

March 31

2009

Dalhousie University

Annual
Financial
Report

Published June 2009



DALHOUSIE
UNIVERSITY

Inspiring Minds

DALHOUSIE UNIVERSITY
ANNUAL FINANCIAL REPORT

March 31, 2009

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SECTION A

Dalhousie Financial Overview

March 31, 2009

TO: The Greater Dalhousie Community

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

DATE: June 23, 2009

RE: The Annual Financial Report

The attached Annual Financial Report provides its readers with an account of the stewardship exercised over the financial resources entrusted to Dalhousie University. This comprehensive overview of Dalhousie's financial affairs describes 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, 2009.

1. The 2008-09 operating budget was balanced for the twenty-first consecutive year and received the approval of the Board of Governors at the June 24, 2008 meeting. Fiscal year 2008-09 was the first year of a new three-year Memorandum of Understanding (MOU) between the Government of Nova Scotia and the Province's universities. The Government grant increased by 11.5% including funding of \$12.1 million to support increased operating costs, \$2 million to partially allow for enrolment adjustments since the funding formula was developed in 1996-97, and \$1.3 million to support increased bursaries for Nova Scotia students. The Government's commitment to a more supportive multi-year grants strategy under the MOU is extremely important to Dalhousie going forward. Provincial operating grants, student fees and other revenue provided \$271 million in total operating budget revenue for 2008-09.
2. The 2008-09 fiscal year marks the first year of a new period of strategic investment to support "*Making an Impact: The President's Strategic Focus, 2007-2010*". In 2008-09 \$4.5 million was allocated for campus renewal, to enhance research and academic excellence, enrich student experience, strengthen enrolment, increase philanthropic support and renew human resources. These allocations dovetail with the recommendations of the Long Term Financial Planning Committee.
3. There were three significant factors giving rise to an overall operating surplus of \$1,847,000. Tuition revenue was higher than budget by \$1.2 million as a result of higher than budgeted enrolment and fuel oil prices declined resulting in a positive variance of \$880,000. These favorable variances were

partially offset by lower operating interest income of \$561,000. The surplus has been appropriated and together with accumulated surplus from recent years, \$3.6 million will be available on a one-time only basis in 2009-10 and beyond.

4. Financial Statements are the formal record of the financial activities for the period ending March 31, 2009 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, 2009 are reported to have increased by 9.1% to \$876 million from the previous year, driven by growth in current assets, up 40%, while investments fell by 8% to \$312 million.
 - University revenue from all sources grew by 7.2% to \$476 million.
5. The University continued to make progress in the area of facilities renewal with a budget allocation of \$11 million in 2008-09. Numerous major projects were completed with upgrades in accessibility, safety, building systems and structures, and redevelopment of campus space. Importantly, work is underway on a Campus master plan, classrooms were renovated (Dentistry and Law), improvements were made to exterior spaces (LSC to Sheriff Hall), transformers replaced (Killam) and roofing projects completed (Dunn). In addition, Dalhousie now has a new entrance and signage at the intersection of University Avenue and Robie Street.
6. The area of greatest concern in 2008-09 was the collapse of the world financial markets as the banking industry now restructures itself following structural problems in the US mortgage market. As a result, the University's Endowments included an investment loss of 19.1% or \$62.5 million. This will lead to reductions in the 2009-10 endowment spending allocations. The Pension Plan which the University sponsors also incurred investment declines of \$112.4 million (-16.2%) and is projected to increase Dalhousie's required funding in June 2010 when the next actuarial valuation is due to be filed.
7. In 2008-09 two new buildings commenced construction on Dalhousie campuses; the New Academic Building, a 100,000 square foot classroom and office building scheduled for completion in the summer of 2010 on Coburg Road, and the Life Sciences Research Centre, a 100,000 square foot research and commercialization building scheduled for completion in the spring of 2011 on Summer Street.

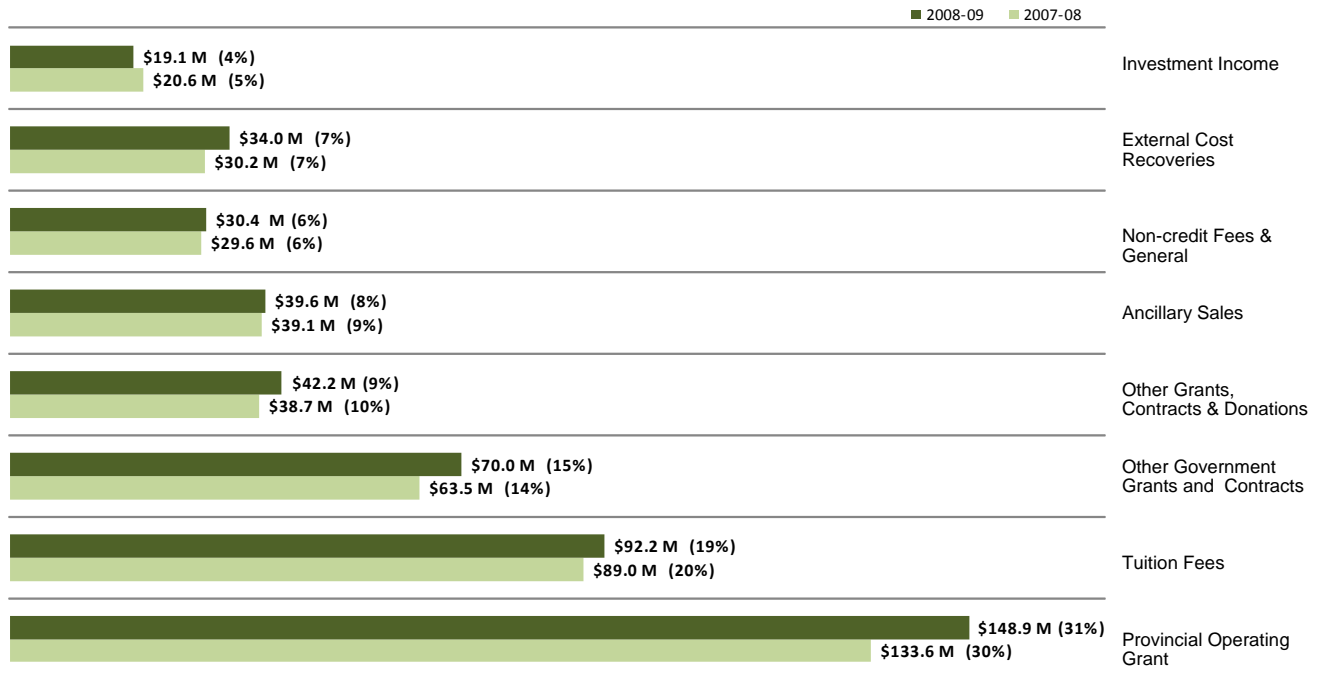
While 2008-09 will be remembered financially as one of the darkest in modern times, Dalhousie managed a modest surplus from operations, and advanced in a number of important areas of strategic importance for our future.

Ken R. Burt

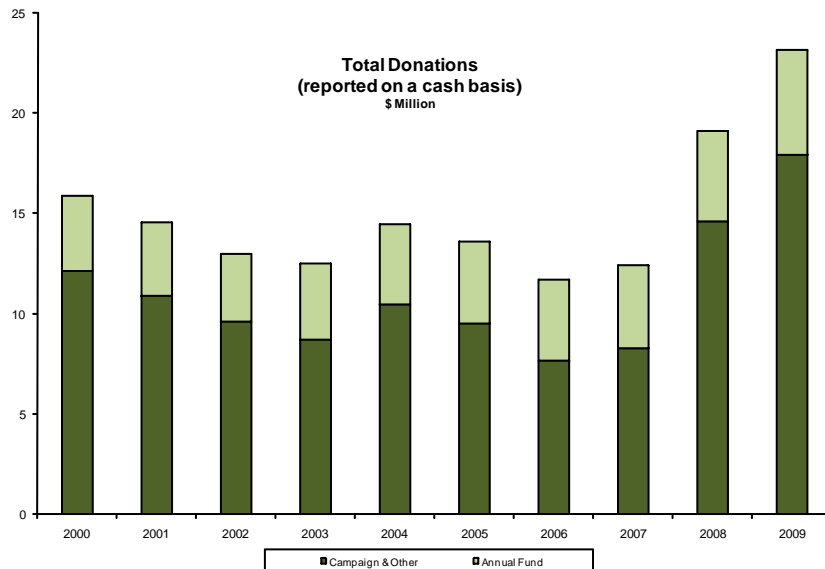
TOTAL REVENUE

Dalhousie's 2008-09 total revenue (all funds) rose by 7.2% to \$476.4 million over the previous year. The primary sources for the year-over-year increase were the provincial operating grant (\$15.3 million) and externally sponsored research revenue (\$8.0 million). The University experienced a \$5.0 million increase in Canada Foundation for Innovation grants including a provincial matching portion and won major contracts valued at \$1.2 million from international sources. The growth in Dalhousie's research program reflects the higher calibre of our researchers.

