



University  
of Victoria

# Financial Statements

March 31, 2011

**UNIVERSITY OF VICTORIA  
FINANCIAL STATEMENTS  
MARCH 31, 2011**

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## University of Victoria

### 2010/11 FINANCIAL REVIEW

#### Financial Highlights of the Year

The University's strategic plan, *A Vision for the Future – Building on Strength*, outlines goals in four strategic areas: People, Quality, Community and Resources and states a commitment to public and internal accountability. The following financial review, audited financial statements and detailed fund accounting schedules for the year ended March 31, 2011 are prepared in the context of this commitment. The separation of internally and externally restricted funds from our unrestricted funding honors the University's commitment to funding sponsors and recipients, that monies are spent for the purposes intended.

Highlights from the past year include:

The University's total revenues, on a fund accounting basis, increased by \$6.0 million (1.1%) to \$538.4 million while total expenditures increased by \$18.7 million (3.7%) to \$521.6 million (Page 34).

General operating revenues increased \$6.2 million of which \$4.0 million was due to increased provincial operating grants as a result of growth in funded seats and funding for compensation increases. The provincial commitment to planned growth in funded seats is now complete. Without this incremental funding in the future, it is expected that there will be fiscal challenges. The University's general operating expenditures increased \$6.3 million (2.1%), including increases of \$4.7 million to the Faculties and other academic units and \$1.6 million for additional student awards and services, facilities, library and other infra-structure support (Page 42).

Faculty at UVic had another very successful year in attracting research grants and other support. Total Sponsored Research revenues totaled \$97.2 million on a fund accounting basis, maintaining the high level of research activity experienced in recent years. In addition, \$6.1 million was received from the Federal Research Indirects Program. The Neptune cabled ocean observatory was completed during the year with hundreds of scientific instruments and sensors now installed on the Pacific Ocean seafloor.

During the year, renovations to the university's six oldest buildings were completed as part of the \$43 million of infrastructure funding provided by the Knowledge Infrastructure Program jointly funded by the Federal and the Provincial Government. The University also completed a 106 bed residence and acquired the 5.7 hectare Queenswood property in Saanich with a portion of the property leased back to Sisters of St. Ann until January 2013. These last two projects were financed internally. Planning continued on the renewal of the university's athletic facilities.

## Presentation of Financial Information

The University's audited financial statements, (Pages 11 to 29) are prepared in accordance with Canadian generally accepted accounting principles and the reporting standards for not-for-profit organizations set by the Canadian Institute of Chartered Accountants. These audited statements present the financial results in a format similar to that of a business, with buildings, equipment and library holdings depreciated over their useful lives. A characteristic of not-for-profit organization deferral accounting is that grants and other revenues with restrictions set by external providers of funds are matched each year with corresponding costs consumed in that year's operations. This results in large deferred contributions and deferred capital contributions appearing as liabilities on the balance sheet awaiting amortization as revenues in future years to match corresponding expenses, including depreciation of capital assets. The University's year-end equity (i.e. Net Assets) has four components: amounts invested in capital assets, endowed, internally restricted by governing boards and unrestricted. The activity during the year in each component is shown on Statement 2 (Page 12).

Next year, the university will be transitioning on a retroactive basis to Public Sector Accounting Standards. We are currently evaluating the impact of adoption of these standards on the financial statements.

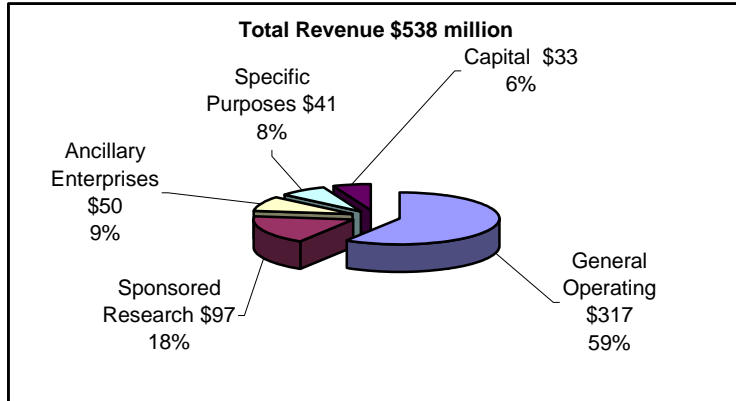
Useful and more detailed financial information is set out in the Notes to the audited financial statements on pages 15 to 28.

The University provides regular interim financial reporting to the Board of Governors. Quarterly statements are prepared with a summary commentary of any significant issues, trends or variances from budget in each of the fund groups.

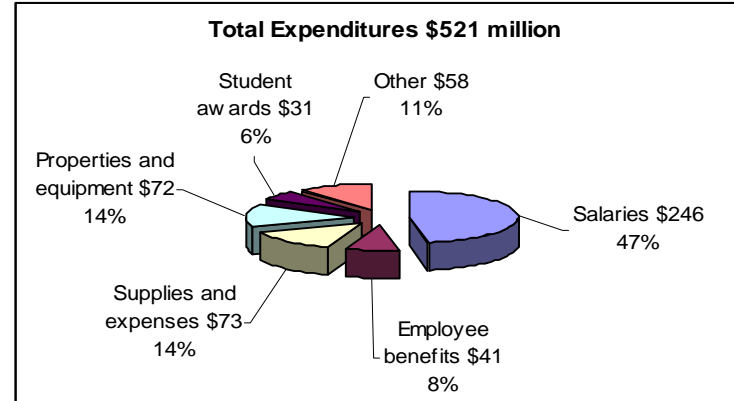
The Balance Sheet on Page 11 shows Net Assets of \$582 million. Internally restricted net assets are primarily the appropriations made by the Board of Governors from general operations and the ancillaries less the internal loans for capital additions set out on Page 33. These appropriations will be used for the replacement of computers and other equipment, and for non-recurring expenditures in the future reflecting the unspent budgets by departments and the general University. By permitting departments to carry-over unspent budget, they have the ability to make fiscal plans across multiple years in support of departmental strategic initiatives and for replacement of departmental assets such as equipment. University funds are generally used for strategic initiatives including investment in capital projects.

To enhance accountability, budgetary control and stewardship of resources, the University maintains separate funds of assets, liabilities, revenues and expenditures for its many activities. Fund accounting is used by the University for its operating budget allocations and to ensure that restricted grants, donations and other contributions are spent only for the purposes intended. These funds are grouped as General Operating, Ancillary Enterprises, Specific Purposes, Sponsored Research, Capital and Endowment funds with definitions of each in Note 2(c) on page 16. Unaudited management schedules detailing these funds are shown on Pages 32 to 46 for the years ended March 31, 2011 and 2010. Most revenue and expense lines are the same in both the audited Statements and unaudited Schedules. A summary reconciliation of the two presentations is shown on Page 30 with a brief explanation of the differences on Page 31. Both the audited Statements and the unaudited management Schedules are useful in presenting the operating results and financial position of the University of Victoria. Most of the charts, analysis and commentary in the remainder of this financial review are based on the unaudited management schedules.

## University of Victoria – All Funds

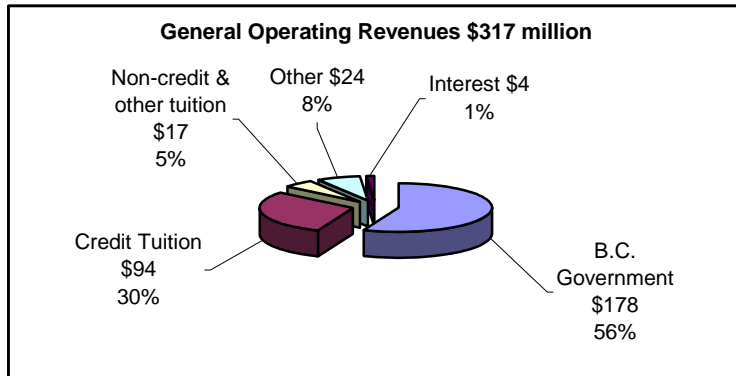


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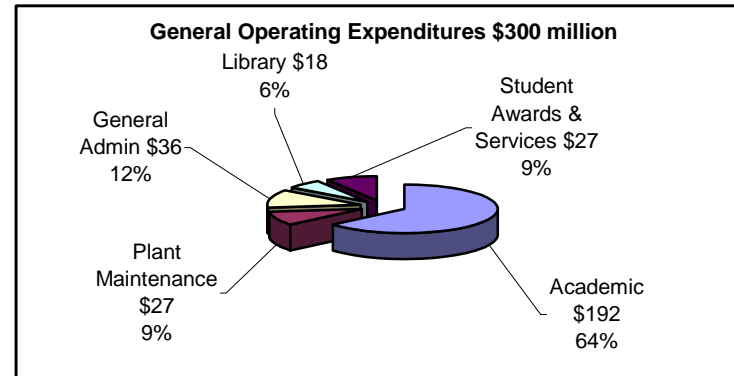


Source Page 34

The General Operating Fund represents 59% of the University's activities.



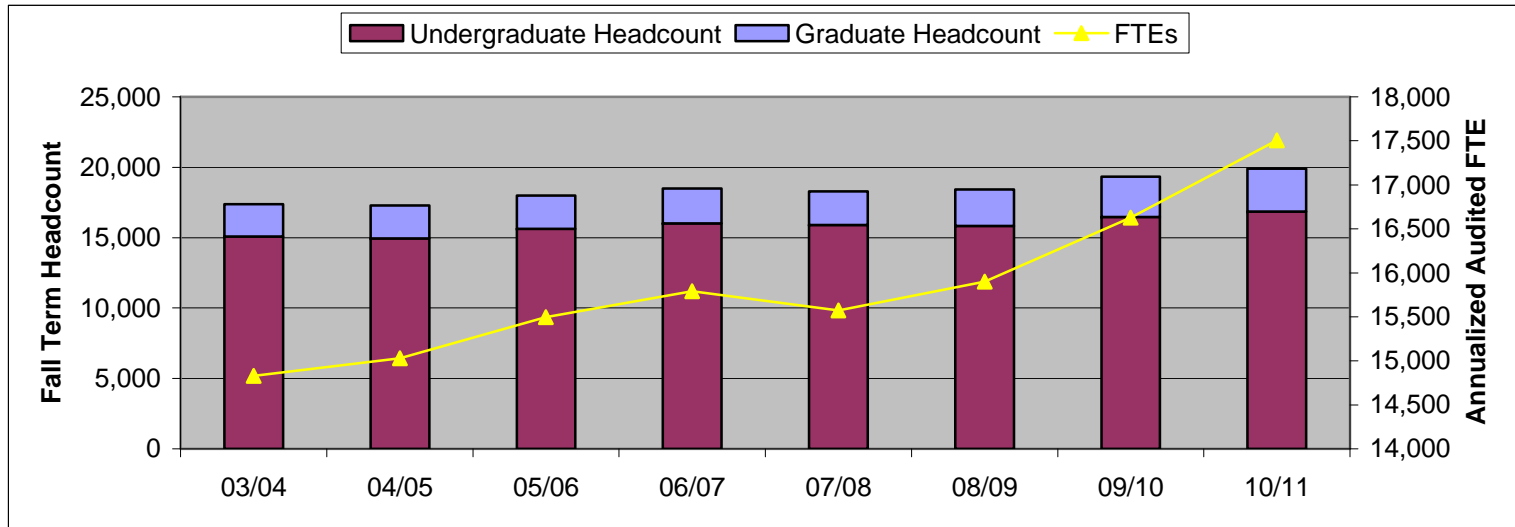
Source: Page 37



Source: Page 42

Over the past year in the General Operating Fund (page 37):

- Revenues for operations included:
  - \$4.0 million increase in ongoing provincial operating funding as a result of capacity growth and funding of contractual compensation increases.
  - the \$6.1 million federal funding for the indirect costs of research,
  - \$4.2 million increase in credit course tuition revenue resulting from the 2.0% increase in fees (maximum allowed increase limited to inflation) and increased enrolments. While enrolment increased, the extent of the increase was lower than budgeted and accordingly revenue continued to be lower than the amount budgeted.
  - investment income decreased by \$1.2 million as short term interest rates declined during the year. The portfolio is professionally managed in three pools providing daily liquidity along with enhanced returns from investments with a longer duration.



