

Financial Results and Analysis for the Year Ended March 31, 2015 on a Fund Accounting Basis

Presentation of Management Information

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 and are defined as follows:

- 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, parking services, child care services, donated property rental, hotel and brew-pub operations, and the Vancouver Island Technology Park.
- The Specific Purposes Fund accounts for revenue and expense relating to contract services, special projects and endowment funds.
- The Sponsored Research Fund accounts for monies designated for the 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 Foundation Board to be added to the fund to offset the eroding effect of inflation.

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

- UVic Industry Partnerships (formerly University of Victoria Innovation and Development Corporation) which assists with intellectual property management and 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.

- Byron Price and Associates Ltd. which holds land in North Saanich.

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

The financial statements also 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.

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

The financial statements proportionately consolidate the accounts of the following joint ventures:

- Tri-Universities Meson Facility (TRIUMF) which operates a research facility for sub-atomic physics located at the University of British Columbia. The financial statements include the University's 8.33% interest.
- 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.

The financial statements include the accounts of the University's three 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 technology companies on Vancouver Island.
- Gustavson School of Business Executive Education Inc. which provides executive education and other non-credit education.

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.

Balance Sheet – Statement 1

A key feature of fund accounting is that plant or capital assets are recorded on the balance sheet without amortization, unlike the accounting treatment within the external audited financial statements. Treatment within fund accounting is to record, at original cost, buildings, land and site development until disposal while equipment and furnishings are written off after 8 years.

Key balance sheet highlights are as follows:

- Total assets increased by \$55.1M while liabilities decreased by \$2.7M. Fund balances increased by \$19.4M and equity in plant assets grew by \$38.4M.
- Endowment investments are recorded at fair value and have increased by \$41.3M to \$398.4M. The \$41.3M increase is made up as follows:

Donations	\$4.7M
Investment income	48.5M
Disbursements (fees and awards)	(14.2)M
Changes in receivables/payables	<u>(2.3)M</u>
	<u>\$41.3M</u>

- Capital assets increased by \$36.4M with increases in buildings of \$46.4M and library holdings by \$2.3M. The majority of the increase in buildings (\$32.0M) was related to the CARSA project. Increases in buildings and library holdings were offset by equipment and furnishings write offs that exceeded acquisitions by \$15.6M
- Long term debt decreased by \$1.8M resulting from regularly scheduled debt payments.
- Funds held for employee future benefits, excluding any unfunded portion, increased by \$2.7M to \$23.1M and are made up as follows:

Vested sick leave benefits	\$3.2M
Supplemental pension obligations	6.2M
Group life insurance	1.5M
LTD liability	<u>12.2M</u>
	<u>\$23.1M</u>

- Endowment principal funds, held primarily in the UVic Foundation, increased by \$10.6M due to external donations of \$3.4M, UVic transfers of \$838K and capitalized investment income of \$6.3M.
- Equity in plant assets increased by \$38.4M due to capital additions of \$70.3M and debt repayment of \$1.9M less \$33.8M of equipment, furnishings and library holdings written off.

Statement of Appropriated Expendable Balances – Statement 2

For over 30 years, departments have been asked to save (i.e., to appropriate) from their annual operating budgets sufficient funds to replace computers and other equipment. Interest is paid on equipment reserve balances in order to encourage savings and during the year the interest allocated was 2.25%. Statement 2 summarizes these replacement appropriations. The university also has a carry forward policy whereby

departments who do not spend all of their General Operating Fund allocation in a year have it appropriated at the Faculty or department level for spending in future years. These two policies permit departments to plan for new projects, restructuring, and equipment needs over a longer timeframe. Should a department incur a deficit in a fiscal year, that deficit becomes a first charge on its operating budget for the following year. Unspent carry forward balances are categorized according to how departments plan to use these balances in the future. Statement 2 reflects these departmental allocations.

The university expects that the provincial operating grant and tuition fees will not subsidize ancillary operations and, as such, each ancillary enterprise must budget to break even, including a provision for periodic renovation replacement and expansion of its facilities. As such, there are appropriated funds from ancillary operations in order to be able to invest in equipment replacement and capital improvements.

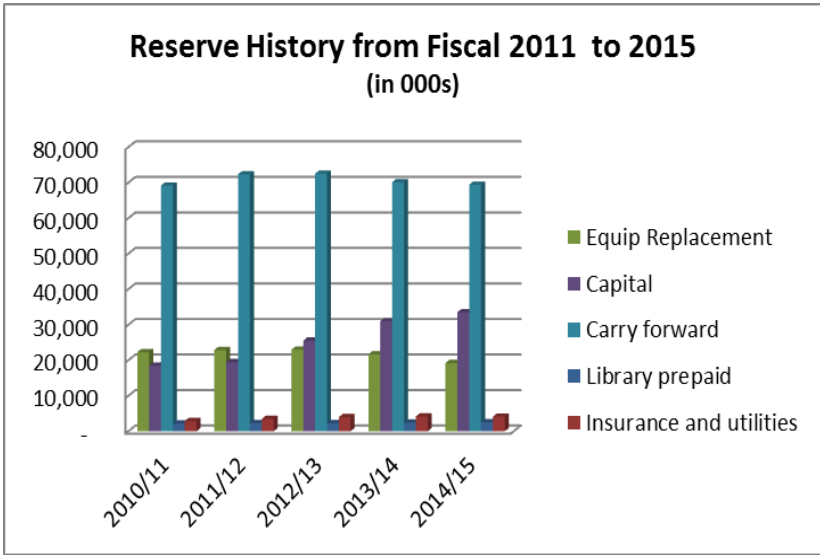
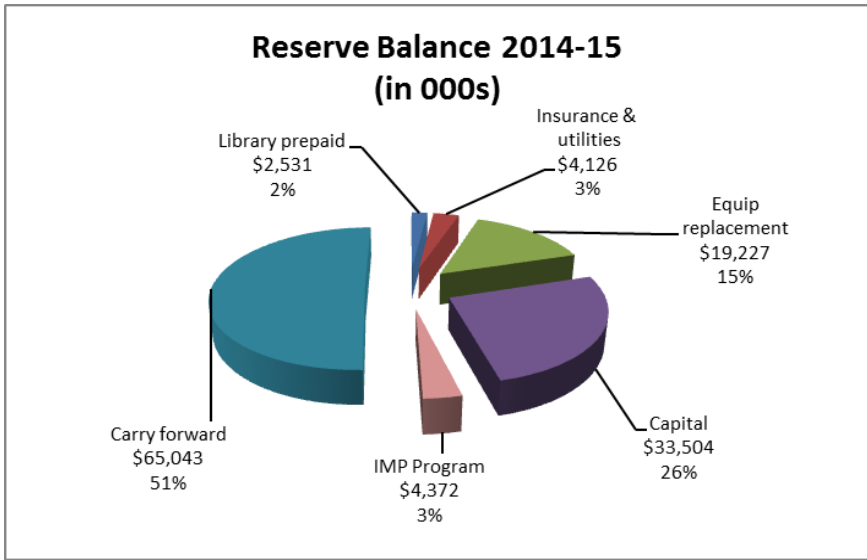
Due to restrictions in the ability of the university to borrow externally, appropriated fund balances are used on a temporary basis to fund capital projects that will generate future revenues from which to repay the internal loan (e.g., residences).

Total appropriated expendable funds were as follows:

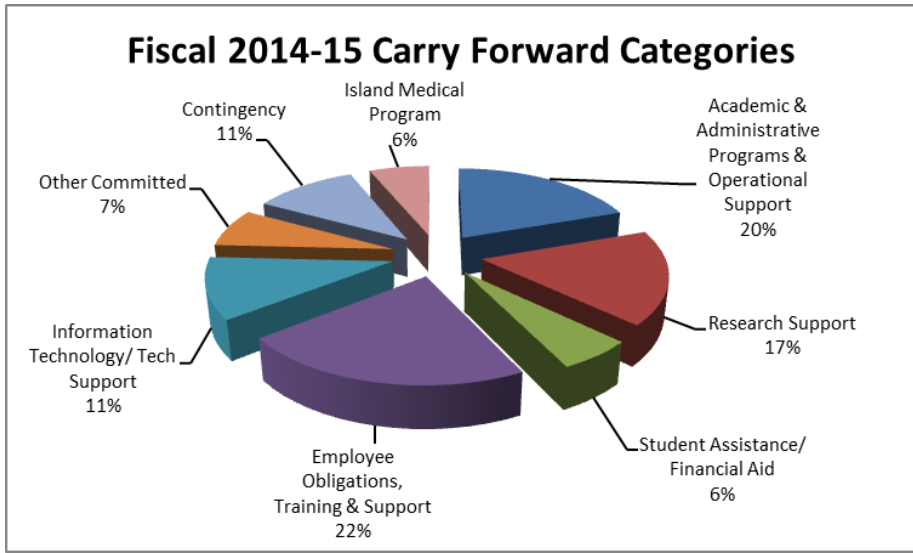
<i>(in thousands of dollars)</i>	2015	2014
General operating	128,803	129,439
Ancillary enterprises	10,368	17,688
Less loans for Capital	(54,491)	(36,941)
Total	84,680	110,186

The following charts show the distribution of the appropriated funds (reserves) within the major categories of: capital, equipment, carry forward¹, library prepaid and insurance. It also shows how these reserves have changed over time.

¹ This category includes program development and operation support, research support, student assistance and financial aid, employee obligations, training and support, other commitments, contingency and the externally funded Island Medical Program.

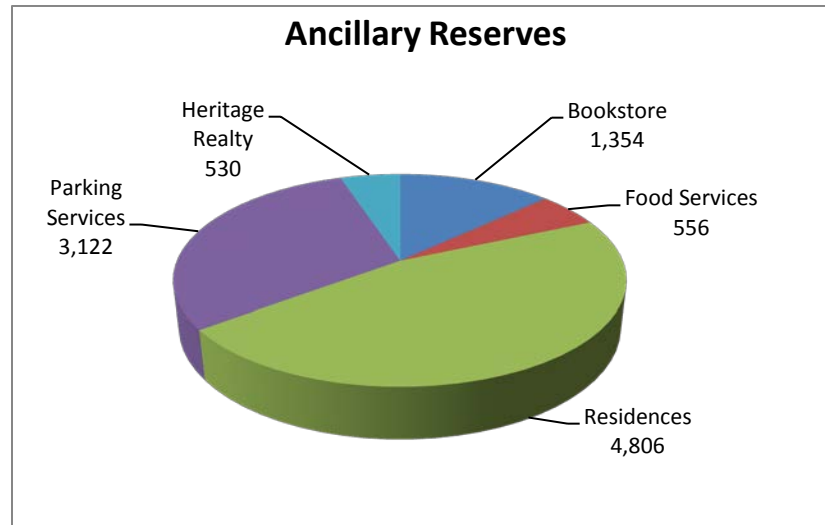


As shown in the table above, total operating fund appropriations decreased by \$0.6M in 2015. This is the result of a decrease within the carry forward fund categories, including decreases in funds set aside for Island Medical Program (\$1.0M), Program Development and Operation Support (\$1.4M), Student Assistance and Financial Aid (\$1.2M), Information Technology and Technical Support (\$1.4M) and Research Support and Employee Obligations (\$0.7M). There were offsetting increases in funds set aside for Other Commitments (\$2.6M) and Contingency (\$2.3M). The following chart summarizes the intended use of the carry forward balances of \$69.4M:



The largest allocation or 22% is for employee obligations including accumulated professional development, leave and other contractual commitments. Research support is 17% of the total and is generally made up of commitments to individual faculty for research start-up, travel grants, etc. Another category of note is the Island Medical Program. This represents 6% and is not available for reallocation as it is externally targeted, specific funding.