2008-09 Revenues: \$476.4 million (2007-08: \$444.3 million)



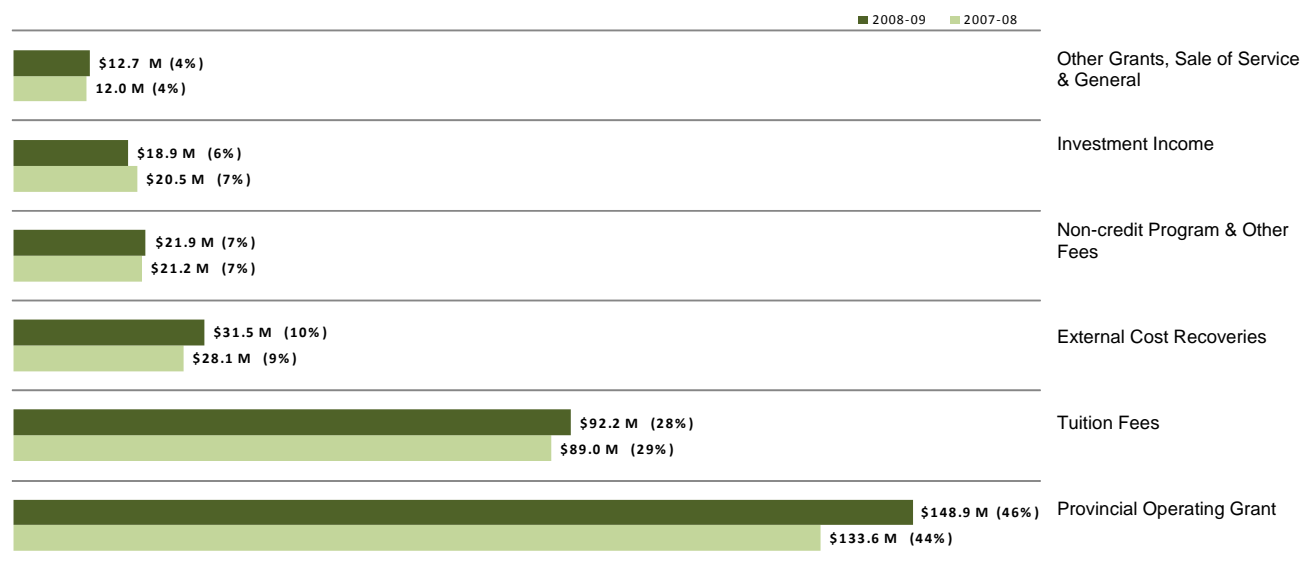
Dalhousie's students, faculties and researchers benefit directly from generous contributions received through various University fundraising programs. Importantly, the level of contributions has exceeded \$10 million every year since 1997 reaching a high of \$23.2 million in 2008-09. Gift support to the University has increased by 21% over 2007-08 with significant growth in the Annual Fund and Planned Giving programs in particular.



OPERATING AND ENDOWMENT REVENUE AND EXPENSE

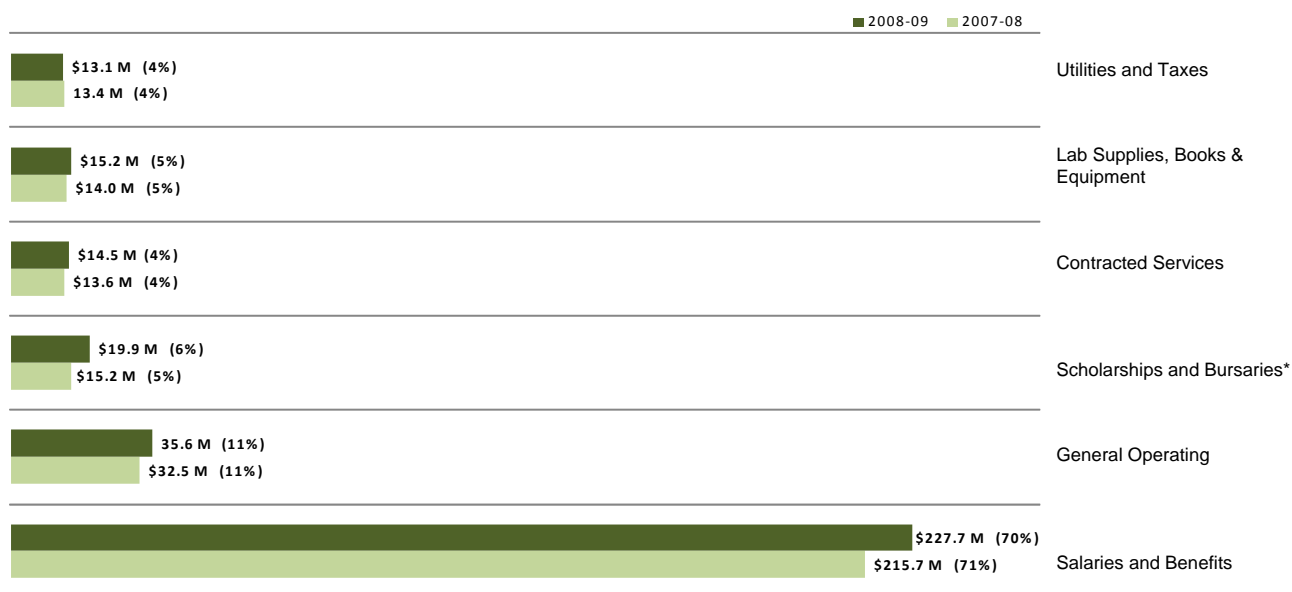
Provincial operating grant revenue increased by \$15.3 million in 2008-09 in accordance with a 3-year Memorandum of Understanding (MOU) between the Government of Nova Scotia and provincial universities. Tuition revenue grew by \$3.1 million due to an increase in enrolment and the reinstatement of tuition previously rebated to Nova Scotia students in accordance with the MOU. The decline in interest rates generated lower income in 2008-09 from University short term bond and money market investments.

2008-09 Operating and Endowment Revenue: \$326.1 million (2007-08: \$304.4 million)



Seventy percent of operating and endowment expenditures are committed to compensation costs including salaries, wages, benefits and pension contributions. A decade ago compensation costs represented 75% of total expenditures while student support and operating costs represented a lower proportion of expenditures compared with today. The shift in spending has been deliberate through the Strategic Initiatives Program, which has resulted in increases in support for students and investments in renewing University facilities.

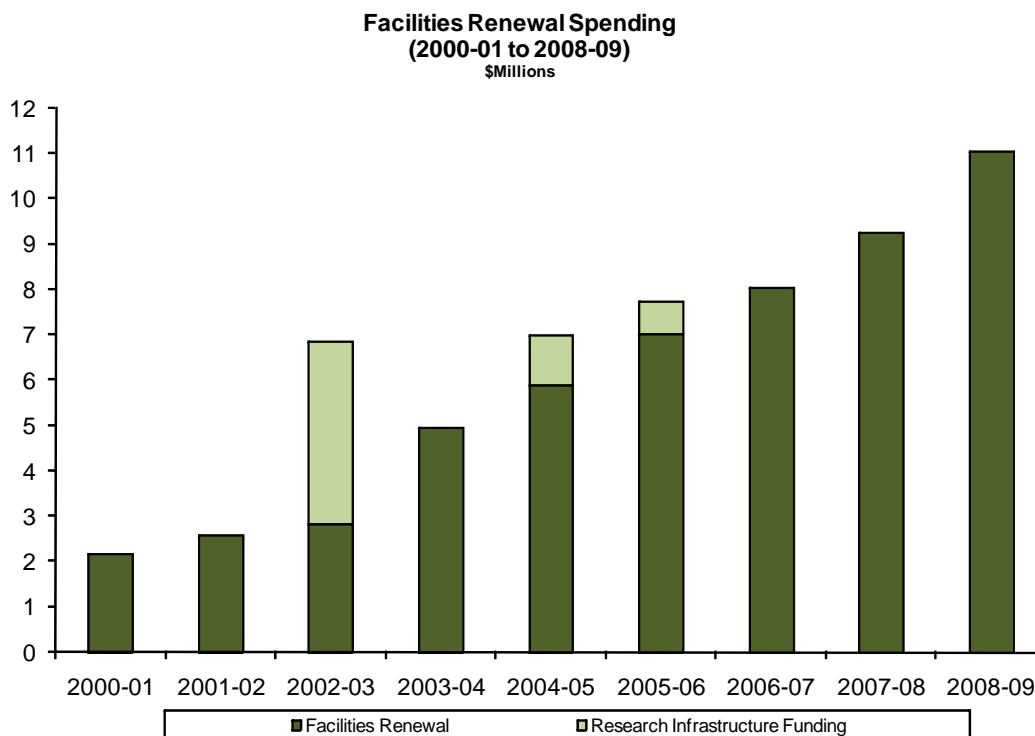
2008-09 Operating and Endowment Expense: \$326.1 million (2007-08: \$304.4 million)



* Scholarships and Bursaries line has increased \$3.96 million as a result of the Province's bursary program for Nova Scotia students.

FACILITIES RENEWAL

The investment in Dalhousie's facilities through annual facilities renewal expenditures has been growing at an extraordinary pace. The base year 2000-01 follows the issuance of the final report of the Board of Governors' Facilities Renewal Strategy Committee. The recommendations of the Committee emphasized the need to ramp up annual spending to the level of 2% of the replacement cost of the University facilities. Although the allocation of \$11 million is well short of the 2% target (i.e. approximately \$24 million) the base budget for facilities renewal continues to be a priority and significant progress is being made.



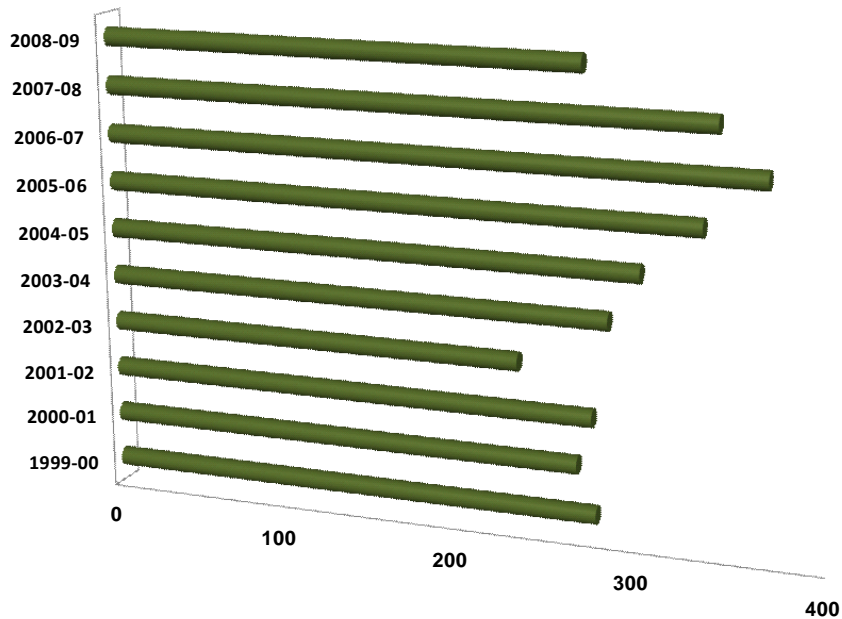
ENDOWMENTS

The year ended March 31, 2009 marked the most severe decline of global equity markets in over seven decades. The range of Canadian and other major equity market returns was -32% to -38% for the period. The past year's global economic contraction and crisis was not only highlighted by a tremendous sell-off in the financial markets but also by a severe tightening of credit and a lack of liquidity. The Dalhousie endowment investment portfolio experienced a negative return of 19.1% for the year compared with the long-term 5.3% real return target.