\*Headcounts are as of November 1<sup>st</sup> of each academic year. Annualized Audited FTEs are as of March 1<sup>st</sup> of each academic year and follow Research Universities' Council of BC guidelines.

Schedules F to J on Pages 42 to 46 compare faculty expenditures between 2009/10 and 2010/11. The level of expenditures can vary from year to year for reasons such as the purchase of a significant item of equipment using appropriated funds from prior years.

Since General Operating Fund revenues are primarily unrestricted as to their spending, the University employs a detailed budgeting system to direct and control expenditures. Salaries and benefits comprise 78% of operating expenditures. Each continuing faculty and support staff position requires senior executive approval prior to being established and all staffing actions require the approval of the Dean/Director and a Vice-President. The annual budget allocation process is very thorough, requiring each department to analyze its opportunities for expanded revenues as well as plan and justify its levels of expenditures. Each year certain new initiatives are approved for recurring annual funding. As well, some unavoidable cost increases, such as utilities and insurance premiums, are reflected in the operating budget.

For over 30 years, departments have been requested to save (i.e. to appropriate) from their annual operating budgets sufficient funds to replace computing and other equipment. Schedule 2 on Page 33 summarizes these replacement appropriations. The University also has a carry-over policy whereby departments who do not spend all of their base General Operating Fund allocation in a year have it appropriated at the Faculty

level for spending in future years. These two policies permit departments to plan with confidence that funds will be available for new projects, restructuring, and equipment needs over a longer timeframe. Should a department incur a deficit for a fiscal year, that deficit becomes a first charge on its operating budget for the following year.

Pursuant to section 29 of the *University Act*, the Board of Governors approves an annual operating budget which cannot indicate expenses greater than revenue. The University's accounting system provides account holders of all University funds with current, on-line WEB access to their revenues, expenditures, and most commitments. Using the on-line financial system, those responsible for single funds, departments and overall University operations have the means to identify situations and take timely corrective actions where expenditures are otherwise likely to exceed revenues.

### **Ancillary Enterprises Fund**

The revenues, expenditures and appropriations for facilities and equipment renewal of the Bookstore, Food Services, Residences, Parking Services, Child Care and Computer Store are set out on Page 38. Since the University's provincial operating grant and tuition fees should not subsidize such operations, each ancillary enterprise must budget to break even, including a provision for the periodic renovation and replacement of its facilities.

Off-campus Business Enterprises include the operations of the Broad Street commercial/residential rental properties owned by the University and the property rental and hotel operations owned by Heritage Realty Properties Ltd., accounted for using the equity method of accounting, both. The hotel operations and rental properties, received as part of the Michael C. Williams' estate, provide a large and sustainable cash flow to the University.

Off-campus Business Enterprises also include the Vancouver Island Technology Park Trust, accounted for using the equity method of accounting, and the operations of the University of Victoria Properties Investments Inc. The University of Victoria Properties Investments Inc. acts as trustee for the Trust and also manages the Marine Technology Centre owned by the University. The Vancouver Island Technology Park provides a range of commercial space for external high-tech companies and some UVic research-generated spin-off businesses. The Trust is intended to be self funding with distributions of excess cash flow provided to the university. The change in equity in the Trust is included in the Ancillary Enterprises fund.

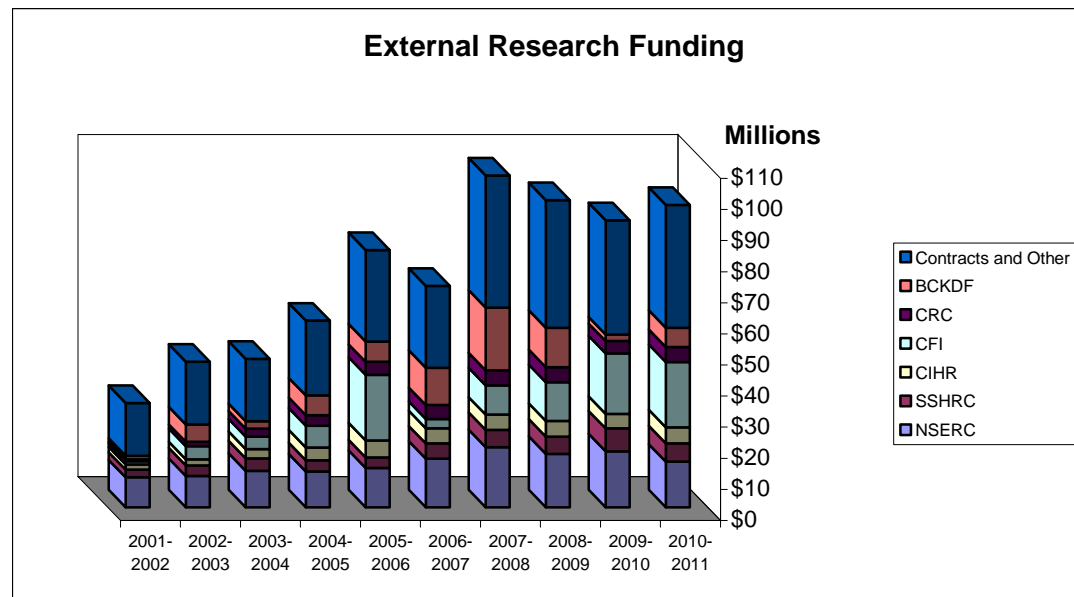
## Sponsored Research

Sponsored research funding totaled \$97.2 million in 2010/11 which was \$4.8 million higher than last year's total of \$92.4 million. The level of annual research funding is significantly impacted by the timing of receipt of large grants. During the year, UVic researchers received another \$21 million from the Canada Foundation for Innovation (CFI) (\$20 million in 2009/10) and \$6 million from the B.C. Knowledge Development Fund (BCKDF) (\$2 million in 2009/10). These grants, together with matching support from non-government sources (usually 20%), provide funding for major research equipment and the development of research facilities

Of the \$97.2 million total this year, \$32 million (33%) was received in the form of competitively adjudicated grants from the federal tri-Council Natural Sciences and Engineering Research Council (NSERC), Social Sciences and Humanities Research Council (SSHRC) and Canadian Institute of Health Research (CIHR). UVic ranks third among Canadian comprehensive research intensive universities in total research funding, first in NSERC/CIHR grants and third in SSHRC grants.

During the year, the university received \$3.5 million from the Province of B.C. to support Can Assist's development of customized assistive technologies to support persons to age in place, remain independent and to integrate with community case services and programs.

Over the past ten years, sponsored research revenue has grown a remarkable 289% from \$33.6 million in 2001/02 to \$97.2 million in 2010/11.





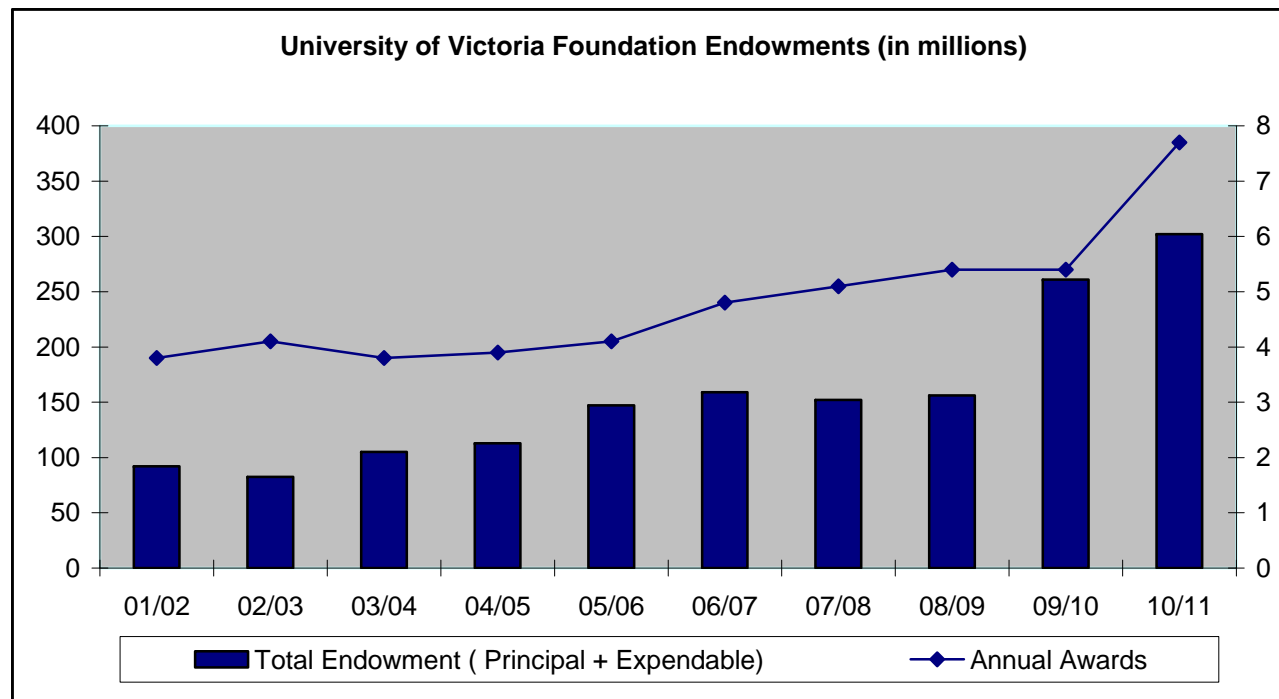
## Specific Purposes Fund

In addition to the grants and contracts received for sponsored research, the University receives grants, undertakes contracts and distributes earnings from its endowment funds for teaching, lecture series, student awards and other academic purposes as detailed on Pages 39 and 46.

## Endowment Funds

Most endowment funds benefiting the University and its students are held by the University of Victoria Foundation. The Foundation's investments experienced a second straight year of positive returns with investment income of \$27 million representing a 10% return for the year ended March 31. With the receipt of \$20 million of endowment contributions less disbursements of \$9.8 million, the total market value of the UVic Foundation endowment fund increased from \$259.7 million to \$298.1 million, comprised of \$276.4 million of principal and \$21.7 of expendable funds.

The Foundation's investments are managed by professional investment counsel with separate managers for Canadian equity and Canadian fixed income mandates, global equity mandates split evenly between two managers, a real estate manager and an infrastructure manager. The Foundation's investment policy provides for a target asset mix of 25% fixed income, 25% Canadian equities, 30% global equities, 10% real estate and 10% infrastructure. External investment consultants assist the Foundation's Board and Investment Committee in monitoring performance and considering an appropriate asset mix.



The Foundation's endowment management policy follows a "total-return" approach and was amended during the year with awards now based on 4.0% of the December 31 inflation adjusted balance of the funds principal with an additional 0.5% available for funds in excess of 108% of inflation adjusted principal. In most years, an amount is capitalized to the principal of each endowment to protect against the eroding effects of inflation and during the year \$4.8 million was added to principal.

### **In Summary**

The University of Victoria has celebrated over 100 years of post-secondary education, beginning in 1903 as Victoria College and will shortly be celebrating its 50<sup>th</sup> anniversary as a degree-granting university in its present location since 1963. In this relatively short time, the University has become one of Canada's finest comprehensive universities. It is increasingly recognized for outstanding and expanding scholarly achievement in teaching, research and creative work and valuable community service, with a structure to ensure sound fiscal stewardship and broadening sources of funding.

As the University concludes another year, over 3,100 graduates will join the more than 104,000 alumni now living throughout the world. The University continues to take steps to implement the vision in its strategic plan, *A Vision for the Future-Building on Strength*. In the upcoming year, the University will complete the development of its next strategic plan which will identify goals and aspirations for the years ahead with clear objectives and strategies for accountable achievement.

Gayle Gorrill  
Vice-President Finance and Operations

Murray Griffith  
Executive Director, Financial Services



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## STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University is responsible for the preparation of financial statements and has prepared them in accordance with Canadian generally accepted accounting principles prescribed for not-for-profit organizations by the Canadian Institute of Chartered Accountants. The consolidated financial statements present fairly the financial position of the University as at March 31, 2011, and the results of its operations and cash flows and the changes in its net assets for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University's Administration has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for preparation of financial statements. The system of internal controls is monitored by the University's internal auditor.

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with the Administration and with the internal and external auditors to discuss the results of audit examinations and financial reporting matters. The auditors have full access to the Audit Committee, with and without the presence of the Administration.