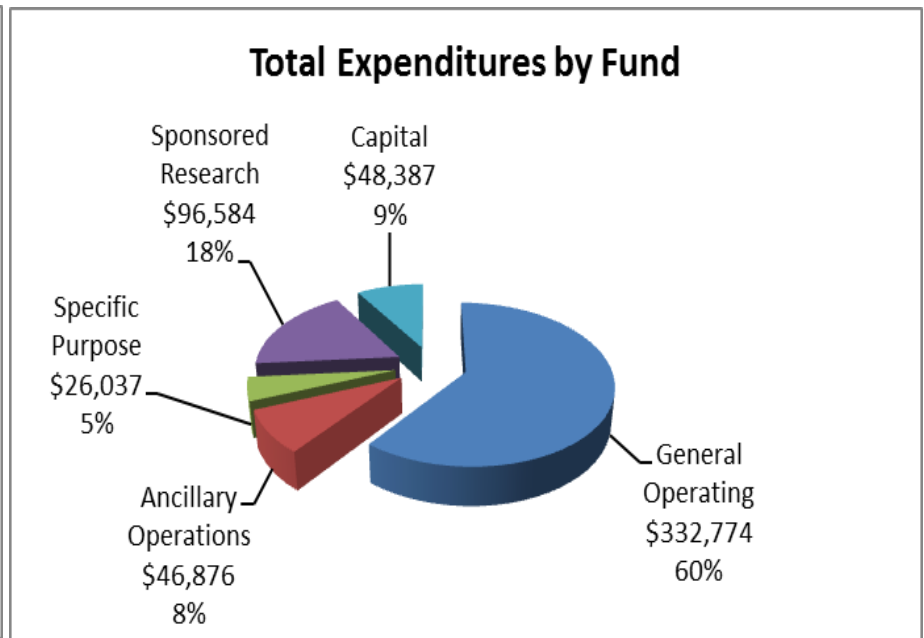
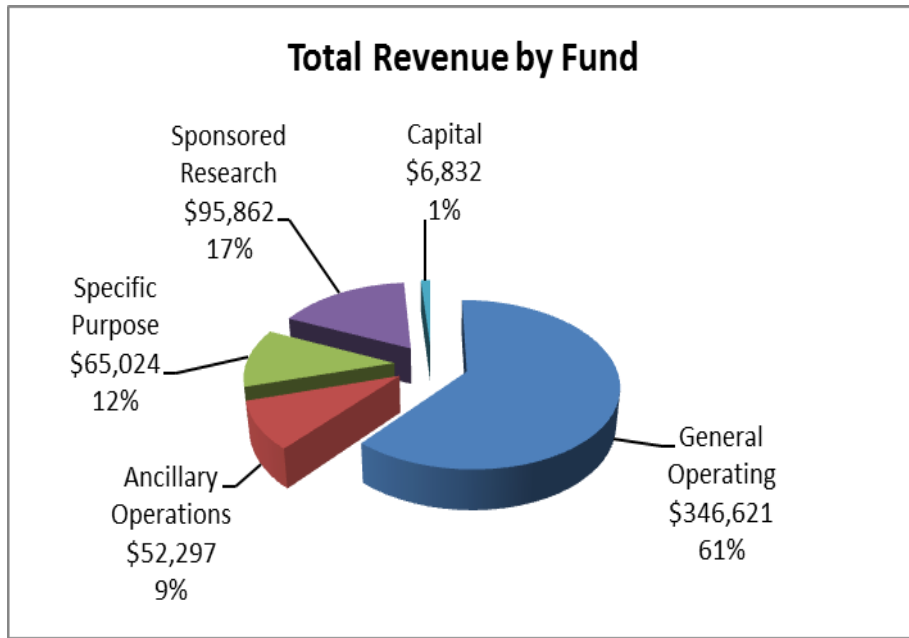
The Ancillary appropriated fund balance of \$10.4M is made up of reserves as shown in the following chart:



Unappropriated Expendable Funds – Statement 3

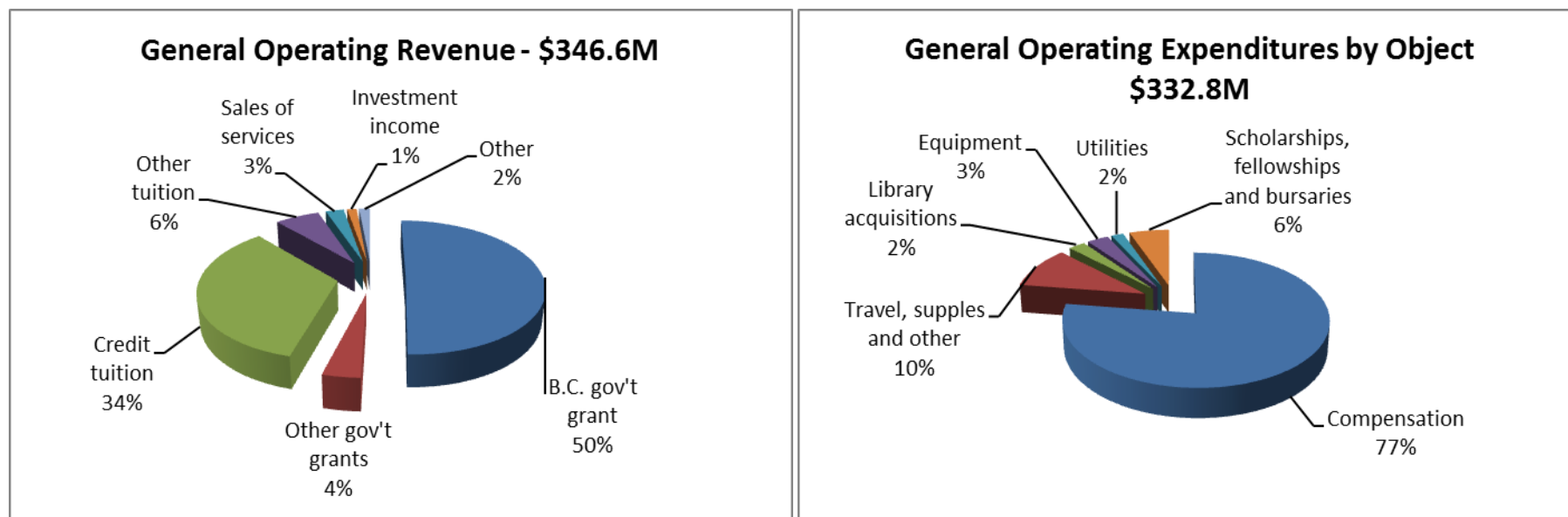
Total revenue across all five funds increased by \$13M to \$566.6M, representing an increase of 2.4% while total expenditures increased by \$13.1M to \$550.7M representing a 2.4% increase. On a total fund basis, total revenues of \$566.6M exceeded expenditures of \$550.7M by \$15.9M. After transferring \$7.2M to endowment principal and adding \$25.5M from appropriated reserves, total unappropriated expendable fund balances increased by \$34.3M. This increase is primarily in the Specific Purpose fund related to the positive investment returns that increased the endowment expendable balances of the UVic Foundation. Each of the fund balances will be discussed subsequently in this report.

Total revenue and expenditures are broken down by fund as follows:



General Operating Fund (GOF) – Schedule A

The General Operating Fund represents 61% of the university's activities. Total General Operating revenues and expenditures are made up as follows:

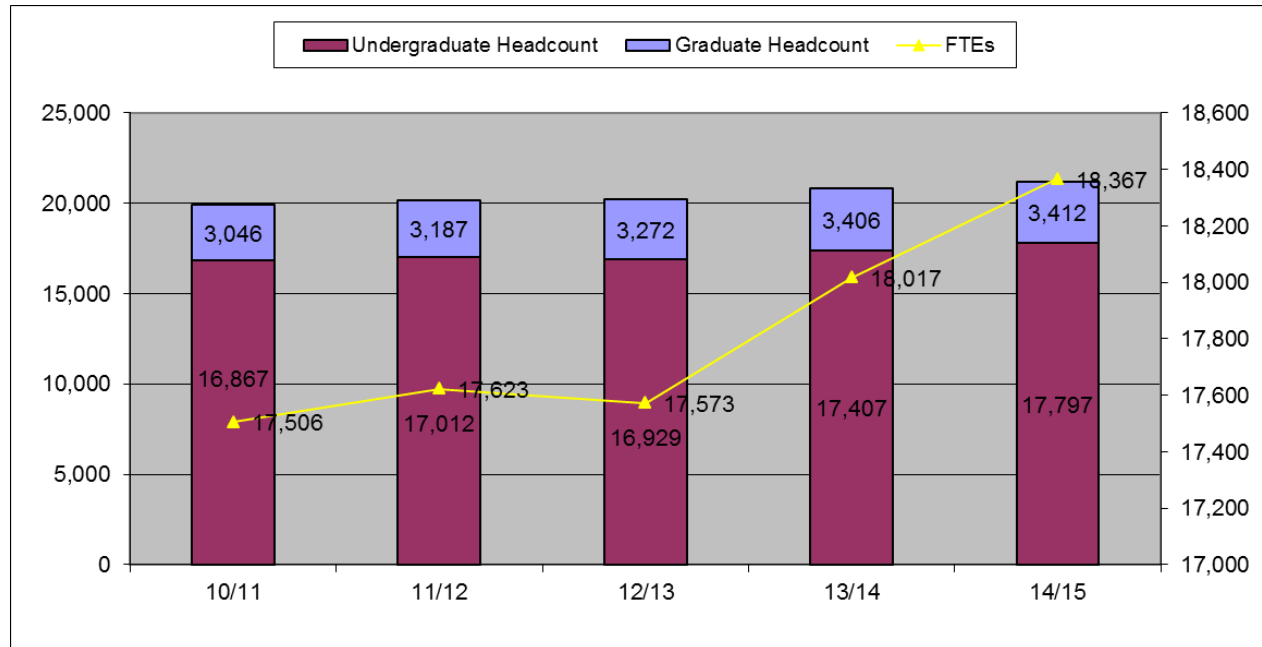


Total revenue in the General Operating Fund increased by \$12.1M (3.6%) and total expenditures increased by \$11M (3.4%). Government grants and tuition accounted for 95% of revenue while compensation costs (i.e., salary and benefits) accounted for 77.3% of total expenses.

While revenue exceeded expenditures by \$13.8M, \$14.5M was transferred to the other funds to cover the costs of commitments to a variety of capital and other projects and a net of \$0.6M was transferred from appropriated reserves bringing the General Operating fund balance to zero, which is consistent with past practice. The net excess of revenue over expenditures of \$13.8M represents 4.0% of total revenue compared to \$12.7M and 3.8% of total revenue for the year ended March 31, 2014. The surplus results from circumstances that are difficult to predict (for example, vacancies and enrolment levels) and planned surpluses to ensure that there are sufficient funds to invest in, for example, equipment and major capital.

The university's provincial operating grant was \$173.2M which was reduced \$1.8M or 1.0% from the previous year. Other government grants include \$6.2M of federal government grants, the majority of which is the federal indirect cost of research grant and \$6.7M of other government grants representing funding from the University of BC specifically for the Island Medical Program.

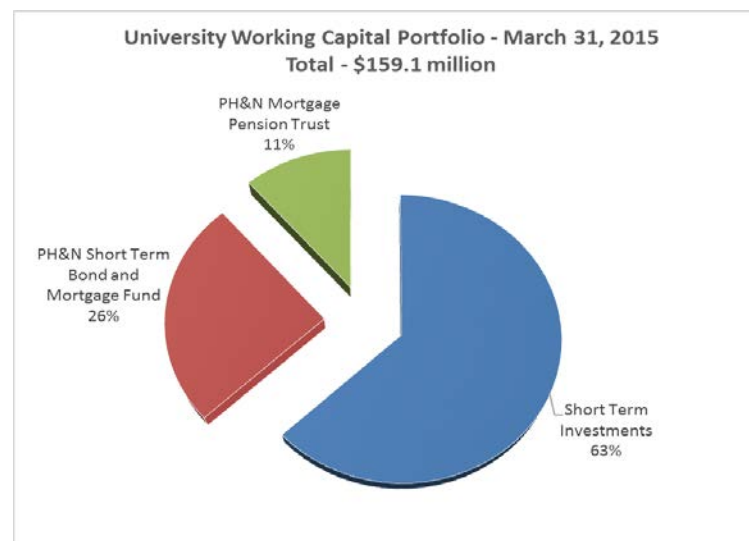
Credit tuition increased by \$8.9M made up of \$1.2M for domestic student fees reflecting the 2% increase in tuition fees (the maximum allowed by the Province of BC) and \$7.7M of international student fees reflecting growth in enrolment of international students that have fees higher than the domestic rate of tuition.



Non-credit tuition increased by \$2.6M due to strong enrolments in Continuing Studies.

Investment income increased by \$1.5M due to higher returns on investments. The return on the university's working capital was 2.8% compared to last year's return of 1.5%.