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

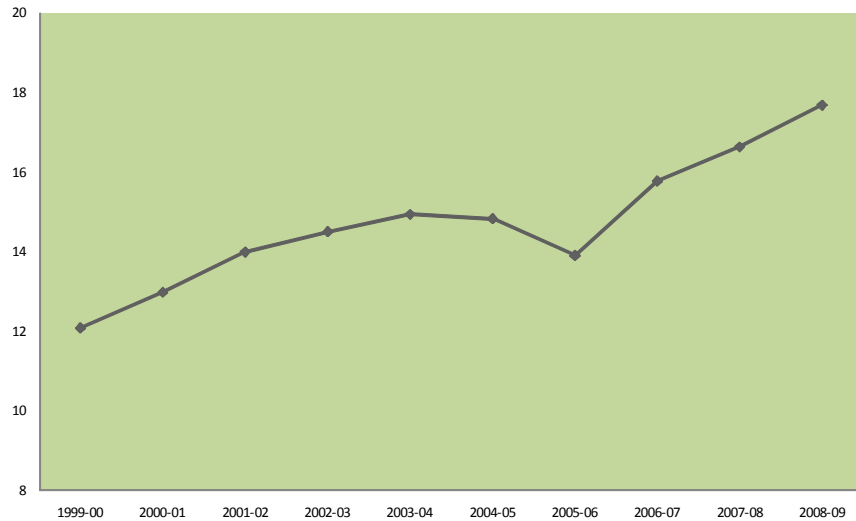
- to balance present spending needs with expected future requirements;
- to protect the purchasing power of the capital base while achieving stability in year-to-year spending; and
- to attain real increases in spending through capital appreciation from new gifts, capital investment gains, and the capitalization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

**Market Value of Endowment Assets
(1999-00 to 2008-09)
\$Millions**



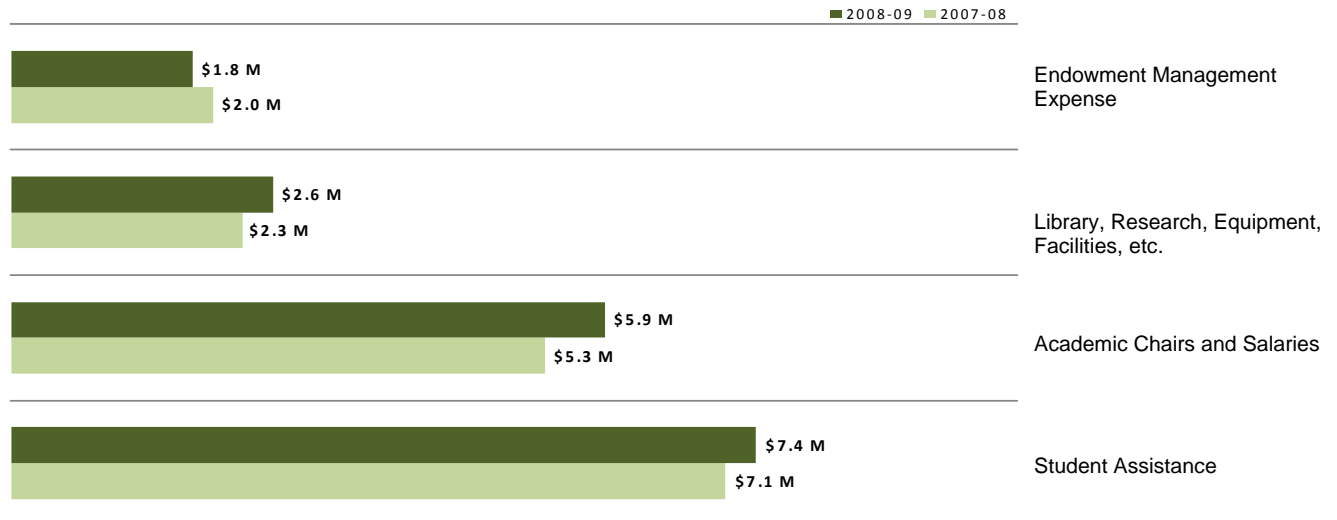
The Endowment Spending Policy was reviewed and amended in 2004. The objectives of the revised spending policy are to provide stable and sustainable annual spending allocations in support of student assistance, academic chairs and salaries, research library acquisitions, etc. At each endowment's inception the spending allocation is set at 4.75% of the endowment market value and thereafter spending allocations for each subsequent year will increase by the Consumer Price Index (CPI). The policy allows for annual spending increases at the rate of CPI as long as the resulting spending rate remains within a band of 3.75% to 5.75% of the endowment's market value. The intent of this policy is to not only to keep spending growth equal to inflation growth but also to maintain the real economic value of the underlying endowment capital over time. Should the spending rate drop below 3.75% it would indicate that the investment returns have exceeded expectations and the endowment could afford greater spending. Conversely, should the spending rate exceed 5.75% this would indicate that returns were less than expected and that spending should be reduced or else the real economic value of the capital will be impaired. The 2008-09 spending allocation represented 4.29% of the Fund's market values.

**Endowment Expenditures
1999-00 to 2008-09**



The impact of the market downturn over the past year was factored into projections for future years' spending, and will require a 5% decrease in 2009-10 endowment spending allocations to maintain spending within the policy's band. In addition, the inflated indexed value of each endowment is tracked and compared against its market value. Should the market value ever fall below that endowment's indexed value (real economic value target), that endowment's spending allocation may be suspended until the endowment's market value recovers to its real economic value.

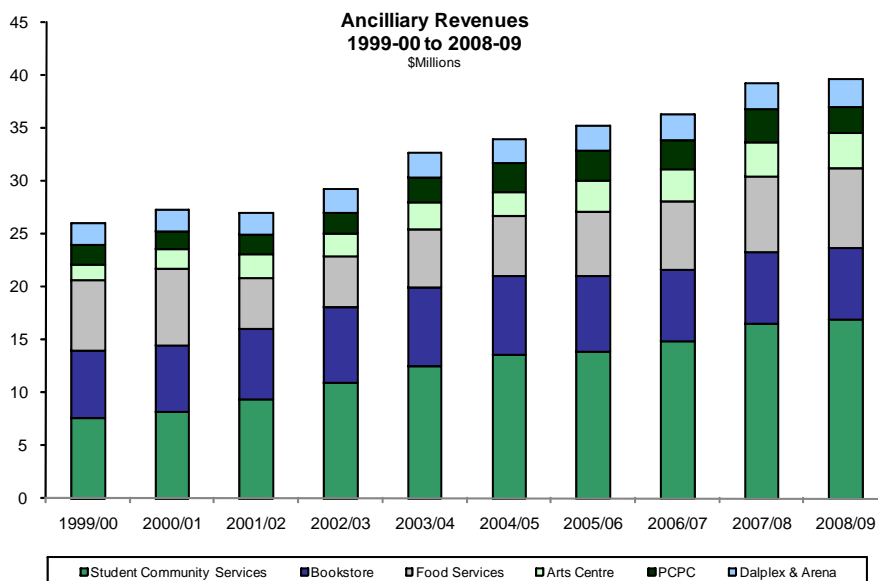
2008-09 Endowment Expenditures: \$17.7 million (2007-08: \$16.7 million)



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.

ANCILLARY ENTERPRISES

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



SECTION B

Report on the 2008-09

Budget vs Actual Operating Results

2008-09 FISCAL YEAR

OPERATING BUDGET VERSUS ACTUAL RESULTS

2008-09 APPROVED OPERATING BUDGET

Dalhousie's 2008-09 Operating Budget included revenues and expenditures of \$271 million each. The balanced budget (for the 21st consecutive year) was approved at the June 24, 2008 meeting of the Board of Governors. This report provides a comparison of the budget versus actual results for the year in summary and by Faculty/unit as well as commentary on major variances from budget.

THE FINAL BUDGET

The summary on page 11 shows the Approved Budget and Final Budget for the University in 2008-09. The Final Budget reflects compensation adjustments and strategic initiatives allocations made to each of the Faculties/units in the Responsibility Centre Expenditure Category.

ACTUAL RESULTS

The variances to budget in major operating revenue and expenditure lines generated an overall positive variance of \$1,847,000 for the year. There were areas in particular contributing to the year end operating budget variance. Tuition revenue was higher than budget by \$1,204,000 due to higher than budgeted enrolment and fuel oil price declines gave rise to a positive variance of \$880,000. Partially offsetting these items was lower operating investment income of \$561,000 resulting from a decline in interest rates. A detailed explanation of these and other variances follows.

1. Provincial Government Grant – Nova Scotia Bursary Program

In 2008-09 the province introduced a bursary program providing \$761 to each full time Nova Scotia student. This program replaced the tuition rebate program established in 2007-08 which provided Nova Scotia students with \$500 in assistance. The Nova Scotia Bursary expenditure line in the General Operating Expenditures section reflects an offsetting amount as this program is fully funded by the Province. The offsetting variances of \$105,000 on these lines reflect actual experience with this new program.

2. Investment Income - Endowment

The 2008-09 Approved Budget included \$6,942,000 in grant revenue from the Federal Indirect Costs of Research Program. As in prior years, the budget was based on preliminary grant figures provided by the federal government at the beginning of the year (i.e. in the spring of 2008). A final distribution of funding to Dalhousie under this program was confirmed on February 13, 2009 resulting in a positive variance of \$80,000. An offsetting charge is reported in the academic category under Responsibility Centre Expenditures that will be used to fund priority research infrastructure needs in future.

3. Investment Income - Endowment

Endowment income and Endowment expenditures are lower than budget by \$761,000 resulting in a nil impact on the bottom line. Endowment income is recognized each year in an amount sufficient to meet expenditures from individual endowments. Dalhousie maintains separate fund accounts for 1,077 endowments and expenditures from each are made in accordance with the terms specified

by donors. The revenue and expenditures each year will vary from the budget and unspent amounts are carried forward for use in a subsequent year or re-invested with the capital.

