statement presentation.

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense
Year Ended March 31, 2008 (With Comparatives Figures for 2007)
(in Thousands of Dollars)

	Operating 2008 (Schedule 2)	Endowment 2008 (Schedule 3)	Ancillary 2008 (Schedule 4)	Capital 2008	Special Purpose 2008 (Schedule 5)	Research 2008 (Schedule 5)	2008	Total 2007
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Provincial government operating grants	133,611	-	-	-	-	-	133,611	123,496
Other government grants and contracts	8,714	-	75	150	123	54,407	63,469	65,195
Corporations and foundations	210	-	-	-	663	21,801	22,674	23,656
Tuition fees	89,013	-	-	-	-	-	89,013	91,996
Non-credit and other fees	21,171	-	-	-	-	-	21,171	20,194
General	2,032	-	-	84	5,740	630	8,486	11,613
Gifts	97	941	-	387	4,885	669	6,979	9,081
Investment	5,327	15,194	-	-	85	3	20,609	19,036
Ancillary sales and service	-	-	39,162	-	-	-	39,162	36,244
External cost recoveries	28,075	-	-	50	1,393	646	30,164	29,777
Amortization of deferred capital contributions	-	-	-	2,853	714	5,441	9,008	8,570
Total revenue	288,250	16,135	39,237	3,524	13,603	83,597	444,346	438,858
Expense								
Salaries								
Academic	109,655	4,435	-	-	560	11,942	126,592	122,479
Library	3,399	9	-	-	-	-	3,408	3,434
Plant maintenance	10,128	-	412	-	-	-	10,540	10,081
Administrative and support	59,323	324	4,789	-	2,004	20,468	86,908	85,295
Benefits costs	27,829	551	707	-	163	2,909	32,159	34,275
Total salaries and benefits	210,334	5,319	5,908	-	2,727	35,319	259,607	255,564
Library acquisitions	4,592	80	-	-	59	164	4,895	4,035
Laboratory and teaching supplies	3,381	16	-	-	351	6,118	9,866	9,792
Equipment and service	5,777	125	1,162	-	116	2,893	10,073	9,902
Finance costs	1,662	-	2,430	372	11	3	4,478	4,178
Utilities and taxes	13,387	-	2,290	-	-	-	15,677	13,709
Externally contracted services	12,008	1,608	6,315	-	3,217	8,718	31,866	31,851
Scholarships, bursaries and prizes	8,078	7,088	1,217	-	976	14,131	31,490	33,179
Ancillary cost of sales and service	-	-	10,488	-	-	-	10,488	9,836
Travel	4,248	250	44	-	1,006	4,690	10,238	10,601
Amortization of capital assets	-	-	-	22,896	-	-	22,896	22,051
General operating	14,892	456	1,728	-	3,429	3,731	24,236	23,829
Internal / interfund transfers	6,731	1,722	7,280	(21,343)	(2,177)	7,787	-	-
Total expense	285,090	16,664	38,862	1,925	9,715	83,554	435,810	428,527
Change in year before appropriations	3,160	(529)	375	1,599	3,888	43	8,536	10,331
Change in net assets	(3,160)	529	(375)	(1,599)	(3,888)	(43)	(8,536)	(10,331)
Surplus before pension expense adjustment	-	-	-	-	-	-	-	-
Pension expense adjustment	13,178	-	-	-	-	-	13,178	14,116
Net assets after pension adjustment	13,178	-	-	-	-	-	13,178	14,116

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense - Operating
Year Ended March 31, 2008 (With Comparatives Figures for 2007)
(in Thousands of Dollars)