The short term Investments of the portfolio are invested in Guaranteed Investment Certificates (GICs) all with terms to maturity under 1 year. The long term investments of the working capital portfolio are professionally managed by Phillips Hager and North (PH&N). This year the PH&N Mortgage Pension Trust was introduced and replaced the PH&N Bond Fund. The working capital portfolio provides daily liquidity along with enhanced returns from investments with a longer duration. The investments are as shown in the working capital portfolio chart.



Academic salaries increased by \$1.8M reflecting progression through the ranks and gender equity adjustments. Support staff salaries increased by \$2.2M with salary increases arising from the settlement of the Professional Employees Association collective agreement and progression through the ranks for several employee groups. Employee benefits increased by \$0.3M due to the higher salaries.

Scholarships, fellowships and bursaries increased by \$1.3M reflecting enhanced undergraduate entrance scholarships with the objective of improving the quality and number of students accepting their entrance offer.

Ancillary Enterprises Fund – Schedule B

An ancillary operation is a department that is required to be financially self-sufficient. That is, each operation must generate sufficient revenue to not only cover its annual operating costs, including any compensation changes, but also provide adequate funding to address building maintenance or renovation requirements as well as capital expansion needs.

Schedule B (page 34) of the attached fund accounting schedules show the financial results of university ancillary operations both on and off campus.

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., both accounted for using the equity method of accounting. 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. During the year \$1.2M was provided by Heritage Realty to the university to support initiatives consistent with the wishes of the donor.

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 and teaching activities. The Trust is intended to be self-funding with a return on investment provided to the university. During the year \$856K was provided by VITP Trust to support university priorities.

The results of the on campus ancillary operations including the bookstore, housing food and conference services, parking and child care are summarized in the Ancillary Budget – Schedules K through O (pages 44-48).

Specific Purposes Fund – Schedule C

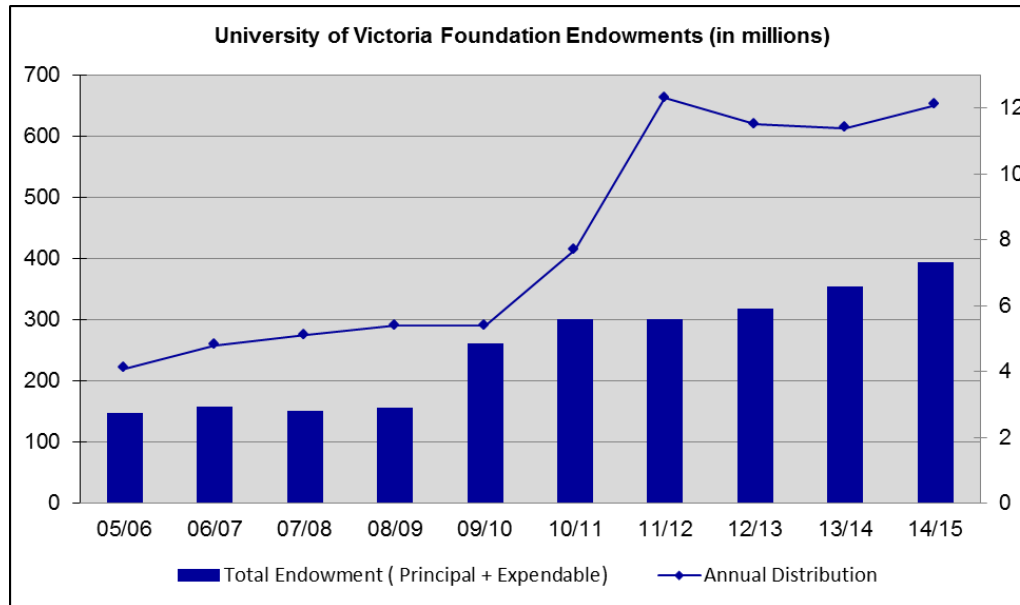
The Specific Purposes Fund includes the expendable funds of the University of Victoria Foundation, the Foundation for the University of Victoria and the U.S. Foundation for the University of Victoria. It also includes the revenues and expenses of the LTD Trust as well as UVic Industry Partnerships.

Overall, revenue exceeded expenditures by \$39M. Of this amount \$10.5M was transferred with the majority added to endowment principal to protect against the eroding effects of inflation, and to Sponsored Research to provide funding to certain research centers who receive their funding from endowments. The Specific Purpose fund balance increased by \$28.5M to \$89.7M, of which \$74.1M represents the portion of funds within the UVic Foundation, referred to as the expendable fund, that is available to be expended in accordance with the terms of the endowment at any time,

Other highlights include:

- Investment income increased by \$4.8M, primarily within the UVic Foundation.

Most endowment funds benefiting the university and its students are held by the University of Victoria Foundation. The Foundation's investments experienced its largest dollar return in its history with investment income of \$48.5M representing a 13.3% return for the year ended March 31. With the receipt of \$4.3M of endowment contributions less disbursements of \$14.2M, the total market value of the UVic Foundation endowment fund increased from \$355.1M to \$394.0M, comprised of \$319.9M of principal and \$74.1M 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 in monitoring performance and considering an appropriate asset mix.

The Foundation's endowment management policy follows a "total-return" approach with awards based on 4.0% of the December 31 inflation adjusted balance of the funds principal with an additional 0.5% available for funds with a market value 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 for this year the amount added to the principal for this purpose was \$6.3 million.

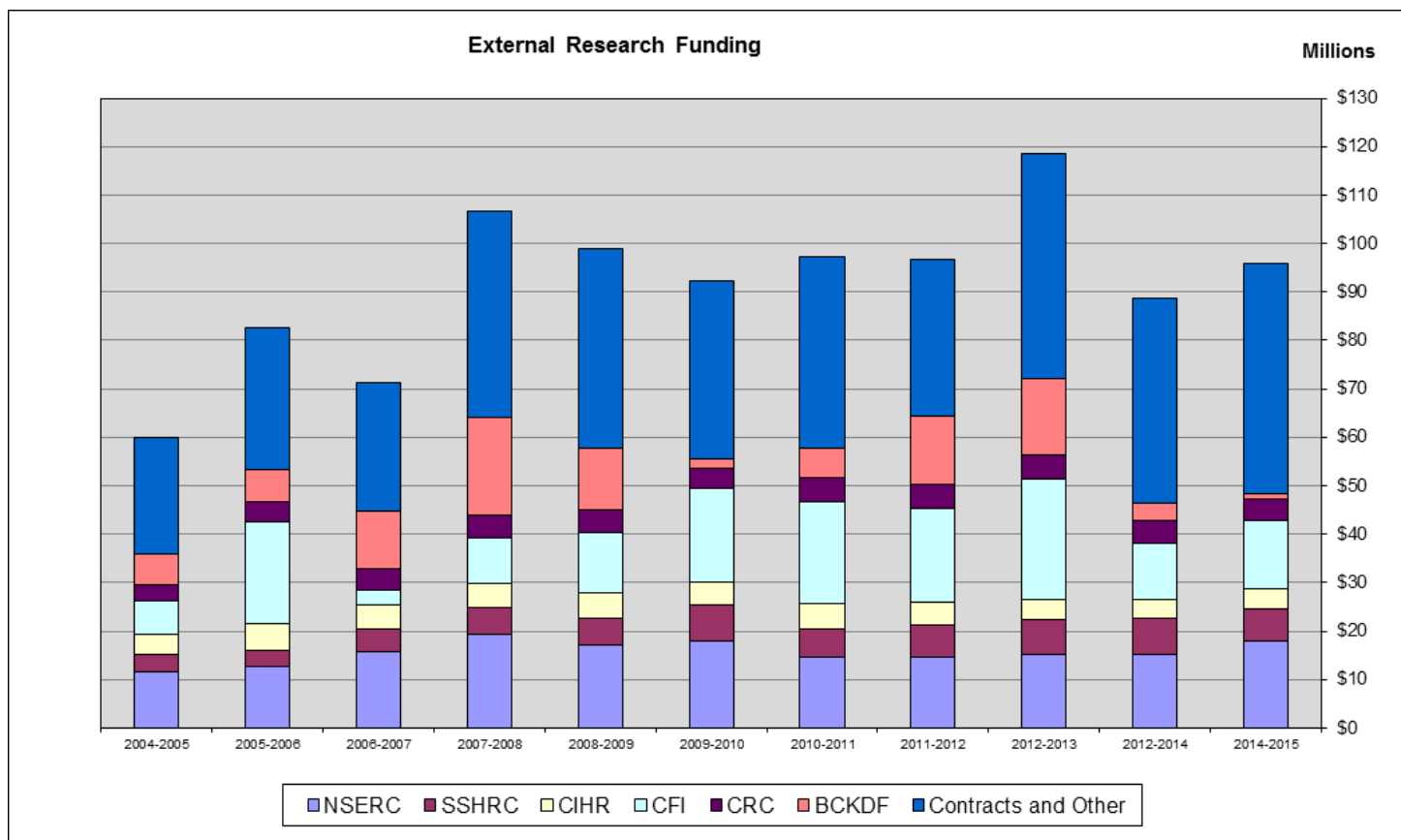
Sponsored Research Fund – Schedule D

The Sponsored Research fund includes the revenues and expenses of the related entities including Oceans Networks Canada, Pacific Climate Impacts Consortium, TRIUMF and WCUMSS.

Sponsored Research expenditures for the year exceeded revenues by \$722K although a net amount of \$5.2M was transferred in from other funds resulting in a net increase in the fund balance of \$4.5M to \$51.4M. This balance represents external grant funding that has been received but not yet spent.

Revenues increased by \$7.3M (8.2%) to \$95.9M while expenditures decreased by \$6.9M (6.6%). The university's faculty continued their high level of success in attracting research grants and contracts. The university ranks second amongst Canadian comprehensive research intensive universities in total research funding, first in NSERC/CIHR grants and third in SSHRC grants.

The following shows the trend of sponsored research funding over the last 11 years.



Capital Fund – Schedule E

The Capital Fund includes monies designated for the acquisition of major capital assets and renovations, although capital assets such as equipment, furnishings, computer equipment and library holdings are recorded as expenditures in other funds to match the funding source.

Revenues in the Capital Fund decreased by \$12.3M due to a reduction in Provincial funding of \$4.1M related to routine capital and maintenance and the \$10M of authorized capital borrowing for the construction of the CARSA / parkade structure recorded last year.

Expenditures continued to be relatively high at \$48.4M, an increase of \$4.6M from the prior year. Construction continued on CARSA and the Food Services renovation projects, and commenced on the Continuing Studies building expansion.

Operating Budget Schedules F through J

Each year the budget office prepares operating fund budget schedules in order to provide management and the Board of Governors with information to assess the financial performance of the operations of the institution for the fiscal year. These schedules differ from the fund accounting statements (Statements 1 to 3 and Schedule A through E) in that they compare actual results, both revenue and expense, for the fiscal year against the budget plan whereas the fund accounting statements provide a comparison of actual results with those of the previous year. These budget schedules provide useful information to determine whether changes to budget or changes in activity should be made for the current or future fiscal years.

Another difference between the budget schedules and the fund accounting statements is that they are prepared on a function basis, as compared to an object basis (i.e. type of expense), which better reflects university budgetary responsibility, accountability and control.

The detailed budget versus actual schedules for the year ended March 31, 2015 include schedules F through J and can be found at pages 38-43. These schedules compare actual operating results for fiscal 2014-15 with the total budget for the year. The total budget column includes not only the base budget for each functional area or revenue item but also any non-recurring / one time entries for that year. These entries include one-time items such as a drawdown of carry forward or equipment reserves, budget reallocations between different functional areas or an allocation from a central budget (e.g., enrolment management funds or salary increase budget) to a department.