4. Investment Income – Operating

The negative variance in Operating Investment Income resulted from the precipitous decline in short term interest rates during the year.

5. Tuition Fees

The 2008-09 tuition revenue budget was based on a projected decline in enrolment of 155 students. The reported enrolment increase of 170 students results in a positive variance of \$1,204,000.

6. Facilities Renewal Fee and Facilities Renewal Expenditures

The positive variance in Facilities Renewal fee revenue of \$27,000 is offset by a negative variance in Facilities Renewal expenditures and related to better than budgeted enrolment.

7. Energy, Water, Taxes and Insurance

The favourable variance of \$880,000 in energy is due to lower fuel oil prices compared to the budget estimate. The price of Bunker C fuel oil fluctuated significantly during 2008-09. The price had reached an historic high by July at 39% above the budgeted price. This high was followed by a sharp decline in prices to a low not seen since 2005.

8. 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. The following table summarizes expenditures by Responsibility Centre and the offsetting variance in Endowment income.

2008-09 Summary of Endowment Revenue and Expenditures			
('000's of dollars)			
	Budget	Actual	Variance
Endowment Revenue	<u>(18,450)</u>	<u>(17,689)</u>	<u>(761)</u>
Endowment Expenditures:			
Student Assistance	5,540	5,465	75
Endowment Management Expense	1,967	1,858	109
Academic	10,566	10,032	534
Academic Support	18	20	(2)
Student Services	113	77	36
University Housing	246	237	9
	<u>18,450</u>	<u>17,689</u>	<u>761</u>

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 units. There are, however, two variances identified in the Academic responsibility centre category. As a result of unanticipated revenues in the budget (note 2 above), \$80,000 has been appropriated on the Centres, Institutes and Special Projects line for priority research infrastructure needs in 2009-10. The second item relates to the annual transfer from King's for teaching services which resulted in \$97,000 favourable compared to budget.

- b) **Administration** - The positive variance of \$82,000 in Administration relates to delays in hiring new positions (funded by Strategic Initiatives) and other administrative units had one-time savings as a result of staff turnover or leaves.
- 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 2009-10.
- d) **Provision for Compensation** - The approved budget included a provision for salary, wage and benefit increases for all employee groups and this amount has been distributed to units in the Final Budget column. The budget balance of \$1.13 million on this line reflects reduced employer pension contributions as determined in the 2007 Pension Plan Valuation. Based on the 2007 Valuation the University was able to achieve a net reduction in the employer's contribution rate and the savings from the reduced rate are being transferred annually to a Pension Stabilization Fund resulting in no overall variance on this line.
- e) **General** - The favourable variance of \$54,000 on this budget line includes lower-than-budgeted costs associated with uncollectible accounts receivable
- f) **Facilities Management** Facilities Management includes positive and negative variances in various areas resulting in an overall unfavourable variance of \$30,000.

9. **Total Surplus for the Year**

The 2008-09 operating results generated a net positive variance (surplus) of \$1,847,000. The funds have been appropriated at year end and together with the surplus accumulated in prior years of \$1,719,000, the cumulative balance of \$3,566,000 is available on a one-time only basis in 2009-10 and beyond. This balance represents only 0.7% of total University revenue (\$476.4 million)

DALHOUSIE UNIVERSITY
2008-09 OPERATING BUDGET RESULTS

(\$ 000's omitted)

	Approved Budget	Final Budget (1)	Actual	Variance Fav (Unfav)
REVENUE				
Provincial Government Grants				
Operating	146,146	146,146	146,041	(105)
Medicine Expansion	1,805	1,805	1,805	-
Facilities/Space	1,000	1,000	1,000	-
Targeted	50	50	50	-
	<u>149,001</u>	<u>149,001</u>	<u>148,896</u>	<u>(105)</u>
Federal Indirect Costs of Research Grant Investment	6,942	6,942	7,022	80
Endowment	18,450	18,450	17,689	(761) (2)
Operating (net of bank & finance charges)	3,200	3,200	2,639	(561)
Tuition Fees	91,774	91,774	92,978	1,204
Facilities Renewal Fee	1,270	1,270	1,297	27
	<u>270,637</u>	<u>270,637</u>	<u>270,521</u>	<u>(116)</u>
GENERAL OPERATING EXPENDITURES				
Non-Space Equipment	2,434	2,434	2,434	-
Scholarships, Bursaries and Student Assistance				
Operating	9,628	9,628	9,628	-
Nova Scotia Bursary Program	4,067	4,067	3,962	105
Endowment	5,540	5,540	5,465	75 (2)
Facilities Renewal - annual	10,609	10,609	10,636	(27)
- backlog	450	450	450	-
Energy (net of recoveries)	10,693	10,693	9,813	880
Water, Taxes & Insurance (net of recoveries)	3,076	3,076	2,991	85
Endowment Management Expenses	1,967	1,967	1,858	109 (2)
Facilities/Space	1,000	1,000	1,000	-
Contingency	1,300	1,300	1,264	36
	<u>50,764</u>	<u>50,764</u>	<u>49,501</u>	<u>1,263</u>
RESPONSIBILITY CENTRE EXPENDITURES				
Academic	159,294	167,501	166,950	551 (2)
Academic Support	9,224	9,634	9,636	(2)
Administration	20,582	21,634	21,552	82
General	946	999	945	54
Facilities Management	13,666	14,272	14,302	(30)
Student Services	4,260	4,457	4,421	36 (2)
Provision for Compensation	11,655	1,130	1,130	-
	<u>219,627</u>	<u>219,627</u>	<u>218,936</u>	<u>691</u>
TOTAL GENERAL OPERATING EXPENDITURES	<u>50,764</u>	<u>50,764</u>	<u>49,501</u>	<u>1,263</u>
TOTAL OPERATING EXPENDITURES	<u>270,391</u>	<u>270,391</u>	<u>268,437</u>	<u>1,954</u>
NET ANCILLARY EXPENDITURES	<u>246</u>	<u>246</u>	<u>237</u>	<u>9 (2)</u>
TOTAL EXPENDITURES	<u>270,637</u>	<u>270,637</u>	<u>268,674</u>	<u>1,963</u>
TOTAL SURPLUS FOR THE YEAR	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>1,847 (3)</u>

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

(2) Actual endowment expenditures and revenue will vary from the amount available for spending in any given year due to various factors. See note 8 on page 9.

(3) The 2008-09 Surplus of \$1,847,000 million has been appropriated for use in 2009-10 and subsequent years.

DALHOUSIE UNIVERSITY
2008-09 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget (1)	Final Budget	Actual (3)	Variance Fav (Unfav)	Transfer to (from) Appropriation
ACADEMIC					
Architecture and Planning	3,744	3,960	3,960	-	(9)
Arts and Social Sciences	17,109	18,111	18,111	-	(142)
Computer Science	5,030	5,296	5,296	-	277
Dentistry	8,221	8,582	8,582	-	(84)
Engineering	14,407	15,101	15,101	-	(129)
Graduate Studies	1,562	1,639	1,639	-	(211)
Health Professions	19,014	20,045	20,045	-	123
Law	6,664	7,093	7,093	-	41
Management	8,869	9,831	9,831	-	(700)
Medicine	34,753	36,475	36,475	-	831
Science	25,680	27,180	27,180	-	658
University Library	12,047	12,502	12,502	-	(303)
College of Continuing Education	580	613	613	-	(9)
Centres, Institutes & Special Projects	1,460	1,523	1,603	(80)	22
Engineering & Computer Science Career Services	459	487	487	-	(116)
Faculty Related Costs (eg.Travel, Leave Grants, PDA.)	1,261	1,358	1,358	-	254
Kings' Transfer	(2,937)	(2,937)	(3,034)	97	-
Academic Initiatives	1,371	642 (2)	642	-	105
Endowment Expenditures less than Budget (net)		-	(534)	534	(534)
TOTAL ACADEMIC	159,294	167,501	166,950	551	74
ACADEMIC SUPPORT					
Academic IT Initiatives	420	- (2)	-	-	-
Art Gallery	134	140	140	-	(4)
Centre for Learning and Teaching	1,014	1,182	1,182	-	31
Information Technology Services	7,811	8,467	8,467	-	(348)
Printing Centre	(155)	(155)	(155)	-	8
Endowment Expenditures in excess of Budget (net)		-	2	(2)	2
TOTAL ACADEMIC SUPPORT	9,224	9,634	9,636	(2)	(311)
ADMINISTRATION					
Administrative Initiatives	1,560	- (2)	-	-	-
Application Fees and Services Recovery	(940)	(940)	(930)	(10)	-
Business Process Integration	201	222	222	-	-
Communications & Marketing	2,145	2,366	2,366	-	(41)
Environmental Health and Safety Office	361	413	418	(5)	(17)
External Relations	3,300	3,975	3,975	-	(404)
Financial Services	3,509	3,876	3,844	32	52
Human Resources	2,164	2,351	2,351	-	(99)
Institutional Analysis and Research	513	539	509	30	34
Inter-University Services	62	62	64	(2)	-
President's Office	2,292	2,800	2,763	37	(100)
Registrar & Admissions	4,038	4,241	4,241	-	25
Research Services	804	1,025	1,025	-	56
University Secretariat/ Internal Audit	573 (1)	704	704	-	86
TOTAL ADMINISTRATION	20,582	21,634	21,552	82	(408)

(1) The Approved budget has been restated to reflect a reorganization of the Board and Senate offices into the University Secretariat.