The consolidated financial statements have been examined by KPMG LLP, Chartered Accountants, the external auditors appointed by the University's Board of Governors. The Auditors' report outlines the scope of their examination and expresses their opinion on the fair presentation of the consolidated financial statements of the University for the year ended March 31, 2011.

Dr. David H. Turpin  
President and Vice-Chancellor

Ms. Gayle Gorrill  
Vice-President, Finance & Operations



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## Independent Auditors' Report

*To the Board of Governors of the University of Victoria*

We have audited the accompanying consolidated financial statements of the University of Victoria, which comprise the consolidated balance sheet as at March 31, 2011, the consolidated statements of changes in net assets, revenue and expense and changes in unrestricted net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Victoria as at March 31, 2011, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

May 31, 2011  
Victoria, Canada

**UNIVERSITY OF VICTORIA  
CONSOLIDATED BALANCE SHEET**

As at March 31, 2011  
(In thousands of dollars)

Statement 1

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	80,116	94,093
Accounts receivable	53,035	25,804
Inventories	3,342	3,388
Prepaid expenses	11,998	10,215
	<u>148,491</u>	<u>133,500</u>
<b>Long term receivables</b> (note 4)	5,748	5,669
<b>Equity in and advances to subsidiaries</b> (note 5)	25,873	26,406
<b>Endowment and other investments</b> (note 6)	391,975	365,232
<b>Capital assets</b> (note 7)	645,973	605,447
	<u>1,218,060</u>	<u>1,136,254</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	49,994	47,475
Current portion of long term debt	1,855	1,898
	<u>51,849</u>	<u>49,373</u>
<b>Deferred contributions</b> (note 8)	109,723	94,590
<b>Employee future benefits</b> (note 9)	16,598	15,818
<b>Long term debt</b> (note 10)	58,640	62,664
<b>Unamortized deferred capital contributions</b> (note 11)	399,374	371,281
	<u>636,184</u>	<u>593,726</u>
<b>Net Assets</b>		
Invested in capital assets	212,886	195,116
Endowment (note 14)	265,046	241,888
Internally restricted (note 15)	90,600	90,772
Unrestricted	13,344	14,752
	<u>581,876</u>	<u>542,528</u>
	<u>1,218,060</u>	<u>1,136,254</u>
<b>Commitments and contingent liabilities</b> (note 18)		
<b>Subsequent event</b> (note 22)		

Approved on behalf of  
the Board of Governors

Susan Mehinagic  
Chair,  
Board of Governors

Gayle Gorrill  
Vice-President,  
Finance and Operations

**UNIVERSITY OF VICTORIA**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

For the Year ended March 31, 2011

(In thousands of dollars)

**Statement 2**

	Invested in Capital <u>Assets</u>	<u>Endowment</u> (note 14)	Internally <u>Restricted</u> (note 15)	<u>Unrestricted</u> (statement 3)	Total <u>2011</u>	Total <u>2010</u>
Balance, beginning of year	195,116	241,888	90,772	14,752	542,528	492,027
Excess (deficiency) of revenue over expense	(17,901)			34,160	16,259	40,377
Changes in investment in capital assets						
Disposition of building	(367)			367	-	
Land, collections, works of art and other	7,338			(7,407)	(69)	1,371
Other assets acquired with unrestricted net assets	23,363			(23,363)	-	-
Debt acquired less debt retired with unrestricted net assets	5,337			(5,337)	-	-
Changes in internally restricted net assets						
Appropriations			38,801	(38,801)	-	-
Released to meet expenses			(38,973)	38,973	-	-
Changes in endowment net assets						
Contributions received		18,392			18,392	8,544
Investment income and donations capitalized		4,766			4,766	209
Balance, end of year	<u>212,886</u>	<u>265,046</u>	<u>90,600</u>	<u>13,344</u>	<u>581,876</u>	<u>542,528</u>

See accompanying notes to the consolidated financial statements

**UNIVERSITY OF VICTORIA**  
**CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE AND CHANGES IN UNRESTRICTED NET ASSETS**

For the Year ended March 31, 2011

(In thousands of dollars)

	Total <u>2011</u>	Total <u>2010</u>
<b>REVENUE</b>		
Government grants and contracts - provincial (note 12)	192,596	179,985
- federal	48,235	54,292
- other	16,698	15,580
Student tuition - credit courses	93,955	89,262
- non credit courses and other	18,913	16,973
Donations, non government grants and contracts	10,544	16,527
Sales of services and products	59,286	56,896
Investment income (note 13)	15,054	42,858
Other revenue	6,270	6,371
Amortization of deferred capital contributions	29,515	27,333
	<u>491,066</u>	<u>506,077</u>
<b>EXPENSE</b>		
Salaries - academic	96,989	92,506
- other instruction and research	36,512	36,277
- support staff	112,082	109,737
	<u>245,583</u>	<u>238,520</u>
Employee benefits	40,531	40,060
Travel	12,652	12,864
Supplies and services	65,839	65,968
Equipment rental and maintenance	4,021	4,917
Utilities	8,134	8,016
Scholarships, fellowships and bursaries	30,918	30,300
Cost of goods sold	15,777	16,487
Interest on long term debt	3,468	2,856
Renovations	468	381
Depreciation	47,416	45,331
	<u>474,807</u>	<u>465,700</u>
<b>Excess of revenue over expense</b>	16,259	40,377
Depreciation on assets acquired with unrestricted net assets	17,901	17,998
Other transfers to investment in capital assets	(35,740)	(29,448)
Transfer from internally restricted funds	172	66
Gain on endowment investments allocated to endowment net assets	-	(27,702)
Changes in unrestricted net assets	(1,408)	1,291
Balance, beginning of year	14,752	13,461
Balance, end of year	<u>13,344</u>	<u>14,752</u>

**UNIVERSITY OF VICTORIA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

Statement 4

For the Year ended March 31, 2011

(In thousands of dollars)

	<u>2011</u>	<u>2010</u>
<b>Cash provided by (used in) operating activities</b>		
Excess of revenue over expense	16,259	40,377
Items not affecting cash:		
Depreciation	47,416	45,331
Amortization of deferred capital contributions	(29,515)	(27,333)
Increase in employee future benefits	780	2,329
Financial instrument fair market value adjustments	(12,740)	(37,619)
Earnings on equity accounted investments	(240)	(673)
Net changes in non-cash working capital items:		
(Increase) decrease in current assets	(28,968)	1,911
Increase in current liabilities	2,512	101
	<u>(4,496)</u>	<u>24,424</u>
<b>Cash provided by (used in) investing activities</b>		
Change in long term receivables and advances to subsidiaries	798	(236)
Increase in endowment and other investments	(12,832)	(34,750)
Capital asset acquisitions and construction	(88,011)	(78,257)
	<u>(100,045)</u>	<u>(113,243)</u>
<b>Cash provided by (used in) financing activities</b>		
Long term debt and sinking fund payments	(5,335)	(2,376)
Net increase in deferred contributions	15,133	927
Capital contributions received	57,608	51,306
Endowment donations received	23,158	8,753
	<u>90,564</u>	<u>58,610</u>
<b>Decrease in cash and short term investments</b>	(13,977)	(30,209)
<b>Cash and cash equivalents, beginning of year</b>	<u>94,093</u>	<u>124,302</u>
<b>Cash and cash equivalents, end of year</b>	<u>80,116</u>	<u>94,093</u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	<u>3,524</u>	<u>3,658</u>

See accompanying notes to the consolidated financial statements



**NOTE 1 AUTHORITY AND PURPOSE**

The University of Victoria operates under the authority of the University Act of British Columbia. It is a comprehensive research university offering a wide range of undergraduate, graduate and continuing studies programs. The University is governed by a 15 member Board of Governors, eight of whom are appointed by the government of British Columbia including two on the recommendation of the Alumni Association. The academic governance of the University is vested in the Senate. The University is a registered charity and is therefore exempt from income taxes under Section 149 of the Income Tax Act.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

(a) General

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations as recommended by the Canadian Institute of Chartered Accountants (CICA). The University has adopted the deferral method of accounting for contributions and presents its activities in these financial statements by major groups of funds, as described in paragraph (c) below.

(b) Consolidated Operations

The University conducts certain activities through related entities. These financial statements consolidate the accounts of four wholly owned subsidiaries of the University:

- University of Victoria Innovation and Development Corporation which promotes the commercialization of research discoveries.
- University of Victoria Properties Investments Inc. which manages the University's real estate holdings including the Vancouver Island Technology Park Trust.
- Ocean Networks Canada Society which manages the University's VENUS and NEPTUNE ocean observatories.
- Pacific Climate Impacts Consortium which stimulates collaboration to produce climate information for education, policy and decision making.

The financial statements consolidate the accounts of the University of Victoria Long Term Disability Trust which administers an employee benefit plan on behalf of the University's faculty and administrative professional staff.

The financial statements consolidate the accounts of related not-for profit organizations whose activities benefit the University:

- University of Victoria Foundation, the Foundation for the University of Victoria, and the U.S. Foundation for the University of Victoria which encourage financial support of the University and administer the University's endowment funds.
- Island Pacific Institute Foundation which operated the Dunsmuir Lodge conference and training centre and ceased operations in March 2009.

The operations of the Island Pacific Institute Foundation and the University of Victoria Properties Investments Inc. are reported in Schedule A as Ancillary Enterprises, Ocean Networks Canada Society and the Pacific Climate Impacts Consortium are reported under Sponsored Research, while the operations of the other five entities are reported as Specific Purposes.

The financial statements include the accounts of the University's two profit-oriented subsidiaries using the equity method of accounting:

- Heritage Realty Properties Ltd. which manages the property rental and downtown hotel and brew-pub operation donated by the late Michael C. Williams.
- Vancouver Island Technology Park Trust which provides leased space to high-technology companies on Vancouver Island.

The financial statements include the accounts of the following joint ventures using the equity method of accounting:

- Tri-Universities Meson Facility (TRIUMF) which operates a research facility for sub-atomic physics located at the University of British Columbia. These financial statements include the University's 9.09% interest (2010-16.70%).
- Western Canadian Universities Marine Sciences Society (WCUMSS) which operates a marine research facility at Bamfield on the west coast of Vancouver Island. The financial statements include the University's 20% interest.

All entities have a fiscal year end of March 31 with the exception of Heritage Realty Properties Ltd. which has a December 31 year end.

(c) Deferral Method and Fund Accounting

The University follows the deferral method of accounting for contributions, and reports its operating results using fund accounting. The fund accounting procedures are employed primarily to recognize external restrictions placed on the use of resources by donors and granting agencies and to recognize appropriations and other internal restrictions placed by governing boards. Separate accounts are maintained for each fund, and for financial reporting purposes, funds with similar characteristics are grouped together as described below.

The General Operating Fund reports revenue and expense related to the general operations of the University.

The Ancillary Enterprises Fund reports revenue and expense related to service operations that are expected to function on a self-supporting basis. These operations comprise the bookstore, food services, student residences, Dunsmuir Lodge conference and training centre, parking services, child care services, computer store, donated property rental, hotel and brew-pub operations and the Vancouver Island Technology Park.

The Specific Purposes Fund accounts for revenue (including endowment income) and expense relating to contract services and special projects.

The Sponsored Research Fund accounts for monies designated for support of research.

The Capital Fund accounts for monies designated for the acquisition of capital assets and major renovations. Where monies designated for capital use are received as part of the resources for general operations, ancillary enterprises, specific purposes and sponsored research activities - generally for equipment, furnishings, computer equipment and library holdings - the revenue and expense related to those assets are accounted for in those respective funds.

The Endowment assets, held as invested principal, comprise the accumulation of endowment contributions and the portion of investment income that is required by the donors and the Board to be added to the fund to offset the eroding effect of inflation.

(d) Revenue Recognition

Operating government grants that are not restricted as to their use are recognized as revenue when receivable. Such grants, if received for a future period, are deferred and reported as Deferred Contributions until that future period. Other unrestricted revenue, including tuition fees and sales of services and products are reported as revenue at the time the services are provided or the products are delivered.