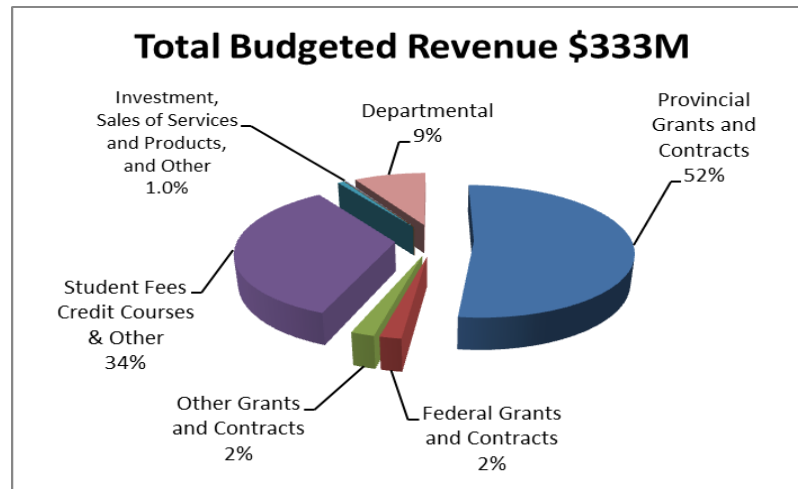
The following points should be kept in mind when reviewing these schedules:

- unfavourable variances from the budget (i.e. either revenues or cost recoveries are less than budget; or expenditures are greater than budget) are shown with brackets;
- benefits are budgeted and accounted for centrally and therefore costs within each function do not include benefits whereas the external PSAS statement have benefits allocated to functions;
- the revenue amounts per schedule F will not align with the revenue on Statement 3 or Schedule A of the fund accounting statements as statement F shows department revenue separately. Department revenue will include revenue from sources such as provincial and federal grants, student fees etc; and
- variations from budget are sometimes offset by variations in related revenues or expenditures. For example, an apparent shortfall in revenues may be offset by reduced expenditures or alternatively, an expenditure in excess of budget may be compensated for by increased revenues or cost recoveries (see schedule I for a summary).

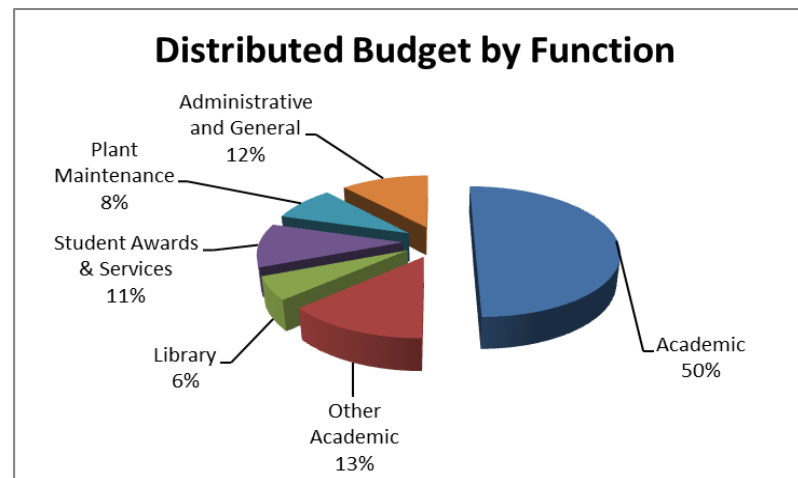
Operating Budget – Schedule F

Revenue and Expenditure Overview

Total budgeted revenue in 2014-15 was \$333M comprised of the following sources:



The majority of this funding is allocated to support academic purposes as follows:



Year End Results

As noted above, for the fiscal year ended March 31, 2015 there was an excess of operating revenue over expenditures of \$13.8M. This excess is a result of a number of items as follows:

- Positive results as compared to budget due to increased or unanticipated revenue and/or favourable expenditures variances;
- Planned reserves for future major capital projects and equipment replacement;
- Planned sources of non-recurring funding; and
- Costs related to capital and entities that are funded by operating but are presented as interfund transfers (below the line) whereas they are budgeted as expenditures (\$14.5M for 2014-15 as noted above).

In comparing actual results to budget there was a positive result of \$24.4M - \$13.4M in additional revenue and an \$11.0M positive variance on expenditures.

From a budget responsibility point of view this positive variance is derived from both central and departmental budgets as follows:

Central revenue (tuition, investment income, internal financing and other)	\$ 5.7M
Central expenditures and recoveries (benefits, overhead and centrally allocated budgets)	<u>\$ 4.7M</u>
Positive variance from central accounts	\$10.4M
Positive variance from departmental accounts	<u>\$14.0M</u>
Total	<u>\$24.4M</u>

Central Revenue Accounts

The primary sources of general operating revenue are government grant, tuition and investment income. In 2014-15 the additional revenue of \$5.7M or 1.7% of the revenue budget resulted from:

1. Tuition revenue \$ 3.9M

International enrolment grew significantly in 2014. Early projections in September 2014 indicated that revenue would be up close to \$7.0M as a result of this growth. Given the impact on this level of growth on individual faculties, funding of \$2.4M was allocated early to

provide support for this growth. This allocation was made from projected revenue and therefore the budget for tuition increase by \$2.4M during the year.

2. Investment income (\$1.8M - \$.3M)..... \$ 1.5M

Schedule F shows a budget variance of \$1.8M for investment income. This amount however is offset by negative variance of \$0.3M from internal loans which is shown under administrative and general in schedule I (page 41) as it is an internal allocation. Therefore the Investment income budget, once internal financing is taken into account, had a surplus balance in 2014-15 of \$1.5M. This surplus is a result of unexpected decreases in interest rates during the year that were not anticipated in the financial markets. Funding from this positive variance have been allocated to the investment reserve as interest rates are expected to increase which will generate losses on the portfolio.

As per the university policy to ensure multi-year financial planning for equipment replacement, \$0.53M of the investment income balance was allocated to department equipment reserves and \$.38M was allocated to ancillary reserves.

3. Other income\$0.3M

This variance is an accumulation of small amounts from various accounts.

Impact on Future Budgets from Revenue Variances

The budget for tuition revenue for 2015-16, as approved by the Board, was increased by \$7.2M reflecting increased undergraduate international enrolment. When developing the 2016-17 budget in the fall of 2015, enrolment levels will be reviewed to determine whether further adjustments should be considered given an early indications of enrolment levels.

With respect to the investment income, given the current interest rate environment the budget will need to be monitored each year to assess whether the level of budget is still achievable and therefore appropriate. As noted above there is a reserve to protect against losses that will occur when interest rates rise. The impact of this has been mitigated to some extent through the change in 2014-15 to a mortgage fund away from a longer term bond fund.

Other central revenue budgets will not be adjusted as the variances are considered insignificant.

Central Expenditures and Recoveries

Central accounts include compensation (benefits, salary, position turnover etc.), overhead recoveries as well as contingency funds. In 2014-15 the positive central variance of \$4.7M resulted from:

1. Benefits \$2.3M

The benefit accounts continue to have a positive result as a result of departmental position vacancies (\$1.7M). The remaining variance generally results from budgeting for a full annual increase for a benefit change even though actual increases are only a portion of the year (benefits on salary increases, increase in Employment Insurance or extended health, etc.).

2. Overhead recoveries\$0.2M

This variance is the result of additional overhead research income. Overhead recoveries fluctuate from year to year and are difficult to estimate given they are derived from contract research grants.

3. Centrally Allocated Budgets.....\$2.2M

As noted above centrally allocated budgets include budgets to fund compensation increases. They also include funds to top-up vacant positions once filled and a contingency amount to cover unforeseen events. These accounts are reviewed each year as part of the development of the annual budget to ensure they remain appropriate.

Impact on Future Budgets from Expenditure Variances

Given the favorable variance in the benefits budget is largely a result of vacant positions this variance will continue as long as there continues to be vacant positions.

The overhead variance is not considered significant but will be reviewed for 2016-17 based on information from research on projected contract revenue and the revenue trend over the last few years.

Centrally allocated budgets are considered prudent to provide funds for unforeseen events or strategic one time allocations. The total variance represents less than 1.0% of actual expenditures for the year.

Departmental Accounts

As noted above, departments had a year-end positive budget variance of \$14.0M. Departments are expected, for the most part, to have favourable year end balances as they are required to put aside funds to address future equipment replacement and capital needs. In 2014-15 departments planned to allocate \$3.5M to reserves for this purpose with actual transfers totaling \$6.4M - \$4.8M for equipment and \$1.6M for capital.

The largest source of positive budget variances within departments is departmental revenue which was \$7.4M higher than budgeted. Departmental revenue is largely comprised of external funding (i.e., gifts, grants, sales, non-credit tuition, application and athletic fees, etc.), and as such is not consistent year to year, making it difficult for departments to predict or rely on for on-going expenditures. Given this fact, most departments budget this revenue conservatively. Some examples of revenue received in 2014-15 include donations; executive education,

MBA non-credit, and MGB fees in Business; recoveries for marine science vessel usage; external cost recoveries (i.e., Vancouver Island Cancer Centre); one-time government program grants; auditorium fees; field school fees; Fine Arts shows (i.e., women's choir, theatre); and athletic club fees. For some departments the positive revenue result is offset by increased expenditures (Schedule I).

Within the expenditures budgets, the largest source of positive variance was the utility budget at \$1.0M. This resulted from significant efforts within facilities management to reduce utility costs through continuous optimization programs, a very favourable winter and lower prices for natural gas. The remaining expenditure variances resulted from mid-year funding to support international students which could not be fully expended in the year, vacant positions or partial year hires, favourable supply account variances, or drawdowns from reserves or carry forward in excess of the actual costs.

At the individual faculty and department level, all were on or under budget when available carry forward is taken into account. Some units within a faculty or department however were over budget by small amounts. These deficits will be a first charge against the unit's budget in 2015-16 or have been offset by carryover or alternatively have been covered at the faculty level.

Operating Budget – Schedule G

This schedule provides a breakdown of departmental revenue by functional area. Some highlights include:

- The department / faculty with the largest budgeted departmental revenue is continuing studies at \$16.3M. Continuing studies is a mainly self-funded Division and as such tuition for their programs is allocated to them directly. As well, they are required to fund salary increases within the program areas. The Division has also used revenues to support capital expansion including the current expansion and renovation of the Continuing Studies building.
- Student services departmental revenue is mainly comprised of student athletic and recreation fees, physiotherapy fees, and external funding for Health Services.

Operating Budget – Schedules H through J

Schedules H and I summarize total budget, actual results and a comparison to the prior year of expenditure budgets by function. These schedules provide information on relative sizes of faculties and departments with the largest ones being the tri-faculties - Science at \$24.0M, Social Sciences at \$21.9M and Humanities at \$20.1M. The 'other academic' budget of \$22.9M is comprised of many smaller functions such as Academic Advising, Learning and Teaching Centre, faculty professional development, faculty research - internal grants and travel, Research services and centres, overhead research, and academic related information technology.

Most areas had increased expenditures as compared to the prior year. This increase is largely a result of compensation increases including the progression through the ranks and the faculty gender equity increases. Increases in nonacademic areas are mainly comprised of PEA staff and a component of management excluded positions who received progress through range increases.

Schedule J as noted previously compares additional departmental revenue against expenditures to demonstrate that additional revenue is often offset by additional expenditures. (e.g. Engineering variance in department revenue of \$622K is largely offset by an expenditure variance of -\$422K).

Ancillary Budget – Schedules K through O

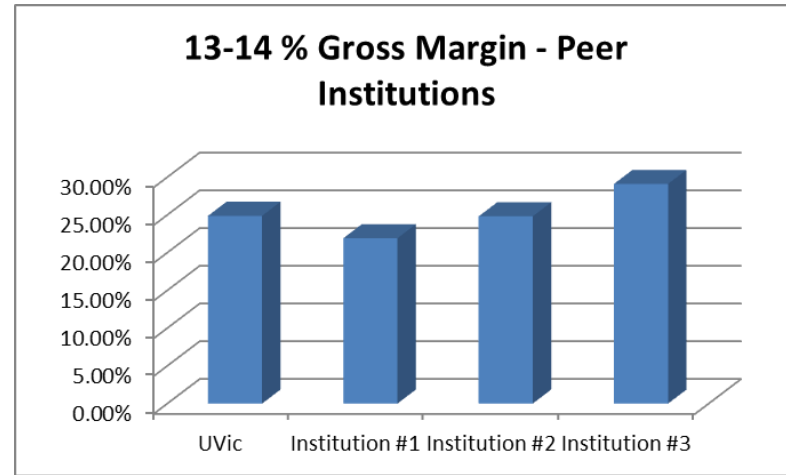
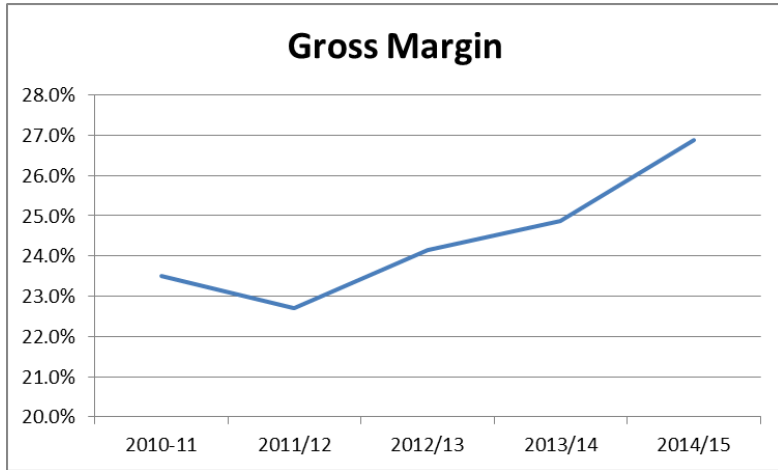
Schedule B (page 34) of the attached fund accounting schedules show the financial results of university ancillary operations both on and off campus. The results of the off campus businesses were noted above. This section will focus on the results of the on campus ancillary operations as well as provide information on some key performance indicators (KPI).