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

(3) The actual column includes transfers of variances in accordance with University policy. (see detailed analysis on pages 14 and 15)

DALHOUSIE UNIVERSITY
2008-09 OPERATING BUDGET RESULTS - DETAIL
(\$000's omitted)

	Approved Budget	Final Budget	Actual ⁽¹⁾	Variance Fav (Unfav)	Transfer to (from) Appropriation
<u>GENERAL</u>	946	999	945	54	-
<u>FACILITIES MANAGEMENT</u>	13,666	14,272	14,302	(30)	-
<u>STUDENT SERVICES</u>					
Awards Office & Student Services Centre -Sexton	333	350	350	-	-
Counselling	784	841	841	-	(44)
General Student Services	1,781	1,822	1,822	-	67
Office of the Vice-President	669	739	739	-	105
Student Health	87	87	87	-	52
Varsity, Intramurals & Clubs	606	618	618	-	(49)
Endowment Expenditures less than Budget		-	(36)	36	(36)
TOTAL STUDENT SERVICES	4,260	4,457	4,421	36	95
<u>ANCILLARIES</u>					
Dalhousie Arts Centre	324	324	324	-	-
Dalplex and Arena	181	181	181	-	6
Food Services	(130)	(130)	(130)	-	69
Personal Computer Purchase Centre	-	-	-	-	60
University Bookstore	(283)	(283)	(283)	-	10
University Housing	154	154	154	-	465
Endowment Expenditures less than Budget		-	(9)	9	(9)
TOTAL ANCILLARIES	246	246	237	9	601

(1) The actual column includes transfers of variances in accordance with University policy. (see detailed analysis on pages 14 and 15)

DALHOUSIE UNIVERSITY
2008-09 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	3,913	3,955	(42)	3,913	-	47	14	33	47	-	-
Arts and Social Sciences	17,228	17,610	(382)	17,228	-	883	643	240	883	-	-
Computer Science	5,009	4,869	140	5,009	-	287	150	137	287	-	-
Dentistry	8,525	8,639	(114)	8,525	-	57	27	30	57	-	-
Engineering	14,289	14,344	(55)	14,289	-	812	886	(74)	812	-	-
Graduate Studies	1,238	1,397	(159)	1,238	-	401	453	(52)	401	-	-
Health Professions	19,544	19,625	(81)	19,544	-	501	297	204	501	-	-
Law	6,469	6,469	-	6,469	-	624	583	41	624	-	-
Management	9,462	10,138	(676)	9,462	-	369	393	(24)	369	-	-
Medicine	32,746	31,633	1,113	32,746	-	3,729	4,011	(282)	3,729	-	-
Science	24,599	24,217	382	24,599	-	2,581	2,305	276	2,581	-	-
University Library	12,305	12,604	(299)	12,305	-	197	201	(4)	197	-	-
College of Continuing Education	556	592	(36)	556	-	57	30	27	57	-	-
Centres, Institutes & Special Projects	1,502	1,542	40	1,582	(80)	21	39	(18)	21	-	(80)
Engineering & Computer Science Career Services	487	603	(116)	487	-	-	-	-	-	-	-
Faculty Related Costs	1,358	1,104	254	1,358	-	-	-	-	-	-	-
Kings' Transfer	(2,937)	(3,034)	-	(3,034)	97	-	-	-	-	-	97
Academic Initiatives	642	537	105	642	-	-	-	-	-	-	-
Endowment Expenditures less than Budget (net)	-	-	-	-	-	-	-	(534)	(534)	534	534
TOTAL ACADEMIC	156,935	156,844	74	156,918	17	10,566	10,032	-	10,032	534	551
ACADEMIC SUPPORT											
Academic IT	-	-	-	-	-	-	-	-	-	-	-
Art Gallery	123	124	(1)	123	-	17	20	(3)	17	-	-
Centre for Learning and Teaching	1,181	1,151	30	1,181	-	1	-	1	1	-	-
Information Technology Services	8,467	8,815	(348)	8,467	-	-	-	-	-	-	-
Printing Centre	(155)	(163)	8	(155)	-	-	-	-	-	-	-
Endowment Expenditures in excess of Budget (net)	-	-	-	-	-	-	-	2	2	(2)	(2)
TOTAL ACADEMIC SUPPORT	9,616	9,927	(311)	9,616	-	18	20	-	20	(2)	(2)
ADMINISTRATION											
Administrative Initiatives	-	-	-	-	-	-	-	-	-	-	-
Application Fees and Services Recovery	(940)	(930)	-	(930)	(10)	-	-	-	-	-	(10)
Business Process Integration	222	222	-	222	-	-	-	-	-	-	-
Communications and Marketing	2,366	2,407	(41)	2,366	-	-	-	-	-	-	-
Environmental Health and Safety Office	413	435	(17)	418	(5)	-	-	-	-	-	(5)
External Relations	3,975	4,379	(404)	3,975	-	-	-	-	-	-	-
Financial Services	3,876	3,792	84	3,844	32	-	-	-	-	-	32
Institutional Analysis and Research	2,351	2,450	(99)	2,351	-	-	-	-	-	-	-
Inter-University Services	539	475	64	509	30	-	-	-	-	-	30
Human Resources	62	64	-	64	(2)	-	-	-	-	-	(2)
President's Office	2,800	2,863	(100)	2,763	37	-	-	-	-	-	37
Registrar & Admissions	4,241	4,216	25	4,241	-	-	-	-	-	-	-
Research Services	1,025	969	56	1,025	-	-	-	-	-	-	-
University Secretariat/ Internal Audit	704	618	86	704	-	-	-	-	-	-	-
TOTAL ADMINISTRATION	21,634	21,960	(408)	21,552	82	-	-	-	-	-	82

(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 12 and 13 of this report is a consolidation of the Endowment and Operating Expenditure budgets. Columns 1 and 6 above report the Final Budget, Columns 4 and 9 show the Total Actual expenditure and Columns 5 and 10 total column 11 which is the consolidated Variance on this schedule.

DALHOUSIE UNIVERSITY
2008-09 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	999	945	-	945	54	-	-	-	-	-	54
FACILITIES MANAGEMENT	14,272	14,302	-	14,302	(30)	-	-	-	-	-	(30)
STUDENT SERVICES											
Awards Office	350	350	-	350	-	-	-	-	-	-	-
Counselling	841	885	(44)	841	-	-	-	-	-	-	-
General Student Services	1,822	1,755	67	1,822	-	-	-	-	-	-	-
Office of the Vice-President	739	634	105	739	-	-	-	-	-	-	-
Student Health	87	35	52	87	-	-	-	-	-	-	-
Varsity, Intramurals & Clubs	505	590	(85)	505	-	113	77	36	113	-	-
Endowment Expenditures less than Budget	-	-	-	-	-	-	-	(36)	(36)	36	36
TOTAL STUDENT SERVICES	4,344	4,249	95	4,344	-	113	77	-	77	36	36
ANCILLARIES											
Dalhousie Arts Centre	324	324	-	324	-	-	-	-	-	-	-
Dalplex and Arena	181	175	6	181	-	-	-	-	-	-	-
Food Services	(130)	(199)	69	(130)	-	-	-	-	-	-	-
Personal Computer Purchase Centre	-	(60)	60	-	-	-	-	-	-	-	-
University Bookstore	(283)	(293)	10	(283)	-	-	-	-	-	-	-
University Housing	(92)	(548)	456	(92)	-	246	237	9	246	-	-
Endowment Expenditures less than Budget	-	-	-	-	-	-	-	(9)	(9)	9	9
TOTAL ANCILLARIES	-	(601)	601	-	-	246	237	-	237	9	9

(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 12 and 13 of this report is a consolidation of the Endowment and Operating Expenditure budgets. Columns 1 and 6 above report the Final Budget, Columns 4 and 9 show the Total Actual expenditure and Columns 5 and 10 total column 11 which is the consolidated Variance on this schedule.

SECTION C

2008-09

Audited Financial Statements

Dalhousie University

**Management Notes on the Audited
Financial Statements**

March 31, 2009

MANAGEMENT NOTES ON THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

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, 2009. These management notes provide a summary of the content of the financial statements, a note on the University Pension Plan and the fund accounting approach used to measure financial activity at Dalhousie for the year.

Financial Statements Contents

The Auditor's Report attests, without qualification, that the 2008-09 financial statements present the financial position of the University fairly. (page 18)

The Statement of Financial Position (Balance Sheet) shows the assets, liabilities, and net assets (equity) of the University as at March 31, 2009. (page 19)

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 20)

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 21)

The Statement of Cash Flows discloses the sources and uses of cash by the University for the year. (page 22)

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 23 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 Plan

In preparing the annual audited financial statements the University must comply with accounting standards as set by the Canadian Institute of Chartered Accountants (CICA). The CICA requires the use of significantly different assumptions and methods regarding the measurement of Pension Plan assets, liabilities and expense than those used for actuarial and funding purposes by pension actuaries.

Accounting assumptions are used for the purposes of preparing the University's financial statements. The differences in assumptions produce differences in outcomes. These financial statements report a pension asset of \$39 million whereas there is a deficit of \$131 million calculated using actuarial standards as of the same date - March 31, 2009. The gap between the two measures is significant and results from various factors including the deficit smoothing and amortization techniques applied for accounting purposes which are not permitted for actuarial purposes.

The accounting standards dictate how the Pension Plan must be reported in the financial statements. Actuarial and legislative requirements dictate how the Plan's surplus/deficit position must be calculated. The actuarial calculation, as filed with the NS Superintendent of Pensions, and in accordance with the NS Pension Benefits Act, determines the annual contributions from the operating budget. Hence, it is the actuarial deficit in the Plan that must be addressed for budget planning purposes.

Funds

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

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

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

Ancillary - an unrestricted fund that accounts separately for all sales-producing operations that are supplementary to the University's primary operating activities. These operations include Student Community Services, the Arts Centre (Rebecca Cohn Auditorium), University Bookstore, Dalplex and Arena, Food Services and the Personal Computer Purchase Centre. These operations operate as a group on a self-sustaining basis.

Capital - a restricted fund that accounts for resources provided to the University for capital purposes and not reported in any other fund.

Special Purpose - a restricted fund including donations which are restricted mainly by external sources for purposes other than sponsored research

Research - a restricted fund that accounts for revenues and expenses for all sponsored research.