Externally restricted contributions - grants and donations - are reported as revenue depending on the nature of restrictions imposed by the contributors on the use of the monies:

- Non-capital contributions for specific purposes or research activity are recognized as revenue in the year in which the related expense is incurred.
- Contributions of or for the purchase of capital assets having a limited life are recognized as revenue over the same accounting periods as those in which the depreciation expense related to the capital asset purchased is recorded, and on the same basis as the depreciation expense. Where the capital asset involved is land, works of art or special collections of the Library to be held for use by the University, the contribution is reported as a direct increase in net assets invested in capital assets rather than as revenue.
- Endowment contributions are reported as direct increases to net assets held as endowment principal.

Unrestricted investment income is recognized as revenue when it is earned. Investment income earned on endowment principal is

recognized as a direct increase to net assets held as endowment principal to the extent it is stipulated or agreed by donors to be added to the principal amounts, essentially to protect the economic value of the endowments. The remaining investment income from the endowment principal is recognized as revenue of the Specific Purposes Fund, in the current year if unrestricted, or deferred to the year in which the related expense is incurred where the use of income is stipulated by the donor. Investment income, which is recorded on the accrual basis, includes interest income, dividends, and net realized and unrealized gains (losses) on securities.

(e) Cash and Short Term Investments

Cash and short term investments consist primarily of externally managed money market funds which together with accrued interest income approximates fair value given the short-term nature of these investments.

(f) Inventories

Inventories of supplies are recorded at cost. Inventories of merchandise held for resale are recorded at the lower of cost and net realizable value.

(g) Endowment and Other Investments

Endowment and other investments are classified as held for trading and stated at fair value. In determining fair values, adjustments have not been made for transaction costs. The change in the fair value of investments at the beginning and end of each year is reflected in the statement of revenue and expense and changes in unrestricted net assets or in the balance sheet in deferred contributions if the income is externally restricted. Fair values of investments are determined as follows: fixed income securities, equities and pooled funds are valued at year-end quoted closing market prices where available. Where quoted prices are not available investments are carried at cost. Security acquisitions and disposals are recorded as of the date traded.

(h) Capital Assets

Capital assets acquired and constructed by the University are recorded at cost. Donated capital assets are recorded at their fair market value on the date of donation. Capital assets subject to depreciation in their value are depreciated on a straight-line basis over their estimated useful lives as shown in the schedule below. Depreciation is provided on assets as they become available for service. Land, works of art, and the Library's Special Collections are not depreciated as they are deemed to have permanent value. When a capital asset no longer contributes to the University's ability to provide services, its carrying value is written down to its residual value with no reversals of such write downs in subsequent periods.

Buildings - Concrete	50 years
- Woodframe	30 years
- Heritage	35 years
Site improvements	30 years
Equipment - Computing	3 years
- Other	8 years
Information systems	8 years
Furnishings	8 years
Library holdings	10 years
Ships/Vessels	25 years

(i) Asset Retirement Obligations

Asset retirement obligations are recognized in the period in which they are incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over the life of the asset. At this time, the University has determined that there are no significant retirement obligations with respect to its assets.

(j) Pledges, Gifts-in-Kind and Contributed Services

Pledges from donors are recorded when payment is received by the University or the transfer of property is completed since their ultimate collection cannot be reasonably assured until that time. Gifts-in-kind include securities, equipment, books, manuscripts, artwork and artifacts which are recorded in the financial statements at their fair value at the time of donation. The University acknowledges the substantial and

significant services provided by its many volunteers. The value of these services is not recorded in the financial statements.

(k) Pension and Other Employee Future Benefits

The costs of pension and other future employee benefits are recognized on an accrual basis over the working lives of employees as detailed in note 9.

(l) Long term debt

Long term debt is recorded on the amortized cost basis, as it is the University's intent to repay these loans in accordance with their scheduled maturity dates.

(m) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables and inventories; the valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

(n) Financial Instruments

The University's financial instruments are classified into three categories. Cash and short-term investments, derivative instruments, long term receivables with the exception of receivables from related parties, and endowment and other investments are classified as held-for-trading and carried at fair value. Changes in fair value are recorded in operations. Accounts receivable and related party long term receivables are classified as other loans and receivables; accounts payable and long term debt are classified as other financial liabilities; both categories are carried at amortized cost using the effective yield method. It is management's opinion that the University is not exposed to significant currency or credit risk arising from these instruments. The University is exposed to interest rate risk as outlined in notes 5 and 10.

The University has elected to continue to apply financial instruments disclosure and presentation standards in accordance with CICA Handbook Section 3861.

(o) Future Accounting Framework

Effective April 1, 2012, the University will be transitioning on a retroactive basis to Public Sector Accounting Standards. The University is evaluating the impact of adoption of these standards on the financial statements.

**NOTE 3 CASH AND CASH EQUIVALENTS**

Short term investments are invested in a money market fund with an average term to maturity of 58 days (2010 – 67 days).

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
Cash	32,741	7,518
Short term investments	<u>47,375</u>	<u>86,575</u>
	<u>80,116</u>	<u>94,093</u>

**NOTE 4 LONG TERM RECEIVABLES**

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
<b>BCNET</b>		
Interest at 4.5%, semi-annual principal and interest payments of \$63,000, due April 2019, unsecured	834	919
<b>Various faculty and senior administrators</b>		
Home relocation loans receivable interest free for 5 years, with an option for further renewal unless employment ceases, generally secured by second mortgages	<u>5,003</u>	<u>4,835</u>
	5,837	5,754
Less current portion	<u>89</u>	<u>85</u>
	<u><u>5,748</u></u>	<u><u>5,669</u></u>

**NOTE 5 EQUITY IN AND ADVANCES TO SUBSIDIARIES**

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
<b>Heritage Realty Properties Ltd.</b>		
Promissory note receivable, interest at Royal Bank Prime +3.0% payable annually, with principal repayment due May 31, 2011, secured by an unregistered equitable mortgage	9,258	9,258
<b>Vancouver Island Technology Park Trust</b>		
Loans Receivable		
interest at 5.13%, monthly principal and interest payments of \$95,000, due April 2030, unsecured	13,820	14,236
interest at 6.13%, monthly principal and interest payments of \$25,000, due April 2030, unsecured	<u>3,327</u>	<u>3,417</u>
	26,405	26,911
Less current portion	<u>532</u>	<u>505</u>
	<u><u>25,873</u></u>	<u><u>26,406</u></u>

**NOTE 6 ENDOWMENT AND OTHER INVESTMENTS**

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
	(in thousands of dollars)			
Cash	3,248	3,248	2,092	2,092
Government bonds <1 year	-	-	60	60
Government bonds 1-5 years	450	450	2,021	2,011
Government bonds > 5 years	26,831	27,202	32,239	32,640
Various pooled funds	121,081	121,375	137,708	139,874
Canadian equities	89,490	116,364	53,992	68,982
US equities	42,256	45,015	41,113	42,599
Non-North American equities	50,806	53,294	54,418	56,571
Short term investments	5,550	5,550	2,198	2,198
Sinking funds	11,279	12,961	10,011	11,274
Other	5,415	6,516	6,212	6,931
<b>Total</b>	<b>356,406</b>	<b>391,975</b>	<b>342,064</b>	<b>365,232</b>

Sinking fund investments are held and invested by the Province of British Columbia and will provide for retirement of debentures issued to the Province at maturity. Annual sinking fund payments due in the next five years are included in debt repayment in note 10.

**NOTE 7 CAPITAL ASSETS**

	<u>Cost</u>	<u>2011</u>		<u>2010</u>
		<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	(in thousands of dollars)			
Land	21,745	-	21,745	14,339
Site improvements	29,916	13,482	16,434	16,235
Buildings	588,029	142,640	445,389	405,280
Equipment and furnishings	196,353	83,494	112,859	115,836
Information systems	18,441	6,642	11,799	13,692
Computer equipment	18,222	11,342	6,880	9,603
Ships/vessels	909	-	909	-
Library holdings	43,354	23,183	20,171	20,607
Collection, not depreciated	9,787	-	9,787	9,855
	<b>926,756</b>	<b>280,783</b>	<b>645,973</b>	<b>605,447</b>

Cost includes \$2,729,000 primarily in buildings for construction in progress not amortized.

**NOTE 8 DEFERRED CONTRIBUTIONS**

Deferred contributions represent externally restricted contributions received relating to a future period or that have not yet been spent for research, capital asset acquisition or other specific purposes. Changes in the deferred contributions balances are as follows:

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
Balance, beginning of year	94,590	93,663
Contributions received	136,164	97,426
Deduct transfers to:		
Revenue	(95,544)	(89,878)
Unamortized deferred capital contributions	(36,012)	(14,412)
Increase in endowment stabilization accounts in the year	10,525	35,493
Gain on endowment investments allocated to endowment net assets	-	(27,702)
Balance, end of year	<u>109,723</u>	<u>94,590</u>
The deferred contribution balance consists of the following:		
Specific Purposes	43,720	25,010
Sponsored Research	61,701	54,845
Capital	4,302	14,735
	<u>109,723</u>	<u>94,590</u>

## **NOTE 9 EMPLOYEE FUTURE BENEFITS**

Employee future benefit liabilities arise in connection with the University's self-funded group life insurance and long term disability plans. The University maintains pension plans, other retirement and supplementary benefit arrangements, and long term disability plans for substantially all of its continuing employees.

- (a) The pension fund for full-time continuing faculty and administrative and academic professional staff is referred to as the Combination Plan. This plan's benefits are derived primarily from defined contributions. If a retiring member selects an internal annuity with the defined contribution account, the annuity may be supplemented from a defined benefit provision to bring total benefits up to a defined benefit minimum. Most members do not qualify for a supplement because the defined contribution benefits usually exceed the minimum defined benefit. Since 1991, only forty-eight members have received a defined benefit supplement. At December 31, 2010, forty-three were receiving supplements that totalled \$14,000 of a total pension payroll of \$1.2 million per month. As a result, this plan has been accounted for as a defined contribution plan. The latest actuarial valuation as at December 31, 2009 showed that the accrued formula pension benefit liabilities of the Combination Plan were fully funded although the actuary has recommended that contributions be increased to maintain financial sustainability of the plan. The next valuation will be as at December 31, 2012, is not completed and accordingly it is not possible at this time to assess whether the plan is still fully funded. A pure defined contribution plan is available for part-time faculty and administrative and academic professional staff who meet certain eligibility criteria. The University has made contributions to these two plans during the year of \$13,609,000 (2010 - \$13,064,000) and recorded them as a pension expense.

The University provides supplemental pensions in excess of those provided under registered plans. They are fully funded out of the general assets of the University. The accrued liabilities of these arrangements total \$4,294,000 as at March 31, 2011 (2010 - \$3,833,000). The University paid supplemental pension benefits of \$57,000 in the year (2010 - \$69,000) and recorded employee benefit expense of \$115,000 (2010 - \$118,000). The supplemental pension obligations are complementary to the Combination Plan and as a result are similarly accounted for as defined contribution arrangements.

- (b) The pension plan for employees other than faculty and professional staff is a defined benefit pension plan. This plan provides pension benefits based on years of service. The cost of these benefits is determined using the projected benefit method prorated on employment service and is expensed as the services are rendered. The next triennial actuarial valuation as at December 31, 2010 is not yet finalized (see note 22). The following disclosure reflects on a prospective basis the updated valuations and liability estimates by management to December 31, 2010:

	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
Accrued pension benefit obligations:		
Benefit obligation, beginning of year	157,801	147,640
Net actuarial loss	-	-
Current service cost	5,683	5,372
Interest cost	9,367	8,760
Employee contributions	2,135	2,074
Benefit payments	<u>(6,096)</u>	<u>(6,045)</u>
Benefit obligation, end of year	<u>168,890</u>	<u>157,801</u>
Plan Assets		
Fair value of plan assets, beginning of year	143,682	127,676
Actual return on plan assets	12,460	14,653
Contributions by the University	5,895	5,324
Contributions by employees	2,135	2,074
Benefit payments	<u>(6,096)</u>	<u>(6,045)</u>
Fair value of plan assets, end of year	<u>158,076</u>	<u>143,682</u>
Plan deficit, end of year	(10,814)	(14,119)
Unamortized net actuarial loss	12,719	16,890
Unamortized past service costs	(1,585)	(1,849)
Unamortized transitional asset	<u>-</u>	<u>(1,472)</u>
Accrued benefit asset (liability), end of year	<u>320</u>	<u>(550)</u>

Significant assumptions adopted and used by the actuary in 2011 in prospectively measuring the pension benefit obligation are an expected long-term rate of return on plan assets of 5.80% (2010 – 5.80%), a discount rate of 5.80% (2010 – 5.80%), and salary increases of 3.50% (2010 – 3.50%) which factors include a cost of living increase assumption of 2.50% (2010 – 2.50%).