While these operations are often viewed as on campus “businesses,” it is important to know that while they are required to be financially self-sufficient, they also contribute to student life on campus and are therefore important service areas. The result of this approach is that each area may make program decisions that are not necessarily financially driven. For example, parking services subsidizes employee and student bus passes in an effort to reduce traffic to campus, residence services operates student life programs and food services has extended hours to support academic purposes. Given the above it is difficult to compare these operations to what appear to be similar off campus businesses.

Bookstore – Schedule K

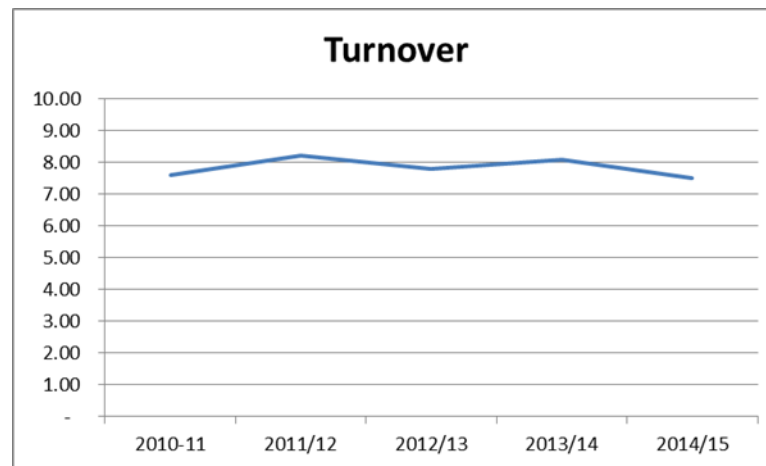
Schedule K (page 44) attached shows the financial results of the bookstore operations, which include the computer store, compared to budget as well as the results of the prior year. As anticipated, both revenue and expenses for fiscal 2015 are less than the prior year. The majority of the sales decrease was within the Computer Store due to the loss of Apple store. Textbook sales however increased by 1.9% outperforming industry trends. The overall financial results for the store was slightly higher than budgeted at \$244K as a result of higher than anticipated sales and a staff reorganization. This enabled a larger transfer to the capital reserve at year end.

The following KPIs provide useful information against which to assess the operations of the Bookstore:

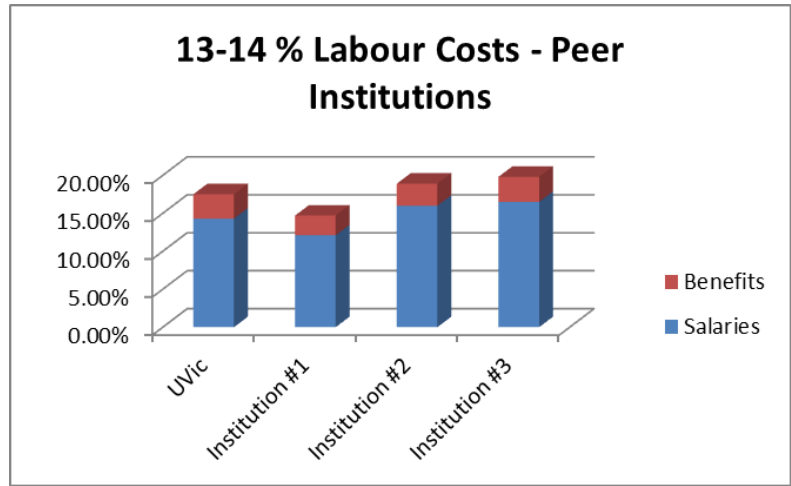


The above charts show that gross margin as a percentage of sales continues to trend positively improving to 26.88% in 2014-15. The Bookstore's gross margin compares well with other similar sized institutional bookstores (peer institutions using 13-14 as the most recent data for comparison).

Turnover rates, though down from the prior year, continue to be strong at 7.6 times:



With respect to labour costs, these tend to be higher given contractual agreements. The average of the peer group is 17.8% of total costs and therefore our operations are consistent with peers as outlined in the following chart:



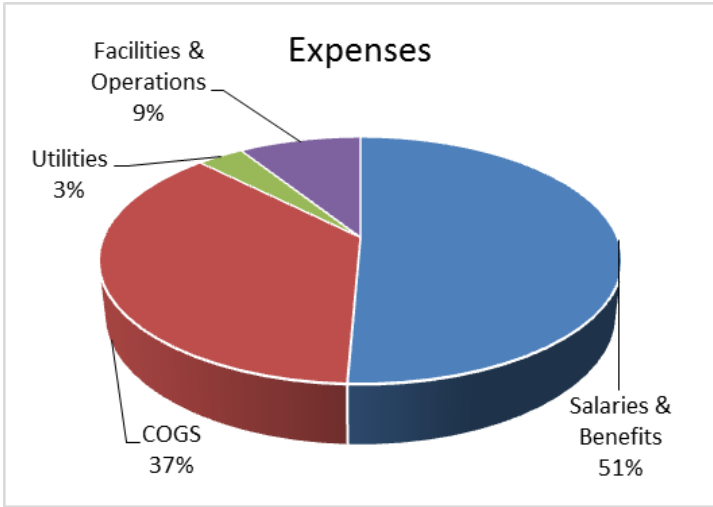
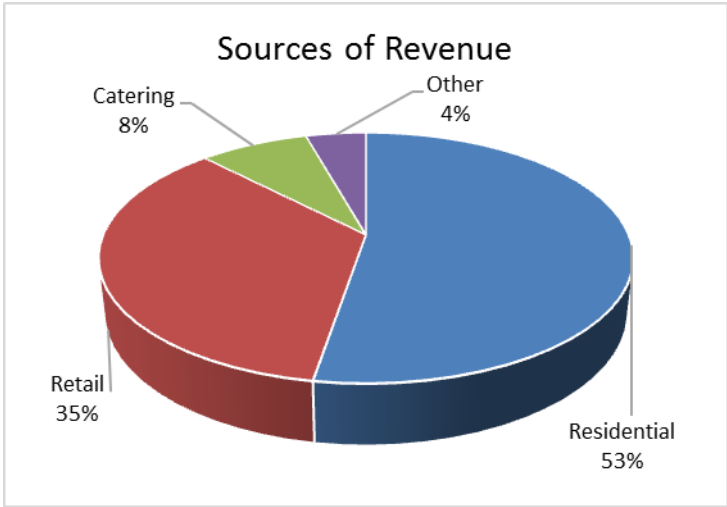
The above comparison data is from the National Association of College Stores – Large Stores Group and has been shared on a confidential basis therefore the names have not been included.

Food Services – Schedule L

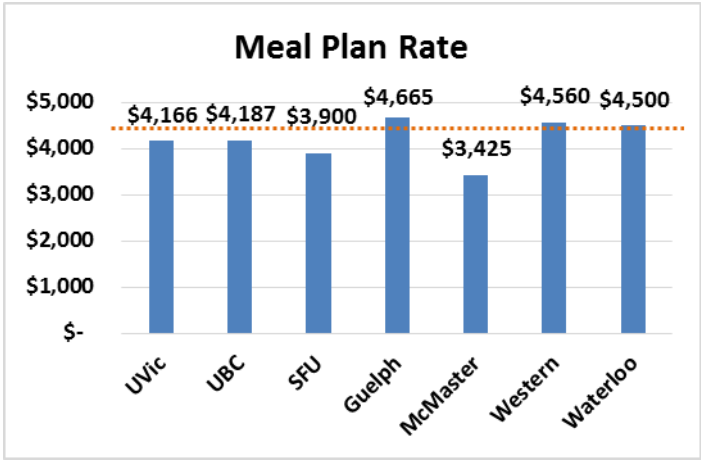
Schedule L (page 45) shows the results of the food service operation on campus. Total revenue grew by 4.7% compared to the prior year, but was slightly below budget (-0.8%), while expenses grew by 12.9%, and were 8.5% above budget. This disparity resulted in a \$983K operating loss requiring food services to withdraw \$834K additional funds from their capital reserve at year end (leaving \$556K). This draw supplemented by the operating fund balance of \$148K covered the operating deficit.

While some of the negative financial results is the result of stabilizing the new food services operations in Mystic Market, initiatives are underway to make, improvements around forecasting, cost controls, inventory and labour management in order to improve results for 2015-16. Additionally, new leadership for Food Services is being sought, along with other key organizational restructuring to advance the profitability and financial controls of the operation.

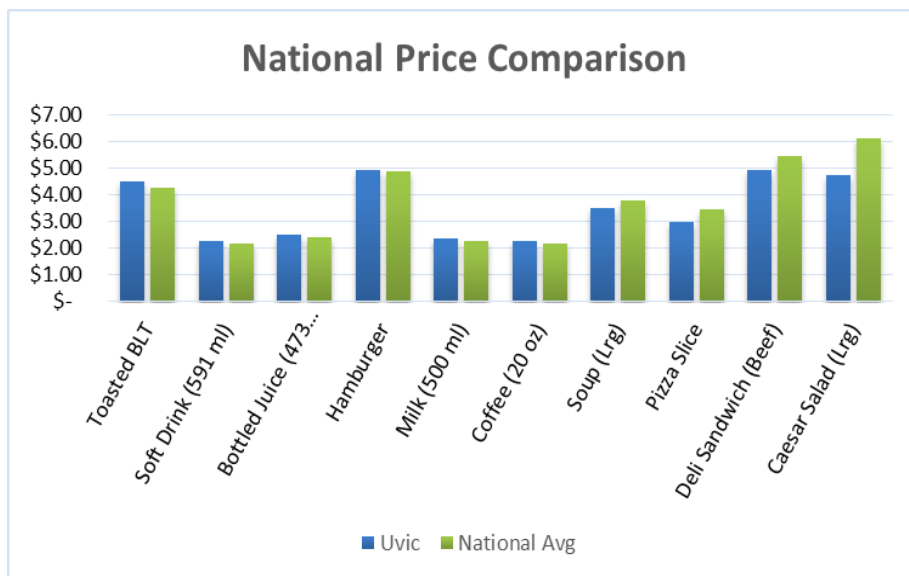
The majority of food service revenue (53%) comes from on campus housing through the residence meal program with retail sales and catering contributing an additional 35% and 8% respectively. With respect to expenses, the majority is for labour (51%):



In regards to pricing, food services monitors both the mandatory meal program and specific product pricing. For the meal program UVic pricing is comparable to peer institutions as follows:



On food product pricing, the university's food service department is a self-operation whereas most campuses across Canada contract out their food operations. This fact makes comparing information nationally difficult as, unlike bookstores, information on operations is not readily shared. There is information however on product pricing available through the Canadian College and University Food Service Association. Using this information, UVic's retail pricing compares as follows:



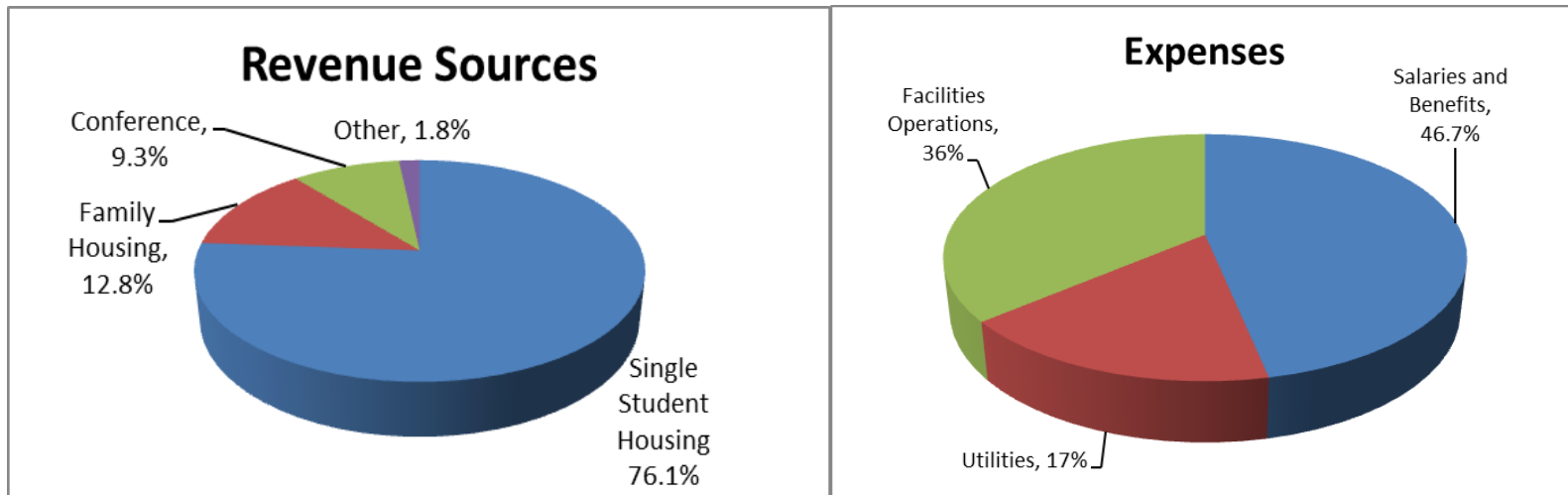
UVic's prices are generally in line with the national average and in some categories, even lower. The department pays a very competitive wage compared to other Food Services operations and contributes significantly to the overall university sustainability program through purchasing an estimated 85% of its products locally.

In 2014-15 Food Services completed a key capital renewal project – the renovation of the University Centre dining room, which was reopened as Mystic Market at the end of September 2015, approximately six weeks behind schedule. This delay in opening impacted sales revenues, and resulted in an unplanned increase in labour and other related expenses. Food services' debt obligation for this capital project is \$6.34M, following a down payment of \$550,000 from reserves. In order to ensure appropriate cash flows and uninterrupted operations of Food Services, the internal loan repayment schedule was extended to a 14 year term. However, as operations normalize, following significant organizational changes over the next year, the long-term strategy is to reduce the payback period through the contribution of annual balloon payments from operating profits.

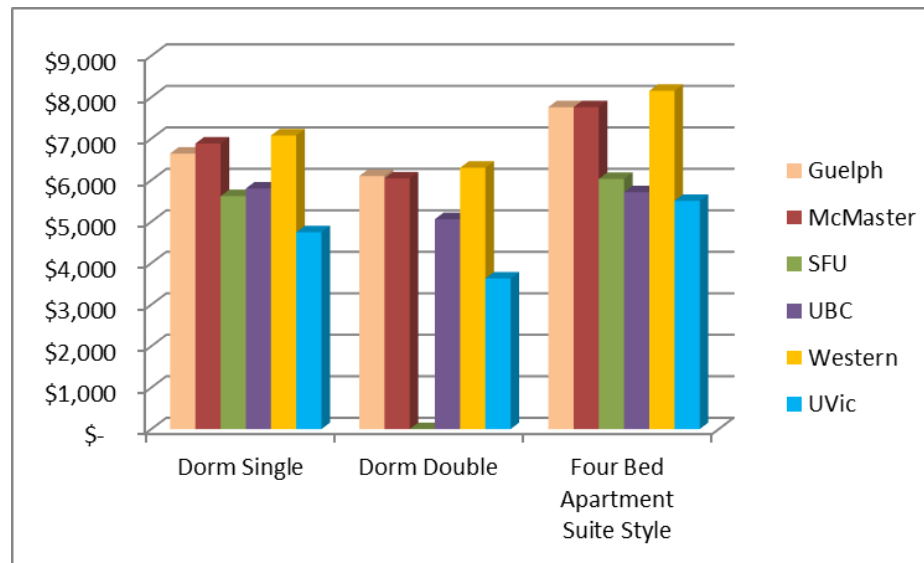
Residence Services – Schedule M

For 2014-15, schedule M (page 46), shows that revenue for residence services remained relatively flat compared to the prior year, while expenses decreased by 2.7%, generating an excess in revenue over expenses, of which \$1.6M was contributed at year end to their capital reserve. This contribution to reserves is vital for the department to enable it to begin to address required deferred maintenance.

The majority of housing revenue (76%) is generated from dorm/apartment revenue, followed by family housing at 13%. With respect to expenses, the majority is for labour (47%):



Rates for dorm and apartment style rooms are low compared to peer institutions as follows:



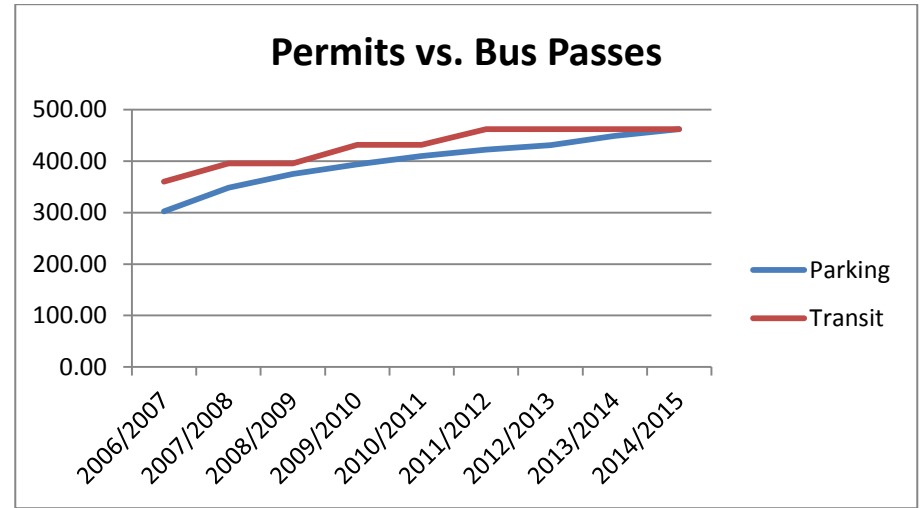
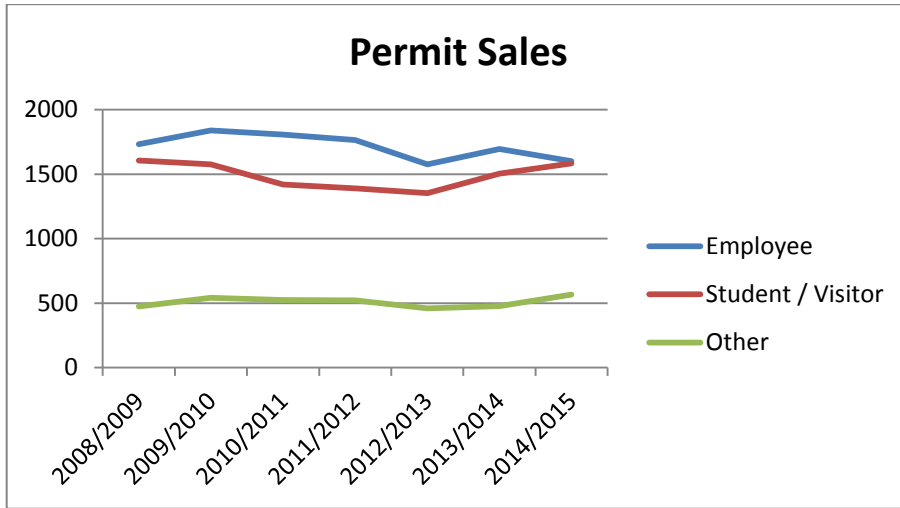
Over the last couple of years an assessment by an external organization of the university's deferred maintenance was undertaken. This assessment work included looking at the residence inventory and reviewed each building's physical condition using an industry standard index called the facilities condition index or FCI. The FCI for housing remains at .40 which is considered poor to critical. A 10 year renewal plan was developed that aims to complete approximately \$82M in related projects over the next ten years. A 13% increase in residence dormitory rates will be implemented in September 2015 with further increases planned in future years. The resulting increase in revenue will be used to begin addressing deferred maintenance, starting with an estimated \$4M in renewal work including electrical, roofing and building envelope projects, planned for 2015-16.

Aside from an FCI metric, two other important performance metrics include occupancy rates and the department's ability to cover its debt. Housing tracks occupancy levels at two points in time - October 1st and February 1st. For 2014-15, occupancy level in September in the dormitory buildings was over 100%, but by October 1st this declined slightly to 99%. The 1% decline was due to vacancies primarily in family housing. By February 1st, the overall occupancy rate was 98%. With respect to debt, an important metric is the entity's ability to cover annual debt service costs. One way to look at this is through a debt service coverage ratio which assesses net income before debt service compared to total debt service costs. Housing currently has debt service costs of \$2.4M annually which means their net income before debt service obligations is \$4.2M and their debt service coverage is 1.75. A ratio of greater than 1 means there is sufficient cash to service debt annually, in this case housing has sufficient cash to cover their debt 1.75 times. With respect to a debt to assets ratio (total debt / total assets), housing's is currently .4 which indicates 40% of the assets of the department are funded from debt with the balance funded from reserve.

Parking Services – Schedule N

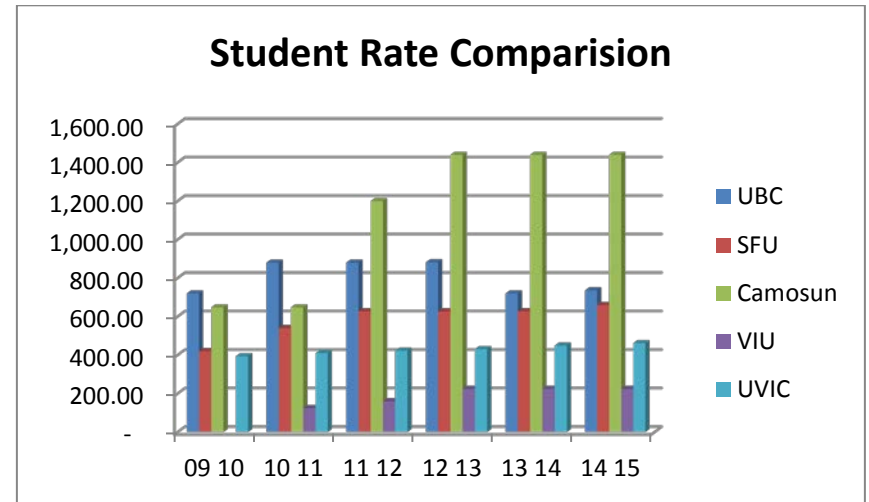
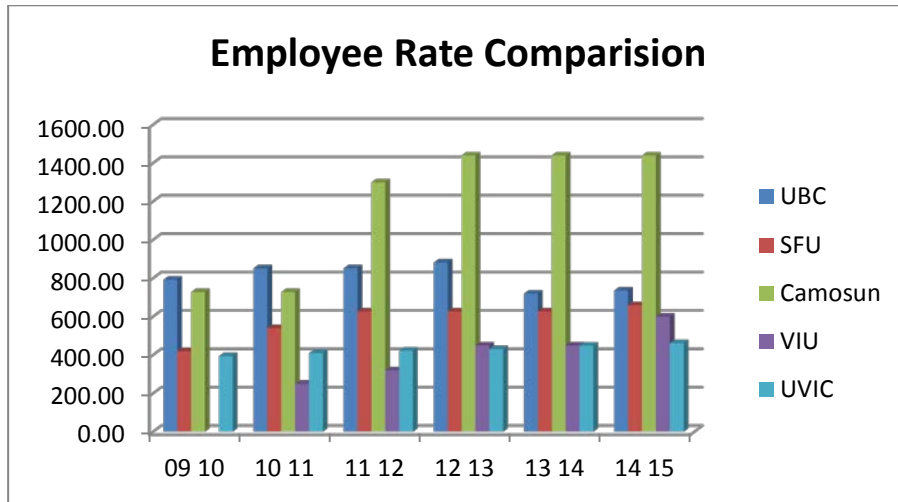
The parking services budget includes revenue and expenses associated with the management of parking on campus as well as the university's travel options programs which includes, among other things, the student and staff bus pass programs. Schedule N (page 47) attached shows that revenue increased 5.9% year over year and exceeded budget. This increase is mainly the result of increased investment income and an increase in permit prices. Total expenses were also up year over year mainly as the result of equipment purchases with compensation costs only slightly higher as salary increases were offset by a reduction in casual labour and sick time. Overall financial results were slightly better than budget at \$1.86M compared to planned \$1.74M enabling the department to contribute slightly more to the capital reserve than anticipated.