Auditor's Report



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Chartered Accountants
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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, 2009 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, 2009 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

June 5, 2009

Dalhousie University

Financial Statements

March 31, 2009

DALHOUSIE UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2009
(thousands of dollars)

ASSETS		2009	2008
Current assets			
Cash and cash equivalents	\$	229,415	163,231
Accounts receivable (note 3)		30,828	21,626
Inventories		2,616	2,476
Prepaid expense		3,806	3,417
		266,665	190,750
Deferred pension asset (note 4)		39,967	37,804
Investments (note 5)		312,326	338,346
Capital assets (note 6)		257,203	235,896
	\$	876,161	802,796
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	\$	47,086	40,744
Deferred revenue (note 7)		231,524	146,732
Current portion of long-term debt		2,278	1,892
		280,888	189,368
Deferred capital contributions (note 8)		116,611	87,720
Long-term debt (note 9)		36,640	41,083
		434,139	318,171
Net assets (note 10)			
Endowment principal		269,460	322,765
Restricted for future pension benefits		39,967	37,804
Restricted funds		43,080	35,671
Equity in capital assets		89,515	88,385
		442,022	484,625
	\$	876,161	802,796

Commitments and contingent liabilities (note 11)
Subsequent event (note 12)

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
STATEMENT OF REVENUE, EXPENSE
AND CHANGES IN OPERATING SURPLUS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	Total	
	2009	2008
Revenue		
Provincial government operating grants	\$ 148,896	133,611
Other government grants and contracts	69,600	63,469
Corporations and foundations	23,767	22,674
Tuition fees	92,138	89,013
Non-credit and other fees	21,877	21,171
General	8,519	8,486
Gifts	9,290	6,979
Investment income	19,128	20,609
Ancillary sales and service	39,551	39,162
External cost recoveries	34,011	30,164
Amortization of deferred capital contributions	9,576	9,008
Total revenue	476,353	444,346
Expense		
Salaries and employee benefits	273,799	260,103
Pension expense adjustment	(2,163)	(13,178)
Library acquisitions	5,297	4,895
Laboratory and teaching supplies	10,589	9,866
Equipment and service	10,909	10,073
Finance costs	4,145	4,478
Utilities and taxes	15,323	15,677
Externally contracted services	39,183	31,866
Scholarships, bursaries and prizes	36,111	30,994
Ancillary cost of sales and service	9,775	10,341
Travel	12,043	10,238
Amortization of capital assets	20,707	22,896
General operating	25,727	24,383
Total expense	461,445	422,632
Excess of revenue over expense	14,908	21,714
Use of excess of revenue over expense		
Committed to equity in capital assets	(5,932)	(1,599)
Committed to future pension benefits (note 4)	(2,163)	(13,178)
Committed to restricted funds	(6,813)	(6,937)
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, 2009
(thousands of dollars)

	2009					2008
	Endowment Principal	Restricted For Future Pension Benefits	Restricted Funds	Equity in Capital Assets	Total	Total
Net Assets, Beginning of Year	\$ 322,765	37,804	35,671	88,385	484,625	445,555
Excess of Revenue over Expense	-	2,163	6,813	5,932	14,908	21,714
Gifts of Endowed Principal	10,583	-	-	-	10,583	7,960
Change in Unrealized Losses (notes 7 and 13)	(32,060)	-	-	(4,802)	(36,862)	(6,797)
Transfers to (from) endowment principal	(31,828)	-	596	-	(31,232)	16,193
Net Change for the Year	<u>(53,305)</u>	<u>2,163</u>	<u>7,409</u>	<u>1,130</u>	<u>(42,603)</u>	<u>39,070</u>
Net Assets, End of Year (note 10)	<u>\$ 269,460</u>	<u>39,967</u>	<u>43,080</u>	<u>89,515</u>	<u>442,022</u>	<u>484,625</u>

(See accompanying notes to the financial statements)

DALHOUSIE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009	2008
Cash flows from operating activities:		
Excess of revenue over expense	\$ 14,908	21,714
Items not involving cash:		
Amortization of capital assets	20,707	22,896
Amortization of deferred capital contributions	(9,576)	(9,008)
Increase in deferred pension asset	(2,163)	(13,178)
Adjustments for changes in current assets	(9,731)	(3,527)
Adjustments for changes in current liabilities	91,134	67,251
	<u>105,279</u>	<u>86,148</u>
Cash flows from investing activities		
Purchase of capital assets	(42,014)	(24,023)
Net (increase) decrease in investments	26,020	(36,875)
	<u>(15,994)</u>	<u>(60,898)</u>
Cash flows from financing activities		
Endowment gifts	10,583	7,960
Decrease in endowment principal	(31,232)	16,193
Change in unrealized losses	(36,862)	(6,797)
Deferred capital contributions received	38,467	7,387
Principal payments on long-term debt	(4,057)	(1,801)
	<u>(23,101)</u>	<u>22,942</u>
Increase in cash and cash equivalents	66,184	48,192
Cash and cash equivalents, beginning of year	163,231	115,039
Cash and cash equivalents, end of year	<u>\$ 229,415</u>	<u>163,231</u>

(See accompanying notes to the financial statements)

Dalhousie University

**Notes to the
Financial Statements**

March 31, 2009

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 restrictions include the operating grant from the Province of Nova Scotia, tuition fees and sales of services and goods. These amounts are reported as revenue at the time the services are provided or the goods are sold provided collection of the related receivable is probable, persuasive evidence of an arrangement exists and the price is fixed or determinable.

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. Cash and cash equivalents are designated as held-to-maturity, which is recorded at amortized cost. Temporary cash surpluses are classified as loans and receivables and classified at amortized cost.

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. The change in fair value year over year is reflected in the Statement of Revenue and Expense or deferred revenue and net assets.

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 the CICA Handbook, Section 3461 is being amortized on a straight-line basis over 15 years. The most recent actuarial valuation of the pension plan for funding purposes was as of June 30, 2007, and the next required valuation will be as of June 30, 2010.

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 rates and foreign currency exposure.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. The swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The University designates its interest rate swap agreements as hedges of underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

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

In the event that interest rate swaps are terminated or cease to be effective prior to maturity, any associated realized or unrealized gains or losses deferred under other current, or non-current, assets or liabilities on the 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.

3. Accounts Receivable:

Accounts receivable includes general and research related amounts owing and due in the normal course of business as well as an amount due from related parties. The amount due from related parties is \$926 (2008-nil) and represents secured, interest-free advances to certain employees for housing purposes that are repayable within one year.

4. 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, 2007. The valuation reflected a plan surplus of \$259. The University is required to complete the next actuarial valuation not later than June 30, 2010.

For accounting purposes the funded status of the defined benefit plan as at March 31, 2009, in the financial statements is as follows:

Pension benefit plan – for accounting purposes	2009	2008
Fair value of plan assets	\$577,508	\$699,778
Accrued benefit obligations	719,691	768,190
Funded status		
Plan surplus (deficit)	(142,183)	(68,412)
Balance of unamortized amounts	182,150	106,216
Accrued benefit asset	\$39,967	\$37,804

The accrued benefit asset for accounting is created by the fact that experience losses are expensed over the average remaining services life of employees, notwithstanding the fact that the pension plan is in a deficit position. The deficit will most likely be funded by additional contributions in subsequent years.

The percentage of the fair value of plan assets by major category is as follows: equity securities 45.5% (2008-51.2%); debt securities 46.3% (2008-41.5%); alternatives 4.7% (2008-4.9%) and other 3.5% (2008-2.4%).

The significant assumptions used are as follows:

Pension Benefits	2009	2008
Rate of Compensation increase	4.5%	4.5%
Discount Rate	5.9%	5.3%
Expected long-term rate of return on plan assets	7.0%	7.0%

Pension benefit costs recognized in the year are \$16,059 (2008-\$2,263). The cash amount of employer contributions to the defined pension benefit plan was \$18,222 (2008-\$15,441).

DALHOUSIE UNIVERSITYNotes to Financial Statements (*continued*)

Year ended March 31, 2009

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

At Market Value	2009	2008
Cash	\$643	\$ 1,277
Treasury Bills & Notes	4,402	5,782
Bonds	131,487	95,698
Canadian Equities	48,183	74,852
US Equities	44,875	58,534
Non-North American Equities	55,919	73,972
Alternatives	26,817	28,231
	\$312,326	\$338,346

6. Capital Assets:

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$2,010	\$ --	\$2,010	\$2,010	\$ --	\$2,010
Buildings	346,555	167,910	178,645	337,468	160,031	177,437
Leasehold Improvements	655	655	--	655	618	37
Equipment	108,322	62,187	46,135	95,023	52,225	42,798
Vehicles	845	620	225	715	495	220
Library Books	21,284	14,679	6,605	19,674	13,354	6,320
Computing	9,526	9,076	450	9,249	8,724	525
Land Improvements	8,529	4,282	4,247	7,871	3,932	3,939
Construction in Progress	18,886	--	18,886	2,610	--	2,610
	\$516,612	\$259,409	\$257,203	\$475,275	\$239,379	\$235,896

7. Deferred Revenue:

Deferred revenue includes unspent grants, contributions, donations, payments for financial investments or income received for which the contributor has specified a particular use. The adoption of 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.

	2009					2008
	Operating	Endowed	Special Purpose	Sponsored Research	Total	Total
Balance, Beginning of Year	\$51,635	\$22,049	\$11,180	\$61,868	\$146,732	\$93,683
Impact of Accounting Changes	--	--	--	--	--	64,653
Income (Loss)	147,445	(63,010)	17,258	94,370	196,063	144,159
Unrealized Losses	--	32,060	--	--	32,060	--
Transferred to (from) Principal	--	31,232	--	--	31,232	(16,193)
Recognized as Revenue in the Current Year	(51,635)	(16,059)	(14,874)	(91,995)	(174,563)	(139,570)
Balance, End of Year	\$147,445	\$6,272	\$13,564	\$64,243	\$231,524	\$146,732

8. Deferred Capital Contributions:

Deferred capital contributions represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Revenue, Expenses and Changes in Operating Surplus.