The net pension expense for the above staff pension plan for the year ended December 31, 2010 was \$5,025,000 (2009 - \$5,979,000). The Supplementary Retirement Benefit Account is a separate fund available to provide pensioners over the age of 65 with supplemental indexing against inflation beyond that provided by the basic plan above. It is accounted for as a defined contribution plan, with University contributions during the year of \$114,000 (2009 - \$111,000).

- (c) The University administers an employee-funded long-term disability plan for faculty and administrative and academic professional staff. It is self-insured and the liability for the discounted present value of estimated future payments to current claimants is recorded.

An insured long-term disability plan funded entirely by the University was commenced for other staff on July 1, 2000. The University contribution for the year ending March 31, 2011 was \$1,189,000 (2010 - \$1,266,000).



Summary of employee future benefit obligations:

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
Long-term disability plan	11,128	10,039
Basic group life insurance plan	1,370	1,341
Staff Pension Plan	(320)	550
Supplemental pension obligations	<u>4,420</u>	<u>3,888</u>
	<u>16,598</u>	<u>15,818</u>

**NOTE 10 LONG TERM DEBT**

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
<b><u>Related to Student Residences</u></b>		
Canada Mortgage and Housing Corporation		
5.125% to 9.50% debentures due 2015 to 2029, secured by mortgage	-	2,896
Province of British Columbia		
7.875% bond due 2023, unsecured	9,749	9,749
Royal Bank of Canada		
Term loan with floating interest rate fixed at 5.38%, to 2014, through an interest rate swap due November 2024, unsecured	11,798	12,375
<b><u>Related to Technology Enterprise Facility</u></b>		
British Columbia Immigrant Investment Fund		
4.75% term loan due February 2017, unsecured	4,328	4,506
<b><u>Related to Science, Social Science &amp; Math and Support Service Buildings</u></b>		
Province of British Columbia		
4.82% bond due 2027, unsecured with annual sinking fund payments of \$327,000	10,800	10,800
4.74% bond due 2038, unsecured with annual sinking fund payments of \$302,000	10,000	10,000
<b><u>Related to Off-campus Business Enterprises - Vancouver Island Technology Park</u></b>		
Great West Life Assurance Company		
5.13% term loan due April 2030, unsecured	<u>13,820</u>	<u>14,236</u>
Total debt (fair value 2011 - \$68,499,000; 2010 - \$72,513,000)	60,495	64,562
Less current portion of long term debt	<u>1,855</u>	<u>1,898</u>
Total long term debt	<u>58,640</u>	<u>62,664</u>

Principal and interest payments of these debt instruments are made primarily from the Ancillary Enterprises Fund except for the Technology Enterprise Facility debt and the Science, Social Science and Support Building debt whose principal is paid from the Capital Fund and interest paid from the General Operating Fund.

The University has two interest rate swap agreements associated with the Royal Bank of Canada and BC Immigration Investment Fund (BCIIF) debts. The BCIIF swap was negotiated to fix the effective interest rate at 5.138%, for an additional 10 years, commencing in 2017. The fair value of these instruments as at March 31, 2011 are (\$1,304,000) (2010 – (\$1,348,000)) and (\$32,000) (2010 – \$19,000).

Annual payments of principal, including sinking fund requirements, due in each of the next five fiscal years are as follows:

<u>Year Ended</u> <u>March 31</u>	<u>Annual Payments</u> (in thousands of dollars)
2012	1,855
2013	1,921
2014	1,993
2015	2,067
2016	<u>2,145</u>
	<u>9,981</u>

#### **NOTE 11 UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS**

Unamortized deferred capital contributions represent the externally restricted portion of capital contributions which will be recognized as revenue in future periods corresponding to or offsetting the depreciation expense of the related capital assets. No such offset is applicable to depreciable capital assets for which the University has not received specific funding and which are acquired out of unrestricted government grants or other revenue, as is the case with most library holdings and teaching equipment. Changes in unamortized deferred capital contributions are as follows:

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
Balance, beginning of year	371,281	347,308
Contributions received	21,596	36,894
Transfers from deferred contributions	<u>36,012</u>	<u>14,412</u>
	428,889	398,614
Transferred to revenue	<u>(29,515)</u>	<u>(27,333)</u>
Balance, end of year	<u>399,374</u>	<u>371,281</u>
The unamortized deferred capital contribution balance consists of the following:		
General Operating	6,343	5,556
Ancillary Enterprises	11,271	11,775
Specific Purposes	1,785	1,719
Sponsored Research	89,549	91,492
Capital	<u>290,426</u>	<u>260,739</u>
	<u>399,374</u>	<u>371,281</u>

**NOTE 12 GOVERNMENT GRANTS AND CONTRACTS**

During the year, the University recorded the following government grants and contracts as they became receivable in accordance with the deferral method of accounting for contributions as described in note 2 (d):

	Year ended March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
Province of British Columbia -		
General Operating	177,681	173,712
Ancillary Enterprises	1,657	1,611
Specific Purposes	2,233	929
Sponsored Research	14,894	8,417
Capital Funding	13,334	15,335
Recorded as deferred contributions (net)	<u>(17,203)</u>	<u>(20,019)</u>
	<u>192,596</u>	<u>179,985</u>
Government of Canada -		
General Operating	6,083	6,211
Specific Purposes	883	606
Sponsored Research	60,722	65,360
Capital Funding	17,206	4,090
Recorded as deferred contributions (net)	<u>(36,659)</u>	<u>(21,975)</u>
	<u>48,235</u>	<u>54,292</u>
Municipal and Other Governments -		
General Operating	5,967	7,083
Specific Purposes	26	120
Sponsored Research	11,825	7,868
Recorded as deferred contributions (net)	<u>(1,120)</u>	<u>509</u>
	<u>16,698</u>	<u>15,580</u>
	<u>257,529</u>	<u>249,857</u>

Included in accounts receivable are amounts due from the Province of British Columbia of \$1,353,000 (2010 - \$2,689,000).

**NOTE 13 INVESTMENT INCOME**

	Year ended March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
Interest and dividend income	14,827	13,984
Net realized gain (losses)	6,201	(494)
Net unrealized gains	12,148	34,993
Other	240	671
Transfer to deferred contributions	<u>(18,362)</u>	<u>(6,296)</u>
	<u>15,054</u>	<u>42,858</u>

#### **NOTE 14 ENDOWMENT NET ASSETS**

The University's endowments are held primarily by the University of Victoria Foundation and consist of restricted donations and capitalized investment income which maintains the economic value of the endowments over time. The Foundation also maintains a stabilization account for each of its endowments which are intended to hold surplus investment income in reserve to address fluctuations in investment returns and to ensure spending distributions remain stable each year. Stabilization account balances change with the distribution of net investment income or losses, allocation to spending accounts to pay awards and allocations to endowment principal to capitalize income.

The balance shown does not include endowment principal with fair value of \$5,794,000 (2010 - \$5,563,000) and book value of \$4,820,000 (2010-\$4,820,000) held by the Vancouver Foundation. The excluded principal is not owned or controlled by the University, but income from it is paid to the University to be used for specific purposes.

#### **NOTE 15 INTERNALLY RESTRICTED NET ASSETS**

Internally restricted fund balances represent the University's net assets set aside or appropriated by the Board of Governors for the following purposes:

	March 31	
	<u>2011</u>	<u>2010</u>
	(in thousands of dollars)	
<u>General Operating Fund</u>		
Equipment replacement and capital improvements	39,098	44,485
Budgetary savings available for non-recurring expenditures (i.e. carryovers)	75,929	63,740
Less vacation pay, long-term disability and pension expense liabilities	<u>(10,102)</u>	<u>(10,462)</u>
	104,925	97,763
<u>Ancillary Enterprises Fund</u>		
Equipment replacement and capital improvements	15,508	22,393
Less vacation pay, long-term disability and pension expense liabilities	<u>(1,240)</u>	<u>(1,445)</u>
	14,268	20,948
<u>Capital Fund</u>		
Capital assets funded by temporary advances from appropriations	<u>(28,593)</u>	<u>(27,939)</u>
	<u>90,600</u>	<u>90,772</u>

#### **NOTE 16 DONATION PLEDGES AND GIFTS IN KIND**

The total donations which have been pledged but not received as at March 31, 2011 are \$25,422,000 (2010 - \$34,422,000). These pledges are not recorded in the financial statements (note 2 (j)).

During the year ended March 31, 2011, the University recorded donated gifts-in-kind with an estimated value at the date of receipt totalling \$10,598,000 (2010 - \$3,148,000). Gifts in kind include securities, equipment, books, manuscripts, and artwork.

#### **NOTE 17 JOINT VENTURES AND RELATED PARTIES THAT ARE NOT CONSOLIDATED**

The University is a member of the two joint ventures described below which are recorded using the equity method of accounting. No monetary gain is expected from these entities.

- (a) The University is one of eleven university members of a consortium which manages the Tri-Universities Meson Facility (TRIUMF). The facility is funded by federal government grants and the University makes no direct financial contribution.

(b) The University is one of five members of the Western Canadian Universities Marine Sciences Society (WCUMSS). The University provided a grant to the Society in 2011 of \$238,000 (2010 - \$278,000) which is recorded as an expense in the General Operating Fund.

The University controls two profit-oriented subsidiaries which are recorded using the equity method of accounting:

- (a) Heritage Realty Properties Ltd.
- (b) Vancouver Island Technology Park Trust

Financial information in respect to the University's share of the entities recorded using the equity method is as follows:

**Year Ended March 31 ( in thousands of dollars)**

	<b>TRIUMF</b>		<b>WCUMSS</b>		<b>Heritage Realty</b>		<b>VITP Trust</b>	
	<b>9.09%</b> <u>2011</u>	<b>16.70%</b> <u>2010</u>	<b>20%</b> <u>2011</u>	<u>2010</u>	<b>100%</b> <u>2011</u>	<u>2010</u>	<b>100%</b> <u>2011</u>	<u>2010</u>
Assets	2,207	2,786	1,309	1,347	13,765	13,896	21,193	21,528
Liabilities	<u>1,909</u>	<u>2,701</u>	<u>461</u>	<u>517</u>	<u>14,289</u>	<u>14,508</u>	<u>19,628</u>	<u>19,884</u>
Equity (Deficit)	<u><u>298</u></u>	<u><u>85</u></u>	<u><u>848</u></u>	<u><u>830</u></u>	<u><u>(524)</u></u>	<u><u>(612)</u></u>	<u><u>1,565</u></u>	<u><u>1,644</u></u>
Revenue	710	1,405	673	663	7,072	7,272	4,919	5,149
Expenses	<u>461</u>	<u>1,030</u>	<u>655</u>	<u>599</u>	<u>6,939</u>	<u>7,177</u>	<u>4,246</u>	<u>4,326</u>
	249	375	18	64	133	95	673	823
Interfund Transfers, Distributions & Other	<u>(36)</u>	<u>(176)</u>	<u>-</u>	<u>-</u>	<u>(45)</u>	<u>-</u>	<u>(752)</u>	<u>(508)</u>
Net Income (Loss)	<u><u>213</u></u>	<u><u>199</u></u>	<u><u>18</u></u>	<u><u>64</u></u>	<u><u>88</u></u>	<u><u>95</u></u>	<u><u>(79)</u></u>	<u><u>315</u></u>

The University of Victoria Hong Kong Foundation Limited incorporated in November 2002 has had no material financial transactions to date.

**NOTE 18 COMMITMENTS AND CONTINGENT LIABILITIES**

There were \$2,684,000 of commitments in regard to construction contracts at March 31, 2011 (2010 - \$14,477,000).

The University's commitments for various operating leases for the next five years are as follows: 2012 - \$ 517,000; 2013 - \$481,000; 2014 - \$398,000; 2015 - \$366,000; 2016 - \$146,000.