The following charts outline some of the KPIs that parking services monitor:

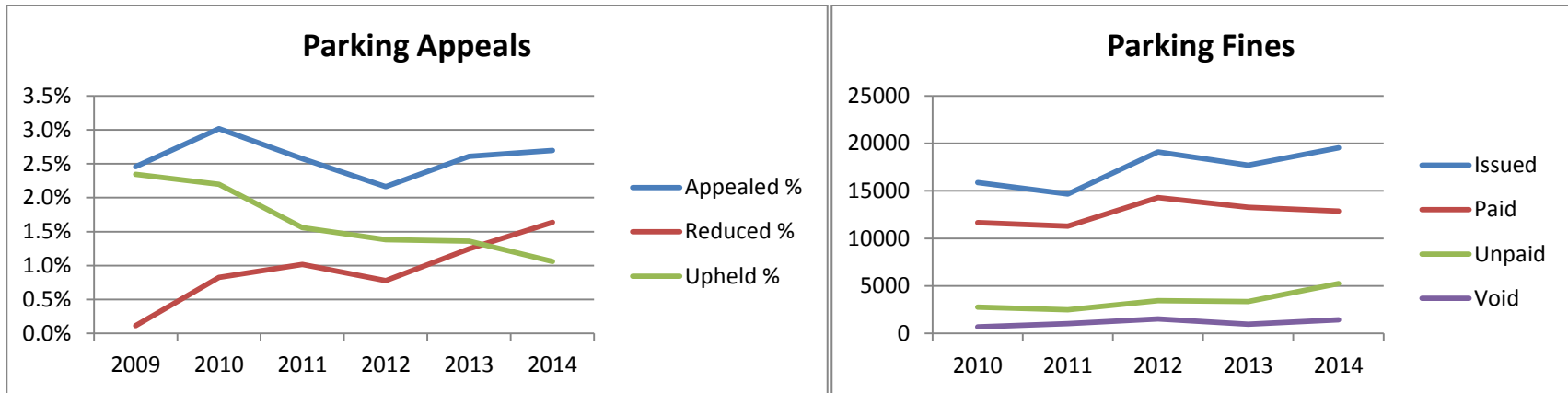


While normally a goal for a parking operation would be to grow permit sales, the university is committed to minimizing vehicle traffic to campus. These charts overall demonstrate the success the university has had in encouraging faculty, staff and students to utilize alternative modes of transportation.

Employee and student parking rates, for an annual parking pass, are either less than or comparable to peers institutions as follows:



Another source of revenue for parking services is fines. While this is a source of revenue, the objective of issuing citations (fines) is to ensure the safety (e.g., parking in fire lanes) and access (parking without paying) of patrons. While the department issues over 19,000 fines in a year, very few are appealed as follows:



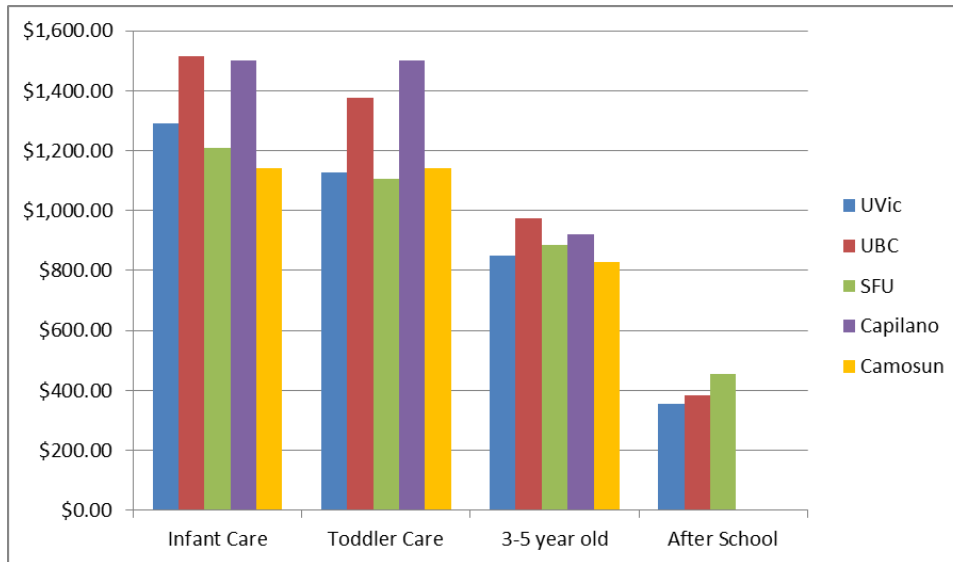
Of those appealed through an independent committee made up of representatives from the campus community, most are upheld with less than 2% reduced.

Child Care - Schedule O

Child Care services provides full and part time day programs for children aged 6 months to 5 year and after school and summer programs for school age children. Schedule O (page 48) attached shows that revenue and expenses are fairly consistent year to year with small changes to reflect fee increases or changes in compensation. While child care services are expected to replace larger equipment, the facilities were provided through funding from government, donors and the university.

Total revenue for the year exceeded expenditures by \$2K which combined with an interfund transfer reduced the accumulated fund balance deficit to zero.

Child care monitors the rates of other comparable institutions to ensure parent fees are reasonable. The following chart compares our 2015 fees at various care levels to other educational institutions:



This chart shows that our child care fees are in line with other similar institutions.

Attachments: Consolidated Fund Accounting Financial Statements and Schedules (Statements 1 through 3 and schedules A through O)

(Prepared without audit)

UNIVERSITY OF VICTORIA
BALANCE SHEET

As at March 31, 2015 (in thousands of dollars)

	2015	2014
ASSETS		
Cash and temporary investments	100,725	117,127
Accounts receivable	48,720	59,981
Prepaid expenses	15,372	16,869
Inventories	3,182	3,438
Long-term investments	85,537	78,736
Endowment investments (2014 cost \$290,080; 2013 cost \$281,144)	398,354	357,095
PLANT ASSETS		
Land and site improvements	57,248	54,937
Buildings	732,752	686,345
Equipment and furnishings	240,065	255,676
Library holdings	127,075	123,738
	<u>1,809,030</u>	<u>1,753,942</u>
LIABILITIES		
Accounts payable and accrued liabilities	31,417	33,323
Deferred revenue	10,981	12,676
Long-term debt	54,739	56,574
Employee future benefits	23,058	20,341
FUND BALANCES		
Expendable funds		
Appropriated (Statement 2)		
General Operating	128,803	129,439
Ancillary Enterprises	10,368	17,688
Capital Fund	(54,491)	(36,941)
Unappropriated (Statement 3)		
General Operating		
Ancillary Enterprises	9,191	10,156
Specific Purposes	89,679	61,202
Sponsored Research	51,447	46,947
Capital	14,868	12,563
Non-expendable funds		
Student Loan	73	73
Endowment Principal	319,940	309,343
EQUITY IN PLANT ASSETS	<u>1,118,957</u>	<u>1,080,558</u>
	<u>1,809,030</u>	<u>1,753,942</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN APPROPRIATED EXPENDABLE FUNDS
Year ended March 31, 2015 (in thousands of dollars)

FUND ACCOUNTING - Statement 2
(Prepared without audit)

	Balance at beginning of year	Released to meet expenditures	Additions and/ or transfers during year	Balance at end of year
GENERAL OPERATING FUND				
Equipment				
Printing and duplicating	1,599		47	1,646
Network services	4,883	1,588	777	4,072
Rental properties	2,552		(2,552)	-
Other departments	12,638	1,929	2,800	13,509
Capital and renovation projects	31,024	11,291	13,771	33,504
Academic and administrative program development and operation support	14,959	3,139	1,789	13,609
Research support	12,541	3,433	2,986	12,094
Student assistance and financial aid	5,090	3,182	2,018	3,926
Employee obligations, training and support	15,387	1,494	1,254	15,147
Information technology and technical support	9,247	2,274	851	7,824
Other commitments	2,374	717	3,303	4,960
Contingency	5,141	248	2,590	7,483
Externally funded Island Medical Program	5,379	184	(823)	4,372
Insurance and utilities	4,183	177	120	4,126
Library prepaid expenses	2,442	2,442	2,531	2,531
	<u>129,439</u>	<u>32,098</u>	<u>31,462</u>	<u>128,803</u>
ANCILLARY ENTERPRISES FUND				
Equipment replacement and capital improvements				
Bookstore	1,190	98	262	1,354
Food services	1,565	1,009		556
Student residences	3,181		1,625	4,806
Parking services	11,222	10,000	1,900	3,122
Heritage Realty Properties	530			530
	<u>17,688</u>	<u>11,107</u>	<u>3,787</u>	<u>10,368</u>
CAPITAL FUND				
Plant Assets funded to/from Appropriations				
Business & Economics Building	(3,741)		561	(3,180)
Centre for Athletics, Recreation and Special Abilities	(15,986)	15,166		(31,152)
Others	(17,214)	7,395	4,450	(20,159)
	<u>(36,941)</u>	<u>22,561</u>	<u>5,011</u>	<u>(54,491)</u>
TOTAL APPROPRIATED EXPENDABLE FUNDS	<u>110,186</u>	<u>65,766</u>	<u>40,260</u>	<u>84,680</u>
2014 COMPARATIVE	<u>118,770</u>	<u>44,496</u>	<u>35,911</u>	<u>110,186</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN UNAPPROPRIATED EXPENDABLE FUNDS
Year ended March 31, 2015 (in thousands of dollars)

	General Operating	Ancillary Operations	Specific Purpose	Sponsored Research	Capital	Total 2015	Total 2014
REVENUE AND OTHER ADDITIONS							
Government grants and contracts-provincial	174,788	1,459	1,327	8,774	2,093	188,441	195,491
-federal	6,234		909	64,794		71,937	65,078
-other	6,692			9,473		16,165	14,454
Student fees-credit courses	119,042					119,042	110,181
- non credit courses	14,303		1,402			15,705	14,663
- other	7,056		98	1		7,155	7,064
Gifts, grants and bequests	1,741	944	7,424	9,914	2,971	22,994	20,130
Sales of services and products	8,750	46,834	3,061	2,420	1,045	62,110	60,448
Investment income	4,521	1,524	50,308		8	56,361	49,484
Equity in earnings of long term investments		1,352				1,352	753
Other revenue	3,494	184	495	486	715	5,374	5,867
Capital borrowing						-	10,000
	346,621	52,297	65,024	95,862	6,832	566,636	553,613
EXPENDITURE AND OTHER DEDUCTIONS							
Salaries - academic	100,462		2,165	5,345		107,972	106,681
- other instruction and research	15,790		1,812	24,601		42,203	41,807
- support staff	100,333	16,065	899	8,213	16	125,526	122,240
Total salaries	216,585	16,065	4,876	38,159	16	275,701	270,728
Employee benefits	40,674	3,512	1,728	5,213	1	51,128	49,527
Travel	6,093	66	1,314	6,118		13,591	13,237
Library acquisitions	7,829		467			8,296	7,795
Supplies and expenses	30,933	4,178	10,145	21,038	3,407	69,701	71,500
Equipment additions and replacements	6,225	343	550	8,571	1,114	16,803	14,093
Equipment rental and maintenance	3,642	149	42	827	4	4,664	5,008
Utilities	5,679	2,213	150	598	40	8,680	9,889
Scholarships, fellowships and bursaries	18,385	1	6,239	12,815		37,440	35,925
Cost of goods sold		14,094				14,094	14,386
Debt service	1,403	1,221			1,869	4,493	4,399
Construction and renovation contracts	1,168	1,015	2	21	42,496	44,702	41,053
Property Acquisitions		1,365				1,365	-
Internal cost allocations	(5,842)	2,654	524	3,224	(560)	-	-
	332,774	46,876	26,037	96,584	48,387	550,658	537,540
TRANSFERS AND APPROPRIATIONS							
Inter-fund transfers	(14,483)	(13,706)	(10,510)	5,222	26,310	(7,167)	(3,951)
Appropriations released to meet expenditures	32,098	11,107			22,561	65,766	44,496
New appropriations	(31,462)	(3,787)			(5,011)	(40,260)	(35,911)
	(13,847)	(6,386)	(10,510)	5,222	43,860	18,339	4,634
NET INCREASE (DECREASE) DURING YEAR	-	(965)	28,477	4,500	2,305	34,317	20,707
FUND BALANCES AT BEGINNING OF YEAR	-	10,156	61,202	46,947	12,563	130,868	110,161
FUND BALANCES AT END OF YEAR	-	9,191	89,679	51,447	14,868	165,185	130,868