	Academic		Academic Support		Administration and General		Facilities Management		Student Services		Institution		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	133,611	123,496	133,611	123,496
Other government grants and contracts	1,673	2,183	-	-	-	-	-	-	215	83	6,826	6,743	8,714	9,009
Corporations and foundations	210	272	-	-	-	-	-	-	-	-	-	-	210	272
Tuition fees	4,859	4,590	-	-	-	-	-	-	-	-	84,154	87,406	89,013	91,996
Non-credit and other fees	7,882	7,715	15	19	2,365	2,042	-	-	4,023	3,868	6,886	6,550	21,171	20,194
General	-	-	5	6	435	382	779	763	813	723	-	-	2,032	1,874
Gifts	26	15	47	50	-	-	-	-	24	26	-	-	97	91
Investment	-	-	-	-	-	-	-	-	-	-	5,327	3,806	5,327	3,806
Ancillary sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External cost recoveries	25,790	24,243	646	661	715	660	871	854	53	59	-	-	28,075	26,477
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	40,440	39,018	713	736	3,515	3,084	1,650	1,617	5,128	4,759	236,804	228,001	288,250	277,215
Expense														
Salaries														
Academic	108,699	104,888	-	-	42	48	-	-	914	997	-	-	109,655	105,933
Library	3,399	3,419	-	-	-	-	-	-	-	-	-	-	3,399	3,419
Plant maintenance	87	86	-	-	-	-	10,041	9,609	-	-	-	-	10,128	9,695
Administrative and support	31,857	30,670	7,102	7,005	14,768	13,669	2,328	2,256	3,268	2,674	-	-	59,323	56,274
Benefits costs	21,023	22,177	1,179	1,268	2,552	2,627	2,440	2,443	635	607	-	-	27,829	29,122
Total salaries and benefits	165,065	161,240	8,281	8,273	17,362	16,344	14,809	14,308	4,817	4,278	-	-	210,334	204,443
Library acquisitions	4,547	3,873	3	4	39	21	-	-	3	3	-	-	4,592	3,901
Laboratory and teaching supplies	3,381	3,065	-	-	-	-	-	-	-	-	-	-	3,381	3,065
Equipment and service	2,118	2,092	2,013	2,197	373	234	835	748	438	285	-	-	5,777	5,556
Finance costs	72	64	21	25	36	30	92	97	-	-	1,441	1,147	1,662	1,363
Utilities and taxes	-	-	-	-	-	-	13,387	11,662	-	-	-	-	13,387	11,662
Externally contracted services	5,387	5,193	93	97	1,133	889	5,197	5,193	198	301	-	-	12,008	11,673
Scholarships, bursaries and prizes	1,111	869	2	2	-	-	-	-	6,965	6,563	-	2,970	8,078	10,404
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	3,065	3,100	85	75	461	348	34	25	603	538	-	-	4,248	4,086
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating	5,057	5,439	607	510	3,246	2,853	3,469	2,991	2,118	1,862	395	374	14,892	14,029
Internal / interfund transfers	3,646	4,294	(1,854)	(1,516)	179	(105)	934	770	1,271	1,146	2,555	-	6,731	4,589
Total expense	193,449	189,229	9,251	9,667	22,829	20,614	38,757	35,794	16,413	14,976	4,391	4,491	285,090	274,771
Change in year before appropriations	(153,009)	(150,211)	(8,538)	(8,931)	(19,314)	(17,530)	(37,107)	(34,177)	(11,285)	(10,217)	232,413	223,510	3,160	2,444
(Increase) decrease in appropriations	(1,828)	(1,806)	(509)	29	(357)	(341)	86	511	(320)	(310)	(232)	(527)	(3,160)	(2,444)
Surplus before pension expense adjustment	(154,837)	(152,017)	(9,047)	(8,902)	(19,671)	(17,871)	(37,021)	(33,666)	(11,605)	(10,527)	232,181	222,983	-	-
Pension expense adjustment	-	-	-	-	-	-	-	-	-	-	(13,178)	(14,116)	(13,178)	(14,116)
Change in net assets after pension adjustment	(154,837)	(152,017)	(9,047)	(8,902)	(19,671)	(17,871)	(37,021)	(33,666)	(11,605)	(10,527)	245,359	237,099	13,178	14,116

* In 2007, Scholarships, Bursaries and Prizes included \$2,970 in Province of Nova Scotia bursaries. In 2008 tuition relief was made available to students through a rebate (ie reduction) of tuition fees rather than payment of bursaries.

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense for Operating and Endowment
Year Ended March 31, 2008 (With Comparatives Figures for 2007)
(in Thousands of Dollars)

	2008			2007		
	Operating	Endowment	Total	Operating	Endowment	Total
Revenue	\$	\$	\$			\$
Provincial government operating grants	133,611	-	133,611	123,496	-	123,496
Other government grants and contracts	8,714	-	8,714	9,009	-	9,009
Corporations and foundations	210	-	210	272	-	272
Tuition fees	89,013	-	89,013	91,996	-	91,996
Non-credit and other fees	21,171	-	21,171	20,194	-	20,194
General	2,032	-	2,032	1,874	-	1,874
Gifts	97	941	1,038	91	673	764
Investment	5,327	15,194	20,521	3,806	15,099	18,905
Ancillary sales and service	-	-	-	-	-	-
External cost recoveries	28,075	-	28,075	26,477	-	26,477
Amortization of deferred capital contributions	-	-	-	-	-	-
Total revenue	288,250	16,135	304,385	277,215	15,772	292,987
Expense						
Salaries						
Academic	109,655	4,435	114,090	105,933	4,245	110,178
Library	3,399	9	3,408	3,419	15	3,434
Plant maintenance	10,128	-	10,128	9,695	-	9,695
Administrative and support	59,323	324	59,647	56,274	307	56,581
Benefits costs	27,829	551	28,380	29,122	635	29,757
Total salaries and benefits	210,334	5,319	215,653	204,443	5,202	209,645
Library acquisitions	4,592	80	4,672	3,901	44	3,945
Laboratory and teaching supplies	3,381	16	3,397	3,065	38	3,103
Equipment and service	5,777	125	5,902	5,556	68	5,624
Finance costs	1,662	-	1,662	1,363	-	1,363
Utilities and taxes	13,387	-	13,387	11,662	-	11,662
Externally contracted services	12,008	1,608	13,616	11,673	1,548	13,221
Scholarships, bursaries and prizes	8,078	7,088	15,166	10,404	6,676	17,080
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	4,248	250	4,498	4,086	203	4,289
Amortization of capital assets	-	-	-	-	-	-
General operating	14,892	456	15,348	14,029	406	14,435
Internal / interfund transfers	6,731	1,722	8,453	4,589	1,475	6,064
Total expense	285,090	16,664	301,754	274,771	15,660	290,431
Change in year before appropriations	3,160	(529)	2,631	2,444	112	2,556
Change in net assets	(3,160)	529	(2,631)	(2,444)	(112)	(2,556)
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, 2008 (With Comparatives Figures for 2007)
(in Thousands of Dollars)