The University is one of 58 Canadian University subscribers to CURIE, which has provided property and liability coverage to most campuses other than in Quebec and Prince Edward Island since 1988. The anticipated cost of claims based on actuarial projections is funded through member premiums. Subscribers to CURIE have exposure to premium retro-assessments should the premiums be insufficient to cover losses and expenses.

From time to time, the University is involved in litigation or proceedings relating to claims arising out of its operations in the ordinary course of business. It is the opinion of management that the aggregate amount of any potential liability is not expected to have a material adverse effect on the University's financial position or results.

**NOTE 19 CAPITAL DISCLOSURES**

The University considers its capital to be its net assets, deferred capital contributions and long term debt. The University's objectives when managing its capital are to fund its operations, capital additions, and research activity to ensure ongoing services to its students and funding agencies. Budgets are developed and monitored to ensure capital is preserved in accordance with funding terms. The University is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The University has complied with the external restrictions on the funding provided.

**NOTE 20 FUNDS HELD IN TRUST**

Funds held in trust are funds held on behalf of autonomous organizations, agencies, and student societies having close connections with the University. These funds are not reported on the University's consolidated balance sheet (2011 - \$1,593,000; 2010 - \$1,877,000).

**NOTE 21 COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified to conform to the current year's presentation.

**NOTE 22 SUBSEQUENT EVENT**

Preliminary results from the December 31, 2010 actuarial valuation for the Staff Pension Plan indicate that the plan has a going concern surplus but will have a solvency deficiency of up to \$39 million. The B.C. Pension Benefits Standards Act requires minimum annual contributions or the use of letters of credit to fund a deficiency. The University is currently reviewing the issue including investigating whether there are other options available to reduce, or eliminate, the requirement to fund the deficiency given the relatively unique circumstances of the University.

**UNIVERSITY OF VICTORIA**  
**CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSE AND CHANGES IN UNRESTRICTED NET ASSETS BY FUND**  
For the Year ended March 31, 2011  
(In thousands of dollars)

	General <u>Operating</u>	Ancillary <u>Enterprises</u>	Specific <u>Purposes</u>	Sponsored <u>Research</u>	<u>Capital</u>	Total <u>2011</u>	Total <u>2010</u>
<b>REVENUE</b>							
Government grants and contracts - provincial (note 12)	177,681	1,615	1,904	10,757	639	192,596	179,985
- federal	4,483		769	42,983		48,235	54,292
- other	5,967		26	10,705		16,698	15,580
Student tuition - credit courses	93,955					93,955	89,262
- non credit courses and other	17,392		1,521			18,913	16,973
Donations, non government grants and contracts	1,084	76	3,527	5,857		10,544	16,527
Sales of services and products	7,855	46,697	2,519	1,912	303	59,286	56,896
Investment income (note 13)	3,794	966	9,597	278	419	15,054	42,858
Other revenue	2,695	1,001	1,427	426	721	6,270	6,371
Amortization of deferred capital contributions	813	546	385	19,059	8,712	29,515	27,333
	<u>315,719</u>	<u>50,901</u>	<u>21,675</u>	<u>91,977</u>	<u>10,794</u>	<u>491,066</u>	<u>506,077</u>
<b>EXPENSE</b>							
Salaries - academic	89,564		1,693	5,732		96,989	92,506
- other instruction and research	15,360		1,878	19,274		36,512	36,277
- support staff	93,053	13,669	882	4,478		112,082	109,737
	<u>197,977</u>	<u>13,669</u>	<u>4,453</u>	<u>29,484</u>	<u>-</u>	<u>245,583</u>	<u>238,520</u>
Employee benefits	33,973	2,590	745	3,223		40,531	40,060
Travel	5,713	56	1,344	5,539		12,652	12,864
Supplies and services	34,577	3,887	7,675	18,924	776	65,839	65,968
Equipment rental and maintenance	2,979	210	37	795		4,021	4,917
Utilities	5,942	2,155	1	36		8,134	8,016
Scholarships, fellowships and bursaries	13,854		5,119	11,945		30,918	30,300
Cost of goods sold		15,777				15,777	16,487
Interest on long term debt	1,204	1,493			771	3,468	2,856
Renovations	331	65	40	32		468	381
Internal cost allocations	(6,867)	4,109	604	3,097	(943)	-	-
Depreciation	10,176	2,907	520	19,102	14,711	47,416	45,331
	<u>299,859</u>	<u>46,918</u>	<u>20,538</u>	<u>92,177</u>	<u>15,315</u>	<u>474,807</u>	<u>465,700</u>
<b>Excess (deficiency) of revenue over expense</b>	<b>15,860</b>	<b>3,983</b>	<b>1,137</b>	<b>(200)</b>	<b>(4,521)</b>	<b>16,259</b>	<b>40,377</b>
Depreciation on assets acquired with unrestricted net assets	9,363	2,361	135	43	5,999	17,901	17,998
Other transfers to investment in capital assets	(7,191)	(11,433)	(102)	(11)	(17,003)	(35,740)	(29,448)
Transfer from (to) internally restricted funds	(7,162)	6,680			654	172	66
Interfund transfers	(12,497)	(133)	(734)	208	13,156	-	-
Gain on endowment investments allocated to endowment net assets						-	(27,702)
Changes in unrestricted net assets	(1,627)	1,458	436	40	(1,715)	(1,408)	1,291
Balance, beginning of year	(1,688)	(6,310)	2,880	362	19,508	14,752	13,461
Balance, end of year	<u>(3,315)</u>	<u>(4,852)</u>	<u>3,316</u>	<u>402</u>	<u>17,793</u>	<u>13,344</u>	<u>14,752</u>

**UNIVERSITY OF VICTORIA**  
**Reconciliation Between Unaudited Fund Accounting Schedules and the Audited Deferral Method Financial Statements**

For the Year ended March 31, 2011

(In thousands of dollars)

(see next page for explanation of adjustments)

	General Operating Fund			Total Funds		
	Fund Accounting Schedule 3	Adjustments	Audited Statement 3	Fund Accounting Schedule 3	Adjustments	Audited Statement 3
<b>REVENUE AND OTHER ADDITIONS</b>						
Government grants and contracts - provincial	177,681		177,681	209,799	(17,203) a&b	192,596
- federal	6,083	(1,600) b	4,483	84,894	(36,659) a&b	48,235
- other	5,967		5,967	17,818	(1,120) a&b	16,698
Student fees - credit courses	93,955	-	93,955	93,955	-	93,955
- non credit courses and other	17,392	-	17,392	18,913	-	18,913
Donations, non government grants and contracts	1,102	(18) a	1,084	13,966	(3,422) a&b	10,544
Sales of services and products	7,855		7,855	59,412	(126) a	59,286
Investment income (loss)	3,794		3,794	33,416	(18,362) a	15,054
Other revenue	2,695		2,695	6,271	(1)	6,270
Amortization of deferred capital contributions		813 b	813		29,515 b	29,515
	<u>316,524</u>	<u>(805)</u>	<u>315,719</u>	<u>538,444</u>	<u>(47,378)</u>	<u>491,066</u>
<b>EXPENDITURE AND OTHER DEDUCTIONS</b>						
Salaries - academic	89,564		89,564	96,989		96,989
- other instruction and research	15,360		15,360	36,580	(68) d	36,512
- support staff	93,053		93,053	112,813	(731) d	112,082
	<u>197,977</u>		<u>197,977</u>	<u>246,382</u>	<u>(799)</u>	<u>245,583</u>
Employee benefits	34,333	(360) c	33,973	41,172	(641) c	40,531
Travel	5,713		5,713	12,653	(1) d	12,652
Library acquisitions	7,654	(7,654) d		8,047	(8,047) d	
Supplies and expenses	30,371	4,206 d	34,577	73,370	(7,531) d	65,839
Equipment additions and replacements	5,705	(5,705) d		17,855	(17,855) d	
Equipment rental and maintenance	2,979	-	2,979	4,509	(488) d	4,021
Utilities	5,942	-	5,942	8,189	(55) d	8,134
Scholarships, fellowships and bursaries	13,854	-	13,854	30,918	-	30,918
Cost of goods sold				15,657	120	15,777
Debt service/interest	1,204		1,204	8,798	(5,330) f	3,468
Construction and renovation contracts	602	(602) d		43,339	(43,339) d	
Internal cost allocations	(6,867)		(6,867)	10,664		
Renovations		331 d	331		468 d	468
Depreciation		10,176 d	10,176		47,416 d	47,416
	<u>299,467</u>	<u>392</u>	<u>299,859</u>	<u>521,553</u>	<u>(36,082)</u>	<u>474,807</u>
Excess (deficiency) of revenue over expense	17,057	(1,197)	15,860	16,891	(11,296)	16,259
<b>TRANSFERS AND APPROPRIATIONS</b>						
Depreciation on assets acquired with unrestricted net assets		9,363 e	9,363		-	17,901
Other transfers to investment in capital assets		(7,191) e	(7,191)		-	(35,740)
Appropriations/Internally restricted funds, net	(4,831)	(2,331) g	(7,162)	2,708	(2,536) g	172
Interfund transfers	(12,226)		(12,497)	(5,256)	5,256 i	
<b>NET INCREASE (DECREASE) DURING YEAR</b>	-	(1,356)	(1,627)	14,343	(8,576)	(1,408)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	-	(1,688)	(1,688)	103,063	(88,311)	14,752
<b>FUND BALANCES AT END OF YEAR</b>	-	(3,044)	(3,315)	117,406	(96,887)	13,344



**University of Victoria**  
**Reconciliation Between Unaudited Fund Accounting Schedules and the Audited Deferral Method Financial Statements**  
For the Year ended March 31, 2011

**Explanation of Adjustments**

- a Remove from revenue government grants and other revenues received for restricted purposes such as the academic building contributions and renovation grants and sponsored research grants. These are recorded as deferred contribution liabilities to be amortized into income as spent or as capital assets depreciated under deferral accounting (Note 2(d) page 16).
- b Restricted grants for acquiring capital assets are recognized as amortization of deferred capital contribution revenue in the same yearly amount as the depreciation on the capital assets is recorded as an expense.
- c Under fund accounting, pension contributions and the amount of vacation pay paid in the year are recorded as expenditures. In the audited statements, pension costs and vacation pay are expensed as entitlements are earned. In addition, the excess liability related to an employee long-term disability plan beyond the amount of the funded reserve is also expensed in the audited statements.
- d Costs associated with library acquisitions, equipment additions and replacements, construction and renovation contracts, and property acquisitions are removed from expenditures for the year. Depreciation is recorded for capital assets other than land, works of art and special library collections which do not depreciate. In the General Operating Fund, the amount of annual depreciation, less the amortization of deferred capital contributions in 'b' above, will normally approximate the budgets for library acquisitions and equipment additions/replacements.
- e Represents the spending of current year unrestricted revenue and prior year appropriations for equipment replacement to acquire capital assets, less the depreciation expense for the current year.
- f Remove from expense the principal portion of debt repayment since unlike in fund accounting neither the receipt of a loan nor its repayment are recorded as revenue and expense in the year. Interest for the year and any government grants to fund it are recorded as expenses and revenues respectively under both fund and deferral accounting.
- g Represents a reduction of internally restricted net assets corresponding to the additional expense recorded in the audited statements for vacation pay, pension expense and long-term disability, as per "c" above.
- h Represents the adjustment for the annual change in tuition revenue related to the following fiscal period recorded in deferral accounting but not fund accounting.
- i Transfer to endowment principal as recorded under fund accounting but reported a direct increase to endowment net assets under deferral.