	2009	2008
Balance, Beginning of Year	\$87,720	\$89,341
Contributions received	38,467	7,387
Amortization of Contributions	(9,576)	(9,008)
Balance, End of Year	\$116,611	\$87,720

9. Long-Term Debt:

	2009	2008
Howe Hall:		
- 5.86% due January 10, 2013, repayable in quarterly installments of \$136	\$6,216	\$6,389
Peter Green Hall:		
- 5.88% due December 1, 2017, repayable in monthly installments of \$7	569	617
Fenwick Place:		
- 5.28% due December 29, 2015, repayable in quarterly installments of \$80, repaid in full in 2009.	--	3,307
Central Services Building Parkade:		
- 5.41% due December 1, 2013, repayable in quarterly installments of \$22	642	685
Risley Hall:		
- 5.71% due September 1, 2014, repayable in quarterly installments of \$385	18,200	18,640
Residence Renewal:		
- 4.96% due November 15, 2014, repayable in quarterly installments of \$58	1,976	2,110
- 4.69% due October 12, 2015, repayable in quarterly installments of \$47	2,234	2,320
Faculty of Management Building:		
- 5.06% due March 2, 2017, repayable in quarterly installments of \$236	6,465	7,103
Howe Hall/Shireff Hall:		
- 4.74% due December 29, 2015. Repayable in quarterly installments of \$61	1,633	1,804
Leases payable		
- 5.0% due from April 2010 to December 2010	983	--
	\$38,918	\$42,975
Less: Current Portion	2,278	1,892
	\$36,640	\$41,083

All above payments include principal and interest.

The principal due within each of the next five years on long-term debt is as follows: 2010-\$2,278; 2011-\$2,342; 2012-\$2,157; 2013-\$2,139; 2014 - \$2,252. The University uses interest rate swaps to manage interest rate risk (see note 13).

Interest of \$45 relating to capital lease obligations has been included in interest expense. The total amount of assets under capital lease is \$1,340 with related accumulated amortization of \$184.

10. Net Assets:**a) Endowment Principal:**

Endowment principal consists of restricted donations to the University and funds that have been internally designated. The investment income generated from endowments must be used in accordance with the various purposes established by the donor or by the University. However, benefactors, as well as University policy, stipulate that over time the economic value of endowment principal should be protected by limiting the amount of income that may be expended.

To meet the foregoing requirement, the University has established an Endowment Management policy with the following goals:

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

	Endowment Principal March 31, 2008	New Contributions	Adjustment to Endowment Principal	Endowment Principal March 31, 2009
External Restrictions	\$313,589	\$10,592	(\$63,292)	\$260,889
Internal Restrictions	9,176	(9)	(596)	\$8,571
TOTAL	\$322,765	\$10,583	(\$63,888)	\$269,460

b) Restricted for Future Pension Benefits:

The University's operating budget includes the cost of contributions made to the pension plan each year. The total amount recorded for pension expense in the annual financial statements differs from the contributed amount. This difference, which may vary significantly from year to year, results from the requirement to use assumptions and methodologies for accounting that differ from those used for funding purposes. For accounting purposes, the expense was \$2,163, (2008-\$13,178) 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 fund raising activities.

d) Equity in Capital Assets:

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

Equity in capital assets consists of:

	2009	2008
Capital assets	\$257,203	\$235,896
Less amounts financed by:		
Deferred capital contributions	(116,611)	(87,720)
Long-term debt	(38,918)	(42,975)
Change in fair value of cash flow hedges	(8,593)	(3,791)
Cash flows, pending repayments by ancillaries or other identified sources	(3,566)	(13,025)
Equity in capital assets	\$89,515	\$88,385

11. Commitments and Contingent Liabilities:

The University has capital projects valued in excess of \$90 million for new academic and research facilities. The portion of the projects that has been committed but unspent at March 31, 2009 is \$33 million.

Effective April 1, 1988, the University became a member of the "Canadian Universities Reciprocal Insurance Exchange" (CURIE) self-insurance program, and membership was renewed effective January 1, 2008. The University is subject to risk for insurance losses experienced by CURIE members and the University has met all of its obligations under the subscriber's agreement. Each CURIE member is required to participate for a minimum of five years. This long-term period creates an environment for CURIE where financial risk can be spread over time as well as among other subscribers. CURIE retains surplus for adverse experience and the amount of surplus at December 31, 2008 was \$17,745.

As of March 31, 2009, there are a number of claims against the University the amount of which is undeterminable at this time. The University has filed a defense as appropriate to these claims. Management is of the opinion that it is not likely that the claims against the University will be successful and no provision has been made for them in the accounts.

The University has determined that a certain scientific facility is no longer required and has recently commenced a process to update the decommissioning requirements and estimated costs.

12. Subsequent Event

The University has entered into an agreement for the sale of a student residence property effective June 15, 2009. The transaction will be recorded in the financial statements for the year ended March 31, 2010.

13. Financial Instruments:

a) Fair value of Financial Assets and Financial Liabilities

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

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

The fair value of the investments is determined by using published price quotations in an active market at year end and is disclosed in note 5.

b) Foreign Currency Risk

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

The University manages its exposure to fluctuations in exchange rates by a combination of forward foreign exchange contracts and option contracts. At year-end, the forward foreign exchange contracts and option contracts covered periods of up to 1 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 borrowing at floating rates and effectively swap them into fixed rates that are lower than those available to the University if fixed rate borrowing were made directly. Under the interest rate swaps, the University agrees with the counterparty to exchange, at specific intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount.

Although the University has no intention of settling these instruments at March 31, 2009, the interest rate swap contracts described in note 9 have a fair value of \$8,593, (2008-\$3,791) greater than the recorded value. In accordance with generally accepted accounting principals, this deficiency has been charged against equity in capital assets and will be restored with the maturity of 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.

14. Pledges:

Pledges to the University at March 31, 2009, were \$13,451 (2008-\$14,956). While these pledges are expected to be honoured over the next several years, they have not been recorded as receivable.

15. Fine Artwork Collections:

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

16. Comparative Figures:

Certain 2008 figures have been reclassified to conform to the 2009 financial statement presentation.

Dalhousie University

Supplementary Schedules

March 31, 2009

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

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

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense
Year Ended March 31, 2009 (With Comparatives Figures for 2008)
(in Thousands of Dollars)

	Operating 2009 (Schedule 2)	Endowment 2009 (Schedule 3)	Ancillary 2009 (Schedule 4)	Capital 2009	Special Purpose 2009 (Schedule 5)	Research 2009 (Schedule 5)	2009	Total 2008
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Provincial government operating grants	148,896	-	-	-	-	-	148,896	133,611
Other government grants and contracts	8,731	-	75	-	216	60,578	69,600	63,469
Corporations and foundations	244	-	-	220	300	23,003	23,767	22,674
Tuition fees	92,138	-	-	-	-	-	92,138	89,013
Non-credit and other fees	21,877	-	-	-	-	-	21,877	21,171
General	2,521	-	-	260	5,681	57	8,519	8,486
Gifts	130	1,135	-	420	6,836	769	9,290	6,979
Investment	3,962	14,924	-	-	(182)	424	19,128	20,609
Ancillary sales and service	-	-	39,551	-	-	-	39,551	39,162
External cost recoveries	31,548	-	-	49	1,700	714	34,011	30,164
Amortization of deferred capital contributions	-	-	-	2,833	737	6,006	9,576	9,008
Total revenue	310,047	16,059	39,626	3,782	15,288	91,551	476,353	444,346
Expense								
Salaries								
Academic	113,775	4,863	-	-	543	11,389	130,570	126,592
Library	3,207	48	-	-	-	-	3,255	3,408
Plant maintenance	9,507	-	432	-	-	-	9,939	10,540
Administrative and support	65,014	400	5,784	-	2,046	21,795	95,039	87,404
Benefits costs	30,249	614	794	-	289	3,050	34,996	32,159
Total salaries and benefits	221,752	5,925	7,010	-	2,878	36,234	273,799	260,103
Library acquisitions	4,995	107	-	-	9	186	5,297	4,895
Laboratory and teaching supplies	3,470	13	-	-	336	6,770	10,589	9,866
Equipment and service	6,408	278	1,621	-	386	2,216	10,909	10,073
Finance costs	1,532	-	2,203	397	11	2	4,145	4,478
Utilities and taxes	13,121	-	2,202	-	-	-	15,323	15,677
Externally contracted services	13,038	1,466	6,806	-	3,250	14,623	39,183	31,866
Scholarships, bursaries and prizes	12,513	7,410	322	-	1,228	14,638	36,111	30,994
Ancillary cost of sales and service	-	-	9,775	-	-	-	9,775	10,341
Travel	5,227	259	54	-	533	5,970	12,043	10,238
Amortization of capital assets	-	-	-	20,707	-	-	20,707	22,896
General operating	16,275	493	1,813	-	3,900	3,246	25,727	24,383
Internal / interfund transfers	9,518	1,739	7,219	(23,254)	(1,888)	6,666	-	-
Total expense	307,849	17,690	39,025	(2,150)	10,643	90,551	463,608	435,810
Change in year before appropriations	2,198	(1,631)	601	5,932	4,645	1,000	12,745	8,536
Change in net assets	(2,198)	1,631	(601)	(5,932)	(4,645)	(1,000)	(12,745)	(8,536)
Surplus before pension expense adjustment	-	-	-	-	-	-	-	-
Pension expense adjustment	2,163	-	-	-	-	-	2,163	13,178
Net assets after pension adjustment	2,163	-	-	-	-	-	2,163	13,178

Schedule 1

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense - Operating
Year Ended March 31, 2009 (With Comparatives Figures for 2008)
(in Thousands of Dollars)