	Arts Centre		Housing and Conference Services		Bookstore		Dalplex & Arena		Personal Computing Purchase Centre		Food Service		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other government grants and contracts	75	75	-	-	-	-	-	-	-	-	-	-	75	75
Corporations and foundations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tuition fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-credit and other fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary sales and service	3,176	2,969	16,485	14,871	6,794	6,775	2,462	2,439	3,092	2,783	7,153	6,407	39,162	36,244
External cost recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	3,251	3,044	16,485	14,871	6,794	6,775	2,462	2,439	3,092	2,783	7,153	6,407	39,237	36,319
Expense														
Salaries														
Academic	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	412	386	-	-	-	-	-	-	-	-	412	386
Administrative and support	537	506	1,872	1,737	553	507	1,498	1,441	294	301	35	40	4,789	4,532
Benefits costs	67	70	321	330	92	90	174	184	48	55	5	7	707	736
Total salaries and benefits	604	576	2,605	2,453	645	597	1,672	1,625	342	356	40	47	5,908	5,654
Library acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and service	16	79	749	428	63	72	137	128	-	1	197	119	1,162	827
Finance costs	62	45	1,952	2,074	200	180	30	28	34	32	152	169	2,430	2,528
Utilities and taxes	83	78	1,949	1,709	10	9	237	233	-	-	11	18	2,290	2,047
Externally contracted services	16	25	557	524	36	62	42	43	25	25	5,639	5,019	6,315	5,698
Scholarships, bursaries and prizes	-	-	1,217	961	-	-	-	-	-	-	-	-	1,217	961
Ancillary cost of sales and service	2,366	2,208	-	-	5,339	5,299	234	246	2,549	2,259	-	-	10,488	10,012
Travel	1	3	23	8	10	9	3	2	7	3	-	-	44	25
General operating	61	39	1,442	1,741	9	26	188	221	28	34	-	-	1,728	2,061
Internal / interfund transfers	42	(9)	5,782	4,838	470	483	(170)	(214)	107	73	1,049	981	7,280	6,152
Total expense	3,251	3,044	16,276	14,736	6,782	6,737	2,373	2,312	3,092	2,783	7,088	6,353	38,862	35,965
Change in year before appropriations	-	-	209	135	12	38	89	127	-	-	65	54	375	354
Net (increase) decrease in appropriations	-	-	(209)	(135)	(12)	(38)	(89)	(127)	-	-	(65)	(54)	(375)	(354)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Schedule 4

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense for Restricted Funds
Year Ended March 31, 2008 (With Comparatives Figures for 2007)
(in Thousands of Dollars)

	Special Purpose		Research	
	2008	2007	2008	2007
Revenue	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-
Other government grants and contracts	123	185	54,407	55,868
Corporations and foundations	663	997	21,801	22,387
Tuition fees	-	-	-	-
Non-credit and other fees	-	-	-	-
General	5,740	8,635	630	647
Gifts	4,885	7,348	669	687
Investment	85	128	3	3
Ancillary sales and service	-	-	-	-
External cost recoveries	1,393	2,095	646	663
Amortization of deferred capital contributions	714	575	5,441	5,039
Total revenue	13,603	19,963	83,597	85,294
Expense				
Salaries				
Academic	560	574	11,942	11,727
Library	-	-	-	-
Plant maintenance	-	-	-	-
Administrative and support	2,004	4,047	20,468	20,135
Benefits costs	163	681	2,909	3,101
Total salaries and benefits	2,727	5,302	35,319	34,963
Library acquisitions	59	28	164	62
Laboratory and teaching supplies	351	346	6,118	6,343
Equipment and service	116	119	2,893	3,332
Finance costs	11	9	3	-
Utilities and taxes	-	-	-	-
Externally contracted services	3,217	2,841	8,718	10,091
Scholarships, bursaries and prizes	976	920	14,131	14,218
Ancillary cost of sales and service	-	-	-	-
Travel	1,006	895	4,690	5,392
Amortization of capital assets	-	-	-	-
General operating	3,429	3,506	3,731	3,651
Internal / interfund transfers	(2,177)	(203)	7,787	7,146
Total expense	9,715	13,763	83,554	85,198
Change in year before appropriations	3,888	6,200	43	96
Change in net assets	(3,888)	(6,200)	(43)	(96)
Surplus for the year	-	-	-	-