(Prepared without audit)

**UNIVERSITY OF VICTORIA**  
**BALANCE SHEET**

As at March 31, 2011 (in thousands of dollars)

	2011	2010
<b>ASSETS</b>		
Cash and temporary investments	80,116	94,093
Accounts receivable	85,265	58,832
Prepaid expenses	11,998	10,215
Inventories	3,342	3,388
Long-term investments	89,869	102,941
Endowment investments	302,106	262,291
(2011 cost \$269,569; 2010 cost \$241,850)		
<b>PLANT ASSETS</b>		
Land and site improvements	51,661	43,186
Buildings	588,319	536,517
Equipment and furnishings	260,662	252,646
Library holdings	113,405	109,699
	1,586,743	1,473,808
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	31,269	28,967
Deferred revenue	6,539	6,821
Long-term debt	60,495	64,562
Insurance liabilities	12,432	10,614
<b>FUND BALANCES</b>		
Expendable funds		
Appropriated (Schedule 2)		
General Operating	115,027	110,196
Ancillary Enterprises	15,508	22,393
Capital Fund	(28,593)	(27,939)
Unappropriated (Schedule 3)		
General Operating	-	-
Ancillary Enterprises	4,440	3,399
Specific Purposes	35,009	20,177
Sponsored Research	62,381	55,474
Capital	15,576	24,013
Non-expendable funds (Schedule 4)		
Student Loan	73	73
Endowment Principal	276,491	252,298
<b>EQUITY IN PLANT ASSETS (Schedule 5)</b>	<b>980,096</b>	<b>902,760</b>
	1,586,743	1,473,808

**UNIVERSITY OF VICTORIA**  
**SCHEDULE OF CHANGES IN APPROPRIATED EXPENDABLE FUNDS**

FUND ACCOUNTING - SCHEDULE 2  
 (Prepared without audit)

Year ended March 31, 2011 (in thousands of dollars)

	Balance at beginning of year	Released to meet expenditures	Additions during year	Balance at end of year
<b>GENERAL OPERATING FUND</b>				
Equipment replacement and capital improvements				
Athletics & Recreation	-		135	135
Canada Foundation for Innovation (CFI) Reserve	786		13	799
Chapel	136		8	144
Coin-operated photocopiers	56		1	57
Computing - general	1,612	233	537	1,916
Computing User Services micro lab	360		160	520
Departmental equipment	5,777	789	511	5,499
Furniture and carpets	189	30	4	163
Graphics Centre	147	11	2	138
Instructional Tech Services	316		8	324
Locker/Towel services	97		2	99
Mechanical equipment	1,558	16	27	1,569
Motor vehicles	750		82	832
Network Services (Telephone services-NETS)	2,634	213	274	2,695
Photo services	18	18		-
Photocopy services	1,334		23	1,357
Physical Education, Athletics & Recreation Facility (PEARF)	495	20	234	709
Printing and duplicating services	2,245	208	295	2,332
Rental properties	2,736		111	2,847
Stadium	11		20	31
UVIC On Line	98		18	116
Capital Projects	19,499	12,557	6,281	13,223
Continuing Studies Building	100			100
Non-recurring expenditures financed from budgetary savings	65,711	7,403	17,621	75,929
Library prepaid expenses	2,329	2,329	2,211	2,211
Uninsured property losses	1,202		80	1,282
	<u>110,196</u>	<u>23,827</u>	<u>28,658</u>	<u>115,027</u>
<b>ANCILLARY ENTERPRISES FUND</b>				
Equipment replacement and capital improvements				
Bookstore	4,934	400	230	4,764
Food services	6,554	4,925	750	2,379
Student residences	4,595	4,500	225	320
Parking services	6,252	26	1,440	7,666
Child care services	58	58		-
Heritage Realty Properties	-		379	379
	<u>22,393</u>	<u>9,909</u>	<u>3,024</u>	<u>15,508</u>
<b>CAPITAL FUND</b>				
Plant Assets funded to/from Appropriations				
Business & Economics Building	(7,282)		1,034	(6,248)
Others	(20,657)	5,802	4,114	(22,345)
	<u>(27,939)</u>	<u>5,802</u>	<u>5,148</u>	<u>(28,593)</u>
<b>TOTAL APPROPRIATED EXPENDABLE FUNDS</b>	<u>104,650</u>	<u>39,538</u>	<u>36,830</u>	<u>101,942</u>
<b>2010 COMPARATIVE</b>	<u>104,340</u>	<u>42,870</u>	<u>43,180</u>	<u>104,650</u>

**UNIVERSITY OF VICTORIA**  
**SCHEDULE OF CHANGES IN UNAPPROPRIATED EXPENDABLE FUNDS**

FUND ACCOUNTING -SCHEDULE 3

Year ended March 31, 2011 (in thousands of dollars)

(Prepared without audit)

	General Operating	Ancillary Operations	Specific Purpose	Sponsored Research	Capital	Total 2011	Total 2010
<b>REVENUE AND OTHER ADDITIONS</b>							
Government grants and contracts-provincial	177,681	1,657	2,233	14,894	13,334	209,799	200,004
-federal	6,083		883	60,722	17,206	84,894	76,267
-other	5,967		26	11,825		17,818	15,071
Student fees-credit courses	93,955					93,955	89,798
- non credit courses	11,150		1,505			12,655	10,985
- other	6,242		16			6,258	5,988
Gifts, grants and bequests	1,102	76	4,765	7,160	863	13,966	20,624
Sales of services and products	7,855	46,697	2,519	1,912	429	59,412	58,141
Investment income	3,794	957	27,924	47	454	33,176	48,481
Equity in earnings of long term investments		9		231		240	673
Other revenue	2,695	1,001	1,427	426	722	6,271	6,371
	<u>316,524</u>	<u>50,397</u>	<u>41,298</u>	<u>97,217</u>	<u>33,008</u>	<u>538,444</u>	<u>532,403</u>
<b>EXPENDITURE AND OTHER DEDUCTIONS</b>							
Salaries - academic	89,564		1,693	5,732		96,989	92,506
- other instruction and research	15,360		1,878	19,342		36,580	36,309
- support staff	93,053	13,669	882	4,849	360	112,813	110,159
Total salaries	197,977	13,669	4,453	29,923	360	246,382	238,974
Employee benefits	34,333	2,795	737	3,269	38	41,172	39,752
Travel	5,713	56	1,344	5,539	1	12,653	12,869
Library acquisitions	7,654		393			8,047	7,534
Supplies and expenses	30,371	3,971	7,585	23,802	7,641	73,370	80,679
Equipment additions and replacements	5,705	589	163	11,175	223	17,855	27,239
Equipment rental and maintenance	2,979	210	37	1,271	12	4,509	4,922
Utilities	5,942	2,155	1	36	55	8,189	8,072
Scholarships, fellowships and bursaries	13,854		5,119	11,945		30,918	30,300
Cost of goods sold		15,657				15,657	16,487
Debt service	1,204	2,166			5,428	8,798	6,160
Construction and renovation contracts	602	816	40	188	41,693	43,339	29,854
Property Acquisitions					10,664	10,664	-
Internal cost allocations	(6,867)	4,109	604	3,097	(943)	-	-
	<u>299,467</u>	<u>46,193</u>	<u>20,476</u>	<u>90,245</u>	<u>65,172</u>	<u>521,553</u>	<u>502,842</u>
<b>TRANSFERS AND APPROPRIATIONS</b>							
Inter-fund transfers	(12,226)	(10,048)	(5,990)	(65)	23,073	(5,256)	(642)
Appropriations released to meet expenditures	23,827	9,909			5,802	39,538	42,870
New appropriations	(28,658)	(3,024)			(5,148)	(36,830)	(43,180)
	<u>(17,057)</u>	<u>(3,163)</u>	<u>(5,990)</u>	<u>(65)</u>	<u>23,727</u>	<u>(2,548)</u>	<u>(952)</u>
NET INCREASE (DECREASE) DURING YEAR	-	1,041	14,832	6,907	(8,437)	14,343	28,609
FUND BALANCES AT BEGINNING OF YEAR	-	3,399	20,177	55,474	24,013	103,063	74,454
FUND BALANCES AT END OF YEAR	-	4,440	35,009	62,381	15,576	117,406	103,063

(Prepared without audit)

**UNIVERSITY OF VICTORIA**  
**SCHEDULE OF CHANGES IN NON-EXPENDABLE STUDENT LOAN**  
**AND ENDOWMENT PRINCIPAL FUNDS**

Year ended March 31, 2011 (in thousands of dollars)

	Student Loan	Endowment Principal	Total 2011	Total 2010
<b>ADDITIONS</b>				
Gifts, grants and bequests		18,956	18,956	9,236
Unrealized loss on investments		(19)	(19)	(2)
	-	18,937	18,937	9,234
<b>DEDUCTIONS</b>				
Bad Loans			-	-
<b>TRANSFER FROM SPECIFIC PURPOSE FUND</b>				
		5,256	5,256	642
<b>NET INCREASE DURING YEAR</b>	-	24,193	24,193	9,876
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	73	252,298	252,371	242,495
<b>FUND BALANCES AT END OF YEAR</b>	73	276,491	276,564	252,371

**UNIVERSITY OF VICTORIA**  
**SCHEDULE OF CHANGES IN EQUITY IN PLANT ASSETS**  
Year ended March 31, 2011 (in thousands of dollars)

	2011	2010
<b>ADDITIONS</b>		
Additions to plant assets	88,309	79,716
Repayment of capital borrowing from:		
Ancillary enterprise operations	629	634
Capital fund	4,708	1,861
	<u>93,646</u>	<u>82,211</u>
<b>DEDUCTIONS</b>		
Borrowing for capital purposes		
Cost of properties sold		87
Equipment, furnishings and library holdings written off	16,310	12,352
	<u>16,310</u>	<u>12,439</u>
<b>NET INCREASE DURING YEAR</b>	77,336	69,772
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>902,760</u>	<u>832,988</u>
<b>EQUITY AT END OF YEAR</b>	<u>980,096</u>	<u>902,760</u>

(Prepared without audit)

**UNIVERSITY OF VICTORIA**  
**CHANGES IN GENERAL OPERATING FUND**  
 Year ended March 31, 2011 (in thousands of dollars)

	2011	2010
<b>REVENUE</b>		
Government grants and contracts -provincial	177,681	173,712
-federal	6,083	6,211
-other	5,967	7,083
Student fees-credit courses	93,955	89,798
-non credit courses	11,150	9,934
-other	6,242	5,978
Gifts, grants and bequests	1,102	1,760
Sales of services & products	7,855	8,062
Investment income	3,794	4,952
Other revenue	2,695	2,819
	<u>316,524</u>	<u>310,309</u>
<b>EXPENDITURE</b>		
Salaries - academic	89,564	85,285
- other instruction and research	15,360	14,869
- support staff	93,053	90,362
Total salaries	<u>197,977</u>	<u>190,516</u>
Employee benefits	34,333	33,154
Travel	5,713	5,536
Library acquisitions	7,654	7,184
Supplies and expenses	30,371	30,953
Equipment additions and replacements	5,705	7,054
Equipment rental and maintenance	2,979	3,353
Utilities	5,942	6,133
Scholarships, fellowships and bursaries	13,854	14,329
Debt service	1,204	1,224
Construction and renovation contracts	602	612
Internal cost allocations	<u>(6,867)</u>	<u>(6,842)</u>
	<u>299,467</u>	<u>293,206</u>
<b>TRANSFERS AND APPROPRIATIONS</b>		
Inter-fund transfers	(12,226)	(21,074)
Appropriations released to meet expenditures	23,827	33,807
New appropriations	<u>(28,658)</u>	<u>(29,836)</u>
	<u>(17,057)</u>	<u>(17,103)</u>
NET INCREASE (DECREASE) DURING YEAR	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-
FUND BALANCE AT END OF YEAR	-	-

(Prepared without audit)

## UNIVERSITY OF VICTORIA

## CHANGES IN ANCILLARY ENTERPRISES FUND

Year ended March 31, 2011 (in thousands of dollars)

	Bookstore & Shop	Food Services	Student Residences	Conference Centre	Parking Services	Child Care	Off-Campus Business Enterprises				Total 2011	Total 2010
							UVic Broad Street Properties	UVic Properties	Heritage Realty Properties	Van. Island Technology Park Trust		
<b>REVENUE</b>												
Sales of services and products	14,717	13,405	12,245		4,029	811	869	621			46,697	46,498
Government grants - provincial	167	580	50		32	828					1,657	1,611
Gifts, grants and bequests						76					76	98
Investment income	86	107	74		109	1	538			42	957	1,142
Equity in earnings of long term investments									88	(79)	9	410
Other revenue		81	154	1	6	6	1			752	1,001	936
	14,970	14,173	12,523	1	4,176	1,722	1,408	621	88	715	50,397	50,695
<b>EXPENDITURE</b>												
Salaries-support staff	2,445	4,640	3,479		1,178	1,390		537			13,669	14,310
Employee benefits	476	1,052	590		280	300		97			2,795	2,664
Travel	17	5	23		5	6					56	44
Supplies and expenses	407	954	1,265		898	100	298	49			3,971	4,042
Equipment additions and replacements	40	176	274		93	6					589	487
Equipment rental and maintenance	30	64	39		76	1					210	113
Utilities	113	589	1,345		26	31	51				2,155	1,808
Cost of goods sold	10,299	5,358									15,657	16,487
Debt service			2,166								2,166	2,334
Renovation contracts	10	257	532		17						816	1,350
Internal cost allocations	872	324	2,595		185	14	119				4,109	3,933
	14,709	13,419	12,308	-	2,758	1,848	468	683	-	-	46,193	47,572
<b>TRANSFERS AND APPROPRIATIONS</b>												
Inter-fund transfers	(400)	(4,925)	(4,500)	964			(560)	62		(689)	(10,048)	(941)
Appropriations released to meet expenditures	400	4,925	4,500		26	58					9,909	858
New appropriations	(230)	(750)	(225)		(1,440)		(379)				(3,024)	(2,050)
	(230)	(750)	(225)	964	(1,414)	58	(939)	62	-	(689)	(3,163)	(2,133)
NET INCREASE (DECREASE) DURING YEAR	31	4	(10)	965	4	(68)	1	-	88	26	1,041	990
FUND BALANCE AT BEGINNING OF YEAR	161	153	201	(965)	148	-	1,161	(9)	(612)	3,161	3,399	2,409
FUND BALANCE AT END OF YEAR	192	157	191	-	152	(68)	1,162	(9)	(524)	3,187	4,440	3,399

(1) Revenues are for external sales to faculty, staff and students and do not include \$1,261,000 (2010-\$2,074,339) of internal sales through the Computer Store to University Departments. Of the internal cost recovery net of expenses, \$119,000 (2010-\$108,357) represents the margin on those sales.