	Academic		Academic Support		Administration and General		Facilities Management		Student Services		Institution		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-	-	-	-	-	-	-	148,896	133,611	148,896	133,611
Other government grants and contracts	1,335	1,673	-	-	-	-	-	-	375	215	7,021	6,826	8,731	8,714
Corporations and foundations	244	210	-	-	-	-	-	-	-	-	-	-	244	210
Tuition fees	4,824	4,859	-	-	-	-	-	-	-	-	87,314	84,154	92,138	89,013
Non-credit and other fees	8,547	7,882	34	15	2,191	2,365	-	-	4,144	4,023	6,961	6,886	21,877	21,171
General	-	-	49	5	789	435	918	779	765	813	-	-	2,521	2,032
Gifts	25	26	54	47	-	-	-	-	51	24	-	-	130	97
Investment	-	-	-	-	-	-	-	-	-	-	3,962	5,327	3,962	5,327
Ancillary sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External cost recoveries	29,396	25,790	584	646	808	715	690	871	70	53	-	-	31,548	28,075
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	44,371	40,440	721	713	3,788	3,515	1,608	1,650	5,405	5,128	254,154	236,804	310,047	288,250
Expense														
Salaries														
Academic	112,673	108,699	-	-	44	42	-	-	1,058	914	-	-	113,775	109,655
Library	3,207	3,399	-	-	-	-	-	-	-	-	-	-	3,207	3,399
Plant maintenance	73	87	-	-	-	-	9,434	10,041	-	-	-	-	9,507	10,128
Administrative and support	33,960	31,857	7,551	7,102	16,857	14,768	2,649	2,328	3,997	3,268	-	-	65,014	59,323
Benefits costs	22,468	21,023	1,297	1,179	3,003	2,552	2,711	2,440	770	635	-	-	30,249	27,829
Total salaries and benefits	172,381	165,065	8,848	8,281	19,904	17,362	14,794	14,809	5,825	4,817	-	-	221,752	210,334
Library acquisitions	4,950	4,547	3	3	39	39	-	-	3	3	-	-	4,995	4,592
Laboratory and teaching supplies	3,470	3,381	-	-	-	-	-	-	-	-	-	-	3,470	3,381
Equipment and service	2,723	2,118	1,944	2,013	501	373	891	835	349	438	-	-	6,408	5,777
Finance costs	74	72	17	21	35	36	83	92	-	-	1,323	1,441	1,532	1,662
Utilities and taxes	-	-	-	-	-	-	13,121	13,387	-	-	-	-	13,121	13,387
Externally contracted services	6,062	5,387	191	93	1,820	1,133	4,756	5,197	209	198	-	-	13,038	12,008
Scholarships, bursaries and prizes	1,392	1,111	1	2	-	-	-	-	7,158	6,965	3,962	-	12,513	8,078
Ancillary cost of sales and service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	3,644	3,065	120	85	645	461	64	34	754	603	-	-	5,227	4,248
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating	6,509	5,057	545	607	3,441	3,246	3,157	3,469	2,221	2,118	402	395	16,275	14,892
Internal / interfund transfers	4,904	3,646	(627)	(1,854)	(381)	179	3,791	934	701	1,271	1,130	2,555	9,518	6,731
Total expense	206,109	193,449	11,042	9,251	26,004	22,829	40,657	38,757	17,220	16,413	6,817	4,391	307,849	285,090
Change in year before appropriations	(161,738)	(153,009)	(10,321)	(8,538)	(22,216)	(19,314)	(39,049)	(37,107)	(11,815)	(11,285)	247,337	232,413	2,198	3,160
(Increase) decrease in appropriations	46	(1,828)	81	(509)	362	(357)	(575)	86	(260)	(320)	(1,852)	(232)	(2,198)	(3,160)
Surplus before pension expense adjustment	(161,692)	(154,837)	(10,240)	(9,047)	(21,854)	(19,671)	(39,624)	(37,021)	(12,075)	(11,605)	245,485	232,181	-	-
Pension expense adjustment	-	-	-	-	-	-	-	-	-	-	(2,163)	(13,178)	(2,163)	(13,178)
Change in net assets after pension adjustment	(161,692)	(154,837)	(10,240)	(9,047)	(21,854)	(19,671)	(39,624)	(37,021)	(12,075)	(11,605)	247,648	245,359	2,163	13,178

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense for Operating and Endowment
Year Ended March 31, 2009 (With Comparatives Figures for 2008)
(in Thousands of Dollars)

	2009			2008		
	Operating	Endowment	Total	Operating	Endowment	Total
Revenue	\$	\$	\$			\$
Provincial government operating grants	148,896	-	148,896	133,611	-	133,611
Other government grants and contracts	8,731	-	8,731	8,714	-	8,714
Corporations and foundations	244	-	244	210	-	210
Tuition fees	92,138	-	92,138	89,013	-	89,013
Non-credit and other fees	21,877	-	21,877	21,171	-	21,171
General	2,521	-	2,521	2,032	-	2,032
Gifts	130	1,135	1,265	97	941	1,038
Investment	3,962	14,924	18,886	5,327	15,194	20,521
Ancillary sales and service	-	-	-	-	-	-
External cost recoveries	31,548	-	31,548	28,075	-	28,075
Amortization of deferred capital contributions	-	-	-	-	-	-
Total revenue	310,047	16,059	326,106	288,250	16,135	304,385
Expense						
Salaries						
Academic	113,775	4,863	118,638	109,655	4,435	114,090
Library	3,207	48	3,255	3,399	9	3,408
Plant maintenance	9,507	-	9,507	10,128	-	10,128
Administrative and support	65,014	400	65,414	59,323	324	59,647
Benefits costs	30,249	614	30,863	27,829	551	28,380
Total salaries and benefits	221,752	5,925	227,677	210,334	5,319	215,653
Library acquisitions	4,995	107	5,102	4,592	80	4,672
Laboratory and teaching supplies	3,470	13	3,483	3,381	16	3,397
Equipment and service	6,408	278	6,686	5,777	125	5,902
Finance costs	1,532	-	1,532	1,662	-	1,662
Utilities and taxes	13,121	-	13,121	13,387	-	13,387
Externally contracted services	13,038	1,466	14,504	12,008	1,608	13,616
Scholarships, bursaries and prizes	12,513	7,410	19,923	8,078	7,088	15,166
Ancillary cost of sales and service	-	-	-	-	-	-
Travel	5,227	259	5,486	4,248	250	4,498
Amortization of capital assets	-	-	-	-	-	-
General operating	16,275	493	16,768	14,892	456	15,348
Internal / interfund transfers	9,518	1,739	11,257	6,731	1,722	8,453
Total expense	307,849	17,690	325,539	285,090	16,664	301,754
Change in year before appropriations	2,198	(1,631)	567	3,160	(529)	2,631
Change in net assets	(2,198)	1,631	(567)	(3,160)	529	(2,631)
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, 2009 (With Comparatives Figures for 2008)
(in Thousands of Dollars)

	Arts Centre		Student Community Services		Bookstore		Dalplex & Arena		Personal Computing Purchase Centre		Food Service		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
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	3,209	3,176	16,876	16,485	6,832	6,794	2,569	2,462	2,503	3,092	7,562	7,153	39,551	39,162
External cost recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	3,284	3,251	16,876	16,485	6,832	6,794	2,569	2,462	2,503	3,092	7,562	7,153	39,626	39,237
Expense														
Salaries														
Academic	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant maintenance	-	-	432	412	-	-	-	-	-	-	-	-	432	412
Administrative and support	547	537	2,686	2,368	591	553	1,596	1,498	304	294	60	35	5,784	5,285
Benefits costs	73	67	369	321	100	92	192	174	51	48	9	5	794	707
Total salaries and benefits	620	604	3,487	3,101	691	645	1,788	1,672	355	342	69	40	7,010	6,404
Library acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory and teaching supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment and service	11	16	1,224	749	83	63	101	137	-	-	202	197	1,621	1,162
Finance costs	80	62	1,793	1,952	155	200	29	30	29	34	117	152	2,203	2,430
Utilities and taxes	80	83	1,869	1,949	10	10	232	237	-	-	11	11	2,202	2,290
Externally contracted services	20	16	637	557	77	36	25	42	25	25	6,022	5,639	6,806	6,315
Scholarships, bursaries and prizes	-	-	322	721	-	-	-	-	-	-	-	-	322	721
Ancillary cost of sales and service	2,415	2,366	-	-	5,197	5,192	213	234	1,950	2,549	-	-	9,775	10,341
Travel	1	1	36	23	13	10	4	3	-	7	-	-	54	44
General operating	50	61	1,351	1,442	133	156	244	188	35	28	-	-	1,813	1,875
Internal / interfund transfers	7	42	5,701	5,782	463	470	(73)	(170)	49	107	1,072	1,049	7,219	7,280
Total expense	3,284	3,251	16,420	16,276	6,822	6,782	2,563	2,373	2,443	3,092	7,493	7,088	39,025	38,862
Change in year before appropriations	-	-	456	209	10	12	6	89	60	-	69	65	601	375
Net (increase) decrease in appropriations	-	-	(456)	(209)	(10)	(12)	(6)	(89)	(60)	-	(69)	(65)	(601)	(375)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Schedule 4

DALHOUSIE UNIVERSITY
Schedule of Revenue and Expense for Restricted Funds
Year Ended March 31, 2009 (With Comparatives Figures for 2008)
(in Thousands of Dollars)

	Special Purpose		Research	
	2009	2008	2009	2008
Revenue	\$	\$	\$	\$
Provincial government operating grants	-	-	-	-
Other government grants and contracts	216	123	60,578	54,407
Corporations and foundations	300	663	23,003	21,801
Tuition fees	-	-	-	-
Non-credit and other fees	-	-	-	-
General	5,681	5,740	57	630
Gifts	6,836	4,885	769	669
Investment	(182)	85	424	3
Ancillary sales and service	-	-	-	-
External cost recoveries	1,700	1,393	714	646
Amortization of deferred capital contributions	737	714	6,006	5,441
Total revenue	15,288	13,603	91,551	83,597
Expense				
Salaries				
Academic	543	560	11,389	11,942
Library	-	-	-	-
Plant maintenance	-	-	-	-
Administrative and support	2,046	2,004	21,795	20,468
Benefits costs	289	163	3,050	2,909
Total salaries and benefits	2,878	2,727	36,234	35,319
Library acquisitions	9	59	186	164
Laboratory and teaching supplies	336	351	6,770	6,118
Equipment and service	386	116	2,216	2,893
Finance costs	11	11	2	3
Utilities and taxes	-	-	-	-
Externally contracted services	3,250	3,217	14,623	8,718
Scholarships, bursaries and prizes	1,228	976	14,638	14,131
Ancillary cost of sales and service	-	-	-	-
Travel	533	1,006	5,970	4,690
Amortization of capital assets	-	-	-	-
General operating	3,900	3,429	3,246	3,731
Internal / interfund transfers	(1,888)	(2,177)	6,666	7,787
Total expense	10,643	9,715	90,551	83,554
Change in year before appropriations	4,645	3,888	1,000	43
Change in net assets	(4,645)	(3,888)	(1,000)	(43)
Surplus for the year	-	-	-	-

Schedule 5