(Prepared without audit)

**UNIVERSITY OF VICTORIA**  
**CHANGES IN SPECIFIC PURPOSES FUND**  
Year ended March 31, 2011 (in thousands of dollars)

	2011	2010
<b>REVENUE</b>		
Government grants and contracts -provincial	2,233	929
-federal	883	606
-other	26	120
Student fees - non credit courses	1,505	1,051
- other	16	10
Gifts, grants and bequests	4,765	7,370
Sales of services and products	2,519	2,143
Investment gain (loss)	27,924	41,233
Other revenue	1,427	1,091
	41,298	54,553
<b>EXPENDITURE</b>		
Salaries - academic	1,693	1,472
- other instruction and research	1,878	2,311
- support staff	882	1,136
Total salaries	4,453	4,919
Employee benefits	737	729
Travel	1,344	1,241
Library acquisitions	393	350
Supplies and expenses	7,585	8,607
Equipment additions and replacement	163	1,844
Equipment rental and maintenance	37	25
Utilities	1	1
Scholarships, fellowships and bursaries	5,119	4,726
Construction and renovation contracts	40	31
Internal cost allocations	604	523
	20,476	22,996
<b>INTER-FUND TRANSFERS</b>	(5,990)	(115)
NET INCREASE DURING YEAR	14,832	31,442
FUND BALANCE AT BEGINNING OF YEAR	20,177	(11,265)
FUND BALANCE AT END OF YEAR	35,009	20,177

(Prepared without audit)

**UNIVERSITY OF VICTORIA**  
**CHANGES IN SPONSORED RESEARCH FUND**  
Year ended March 31, 2011 (in thousands of dollars)

	2011	2010
<b>REVENUE</b>		
Government grants and contracts -provincial	14,894	8,417
-federal	60,722	65,360
-other	11,825	7,868
Gifts, grants and bequests	7,160	7,840
Sales of services and products	1,912	1,216
Investment income	47	603
Equity in earnings of long term investments	231	263
Other revenue	426	783
	97,217	92,350
<b>EXPENDITURE</b>		
Salaries - academic	5,732	5,749
- other instruction and research	19,342	19,129
- support staff	4,849	4,313
Total salaries	29,923	29,191
Employee benefits	3,269	3,202
Travel	5,539	6,043
Supplies and expenses	23,802	28,188
Equipment additions and replacements	11,175	15,546
Equipment rental and maintenance	1,271	1,426
Utilities	36	74
Scholarships, fellowships and bursaries	11,945	11,245
Construction and renovation contracts	188	488
Internal cost allocations	3,097	2,283
	90,245	97,686
<b>INTER-FUND TRANSFERS</b>	(65)	413
<b>NET INCREASE (DECREASE) DURING YEAR</b>	6,907	(4,923)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	55,474	60,397
<b>FUND BALANCE AT END OF YEAR</b>	62,381	55,474

(Prepared without audit)

**UNIVERSITY OF VICTORIA**  
**CHANGES IN CAPITAL FUND**

Year ended March 31, 2011 (in thousands of dollars)

	2011	2010
<b>REVENUE</b>		
Government grants and contracts-provincial	13,334	15,335
Government grants and contracts-federal	17,206	4,090
Gifts, grants and bequests	863	3,556
Sales of services and products	429	222
Investment income	454	551
Other revenue	722	742
	<u>33,008</u>	<u>24,496</u>
<b>EXPENDITURE</b>		
Salaries-support staff	360	38
Employee benefits	38	3
Travel	1	5
Supplies and expenses	7,641	8,889
Equipment additions and replacements	223	2,308
Equipment rental and maintenance	12	5
Utilities	55	56
Debt service	5,428	2,602
Construction and renovation contracts	41,693	27,373
Property Acquisitions	10,664	-
Internal cost allocations	(943)	103
	<u>65,172</u>	<u>41,382</u>
<b>TRANSFERS AND APPROPRIATIONS</b>		
Inter-fund transfers	23,073	21,075
Appropriations released to meet expenditures	5,802	8,205
New appropriations	(5,148)	(11,294)
	<u>NET (DECREASE) INCREASE DURING YEAR</u>	<u>1,100</u>
	(8,437)	1,100
	<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>22,913</u>
	24,013	22,913
	<u>FUND BALANCE AT END OF YEAR</u>	<u>24,013</u>
	15,576	24,013

(Prepared without audit)

**UNIVERSITY OF VICTORIA****GENERAL OPERATING FUND EXPENDITURES - BY FUNCTION**

Year ended March 31, 2011 (in thousands of dollars)

	Academic Salary	Other Salary	Support Salary	Total Salary	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2011	Total 2010
Academic (Schedule G)	89,564	15,360	37,106	142,030	24,756	23,338	3,656	(1,434)	192,346	187,588
Library (H)			7,762	7,762	1,348	8,129	353	71	17,663	17,267
Student awards and services (H)			8,202	8,202	1,425	16,242	306	456	26,631	26,916
Plant maintenance (H)			13,578	13,578	2,264	13,015	690	(2,728)	26,819	26,004
Administrative and general (I)			26,405	26,405	4,540	7,595	700	(2,586)	36,654	35,955
Overhead recoveries								(646)	(646)	(524)
	89,564	15,360	93,053	197,977	34,333	68,319	5,705	(6,867)	299,467	293,206

**UNIVERSITY OF VICTORIA**  
**GENERAL OPERATING FUND EXPENDITURES - ACADEMIC & OTHER**  
Year ended March 31, 2011 (in thousands of dollars)

	Academic Salary	Other Salary	Support Salary	Total Salary	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2011	Total 2010
<b>BUSINESS</b>	4,286	234	1,917	6,437	4	1,671	108	203	8,423	7,725
<b>EDUCATION</b>	8,439	501	1,672	10,612		427	176	334	11,549	11,494
<b>ENGINEERING</b>	8,742	1,161	2,726	12,629	1	793	231	32	13,686	14,244
<b>FINE ARTS</b>	7,343	1,147	855	9,345		435	111	(8)	9,883	9,922
<b>HUMAN &amp; SOCIAL DEVELOPMENT</b>	11,108	235	3,379	14,722	2	1,471	92	(26)	16,261	15,748
<b>HUMANITIES</b>	16,157	616	1,327	18,100	2	655	74	107	18,938	18,437
<b>LAW</b>	3,513	80	810	4,403	2	405	24	99	4,933	4,797
<b>SCIENCES</b>	12,772	4,649	2,775	20,196	13	2,150	545	(509)	22,395	22,296
<b>SOCIAL SCIENCES</b>	14,285	1,738	1,712	17,735	2	707	251	129	18,824	18,104
<b>MEDICAL SCIENCES</b>	812	208	1,406	2,426	1	3,156	372	214	6,169	5,630
<b>COOPERATIVE EDUCATION</b>		48	3,533	3,581	5	514	8	145	4,253	4,198
<b>SUMMER STUDIES</b>			1	1		2		2	5	70
<b>GRADUATE STUDIES</b>	158	26	357	541		224	14	11	790	776
<b>CONTINUING STUDIES</b>	451	3,381	4,492	8,324		4,824	150	378	13,676	12,461
<b>OTHER ACADEMIC</b>	1,498	1,336	10,144	12,978	24,724	5,904	1,500	(2,545)	42,561	41,686
	89,564	15,360	37,106	142,030	24,756	23,338	3,656	(1,434)	192,346	187,588

**UNIVERSITY OF VICTORIA**

**GENERAL OPERATING FUND EXPENDITURES**

Year ended March 31, 2011 (in thousands of dollars)

	Salaries	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2011	Total 2010
<b>LIBRARY</b>							
Acquisitions			6,611	17	3	6,631	6,907
Operations	7,762	1,348	1,518	336	68	11,032	10,360
	<u>7,762</u>	<u>1,348</u>	<u>8,129</u>	<u>353</u>	<u>71</u>	<u>17,663</u>	<u>17,267</u>
<b>STUDENT AWARDS &amp; SERVICES</b>							
Student Awards	1,272		12,981	2	6	14,261	14,944
Student Services	6,930	1,425	3,261	304	450	12,370	11,972
	<u>8,202</u>	<u>1,425</u>	<u>16,242</u>	<u>306</u>	<u>456</u>	<u>26,631</u>	<u>26,916</u>
<b>PLANT MAINTENANCE</b>							
Utilities			5,640		7	5,647	5,856
Maintenance	13,578	2,264	7,375	690	(2,735)	21,172	20,148
	<u>13,578</u>	<u>2,264</u>	<u>13,015</u>	<u>690</u>	<u>(2,728)</u>	<u>26,819</u>	<u>26,004</u>

**UNIVERSITY OF VICTORIA**  
**GENERAL OPERATING FUND EXPENDITURES-ADMINISTRATIVE & GENERAL**

Year ended March 31, 2011 (in thousands of dollars)

	Salaries	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2011	Total 2010
Executive Offices	3,679		587	28	120	4,414	4,629
Alumni and Development	2,468		423	15	122	3,028	2,966
Administrative Registrar	5,081		1,361	197	347	6,986	6,884
Budget and Capital Planning	970		162	(6)	14	1,140	1,135
Financial Services	3,643		127	16	49	3,835	3,801
Human Resources	2,936		520	36	(133)	3,359	3,108
CIO & Enterprise Applications	3,289		287	25	(54)	3,547	2,888
Other	4,339	4,540	4,128	389	(3,051)	10,345	10,544
	<u>26,405</u>	<u>4,540</u>	<u>7,595</u>	<u>700</u>	<u>(2,586)</u>	<u>36,654</u>	<u>35,955</u>

**UNIVERSITY OF VICTORIA**  
**SPECIFIC PURPOSES FUND EXPENDITURES - BY FUNCTION**

Year ended March 31, 2011 (in thousands of dollars)

	Academic Salary	Other Salary	Support Salary	Total Salary	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2011	Total 2010
Academic programs	1,292	1,263	429	2,984	333	5,324	150	172	8,963	9,123
Lansdowne endowment	401	7		408		93	-	104	605	478
Maltwood		82	58	140	17	29	(79)	17	124	1,361
External Relations		5	9	14		294	4	10	322	447
Continuing Studies				-		1			1	5
Library		32		32	2	361	24	4	423	448
Student awards and employment programs		3		3		5891		342	6,236	6,504
Student services		2	88	90	7	309	7	113	526	72
Plant maintenance				-			18	(26)	(8)	(7)
General		484	298	782	378	2,217	39	(132)	3,284	4,565
	1,693	1,878	882	4,453	737	14,519	163	604	20,476	22,996