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN GENERAL OPERATING FUND
Year ended March 31, 2015 (in thousands of dollars)

	2015	2014
REVENUE		
Government grants and contracts -provincial	174,788	176,523
-federal	6,234	6,274
-other	6,692	6,027
Student fees-credit courses	119,042	110,181
-non credit courses	14,303	11,703
-other	7,056	7,039
Gifts, grants and bequests	1,741	1,357
Sales of services & products	8,750	8,614
Investment income	4,521	3,056
Other revenue	3,494	3,716
	346,621	334,490
EXPENDITURE		
Salaries - academic	100,462	98,677
- other instruction and research	15,790	15,639
- support staff	100,333	98,145
Total salaries	216,585	212,461
Employee benefits	40,674	40,391
Travel	6,093	5,734
Library acquisitions	7,829	7,377
Supplies and expenses	30,933	28,726
Equipment additions and replacements	6,225	4,916
Equipment rental and maintenance	3,642	3,430
Utilities	5,679	6,496
Scholarships, fellowships and bursaries	18,385	17,107
Debt service	1,403	1,401
Construction and renovation contracts	1,168	355
Internal cost allocations	(5,842)	(6,587)
	332,774	321,807
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	(14,483)	(10,561)
Appropriations released to meet expenditures	32,098	26,891
New appropriations	(31,462)	(29,013)
	(13,847)	(12,683)
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, 2015 (in thousands of dollars)

Off-Campus Business
Enterprises

	(1) Bookstore & Shop	Food Services	Student Residences	Parking Services	Child Care	Off-Campus Business Enterprises					Total 2015	Total 2014
						UVic Broad Street Properties	UVic Properties	Heritage Realty Properties	Van. Island Technology Park Trust	Byron Price		
REVENUE												
Sales of services and products	11,429	14,561	13,479	4,423	1,077	872	993				46,834	46,467
Government grants - provincial	167	580	50		662						1,459	1,489
Gifts, grants and bequests		5	26		18					895	944	25
Investment income	27	37	67	247		1,082			64		1,524	928
Equity in earnings of long term investments								885	467		1,352	753
Other revenue	61	90	7	4	15	7					184	207
	11,684	15,273	13,629	4,674	1,772	1,961	993	885	531	895	52,297	49,869
EXPENDITURE												
Salaries-support staff	1,951	7,116	3,539	1,241	1,328		890				16,065	15,136
Employee benefits	411	1,666	686	294	310		145				3,512	3,276
Travel	23	17	20	5	1						66	58
Supplies and expenses	337	836	1,589	1,013	86	307	2			8	4,178	4,453
Equipment additions and replacements	27	84	152	77	3						343	326
Equipment rental and maintenance	17	44	48	37	3						149	134
Utilities	93	589	1,436	31	34	30					2,213	2,300
Scholarships, fellowships and bursaries			1								1	-
Cost of goods sold	7,750	6,342		2							14,094	14,386
Debt service			1,221								1,221	1,222
Renovation contracts		35	903	11		66					1,015	431
Property purchases										1,365	1,365	
Internal cost allocations	831	(473)	2,203	88	5						2,654	2,644
	11,440	16,256	11,798	2,799	1,770	403	1,037	-	-	1,373	46,876	44,366
TRANSFERS AND APPROPRIATIONS												
Inter-fund transfers	(80)	(175)		(10,000)	38	(3,131)	42		(400)		(13,706)	(1,889)
Appropriations released to meet expenditures	98	1,009		10,000							11,107	948
New appropriations	(262)		(1,625)	(1,900)							(3,787)	(3,630)
	(244)	834	(1,625)	(1,900)	38	(3,131)	42	-	(400)	-	(6,386)	(4,571)
NET INCREASE (DECREASE) DURING YEAR	-	(149)	206	(25)	40	(1,573)	(2)	885	131	(478)	(965)	932
FUND BALANCE AT BEGINNING OF YEAR	192	148	299	150	(40)	3,250	(12)	1,532	4,637	-	10,156	9,224
FUND BALANCE AT END OF YEAR	192	(1)	505	125	-	1,677	(14)	2,417	4,768	(478)	9,191	10,156

(1) Revenues are for external sales to faculty, staff and students and do not include \$203,000 (2014-\$777,000) of internal sales through the Computer Store to University departments. Of the internal cost recovery net of expenses, \$31,000 (2014 - \$129,000) represents the margin on those sales.

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPECIFIC PURPOSES FUND
Year ended March 31, 2015 (in thousands of dollars)

	2015	2014
REVENUE		
Government grants and contracts -provincial	1,327	1,010
-federal	909	760
-other		
Student fees - non credit courses	1,402	2,959
- other	98	25
Gifts, grants and bequests	7,424	7,243
Sales of services and products	3,061	3,220
Investment income	50,308	45,485
Other revenue	495	884
	<u>65,024</u>	<u>61,586</u>
EXPENDITURE		
Salaries - academic	2,165	2,266
- other instruction and research	1,812	1,563
- support staff	899	1,249
Total salaries	4,876	5,078
Employee benefits	1,728	822
Travel	1,314	1,316
Library acquisitions	467	418
Supplies and expenses	10,145	8,670
Equipment additions and replacement	550	350
Equipment rental and maintenance	42	57
Utilities	150	
Scholarships, fellowships and bursaries	6,239	6,258
Construction and renovation contracts	2	2
Internal cost allocations	524	1,190
	<u>26,037</u>	<u>24,161</u>
INTER-FUND TRANSFERS	<u>(10,510)</u>	<u>(8,024)</u>
NET INCREASE DURING YEAR	28,477	29,401
FUND BALANCE AT BEGINNING OF YEAR	61,202	31,801
FUND BALANCE AT END OF YEAR	<u>89,679</u>	<u>61,202</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPONSORED RESEARCH FUND
Year ended March 31, 2015 (in thousands of dollars)

	2015	2014
REVENUE		
Government grants and contracts -provincial	8,774	10,266
-federal	64,794	58,044
-other	9,473	8,427
Student fees - non credit courses	1	1
Gifts, grants and bequests	9,914	9,764
Sales of services and products	2,420	1,714
Other revenue	486	346
	<u>95,862</u>	<u>88,562</u>
EXPENDITURE		
Salaries - academic	5,345	5,738
- other instruction and research	24,601	24,605
- support staff	8,213	7,709
Total salaries	<u>38,159</u>	<u>38,052</u>
Employee benefits	5,213	5,038
Travel	6,118	6,129
Supplies and expenses	21,038	25,926
Equipment additions and replacements	8,571	7,807
Equipment rental and maintenance	827	1,386
Utilities	598	1,055
Scholarships, fellowships and bursaries	12,815	12,557
Construction and renovation contracts	21	1,846
Internal cost allocations	3,224	3,655
	<u>96,584</u>	<u>103,451</u>
INTER-FUND TRANSFERS	5,222	6,290
NET INCREASE (DECREASE) DURING YEAR	4,500	(8,599)
FUND BALANCE AT BEGINNING OF YEAR	46,947	55,546
FUND BALANCE AT END OF YEAR	<u>51,447</u>	<u>46,947</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN CAPITAL FUND
Year ended March 31, 2015 (in thousands of dollars)

	2015	2014
REVENUE		
Government grants and contracts-provincial	2,093	6,203
Gifts, grants and bequests	2,971	1,741
Sales of services and products	1,045	433
Investment income	8	15
Other revenue	715	714
Capital borrowing	-	10,000
	<u>6,832</u>	<u>19,106</u>
EXPENDITURE		
Salaries-support staff	16	1
Employee benefits	1	-
Supplies and expenses	3,407	3,728
Equipment additions and replacements	1,114	694
Equipment rental and maintenance	4	1
Utilities	40	38
Debt service	1,869	1,776
Construction and renovation contracts	42,496	38,419
Internal cost allocations	(560)	(902)
	<u>48,387</u>	<u>43,755</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	26,310	10,233
Appropriations released to meet expenditures	22,561	16,657
New appropriations	(5,011)	(3,268)
	<u>2,305</u>	<u>(1,027)</u>
NET DECREASE DURING YEAR	2,305	(1,027)
FUND BALANCE AT BEGINNING OF YEAR	12,563	13,590
FUND BALANCE AT END OF YEAR	14,868	12,563

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN GENERAL OPERATING
UNAPPROPRIATED EXPENDABLE FUNDS - BY FUNCTION
Year Ended March 31, 2015 (in thousands of dollars)

Schedule F
Budget vs. Actual

		2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	%	2013-2014 Actual
General Revenue						
Provincial Grants and Contracts		173,171	173,171	-	0%	174,979
Federal Grants and Contracts		6,150	6,150	-	0%	6,174
Other Grants and Contracts		6,685	6,685	-	0%	6,025
Student Fees Credit Courses & Other		114,905	118,798	3,893	3%	109,832
Investment Income		2,707	4,521	1,814	67%	3,058
Sales of Services and Products		90	144	53	59%	84
Other Revenue		510	797	287	56%	994
Total General Revenue		304,218	310,265	6,047	2%	301,146
Departmental Revenue	G	28,943	36,356	7,413	26%	33,344
Total Revenue		333,161	346,621	13,460	4%	334,490
Expenditures						
Academic	H	149,322	148,734	588	0%	144,337
Other Academic	H	39,977	34,906	5,072	13%	32,802
Library	I	16,977	16,698	279	2%	16,116
Student Awards & Services	I	31,965	32,325	(360)	-1%	29,236
Plant Maintenance	I	25,775	24,175	1,600	6%	24,821
Administrative and General	I	35,038	35,915	(877)	-3%	34,917
Benefits		42,947	40,698	2,248	5%	40,216
Overhead Recoveries		(470)	(677)	207	44%	(640)
Centrally Allocated Budgets		2,204	-	2,204	100%	-
Total Expenditures		343,734	332,775	10,959	3%	321,807
Transfers and Appropriations						
Interfund transfers		(14,885)	(14,483)	402		(10,561)
Appropriations released to meet expenditures		32,098	32,098	-		26,891
New appropriations		(6,640)	(31,462)	(24,822)		(29,013)
Total Transfers and Appropriations		10,573	(13,847)	(24,420)		(12,683)
Fund Balance at End of Year		-	-	-		-

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE - BY FUNCTION
Year Ended March 31, 2015 (in thousands of dollars)

Schedule G
Budget vs. Actual

Analysis by Function	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	2013-2014 Actual
Academic				
Business	534	1,182	648	965
Education	47	465	418	395
Engineering	3	629	626	169
Fine Arts	148	347	198	299
Human & Social Development	2	149	148	128
Humanities	55	248	193	216
Law	301	367	66	396
Sciences	139	769	630	835
Social Sciences	10	168	158	177
Medical Sciences	35	369	334	423
Cooperative Education	-	29	29	7
Graduate Studies	9	101	92	12
Total Academic	<u>1,282</u>	<u>4,823</u>	<u>3,542</u>	<u>4,023</u>
Other Academic				
Continuing Studies	16,295	17,124	829	14,557
Other Academic Projects	416	617	201	1,077
Total Other Academic	<u>16,711</u>	<u>17,741</u>	<u>1,030</u>	<u>15,634</u>
Library	291	304	14	392
Student Awards & Services	6,005	7,742	1,737	7,070
Plant Maintenance	2,133	2,382	249	2,868
Administrative and General	2,522	3,363	842	3,357
Total Departmental Revenue	<u><u>28,943</u></u>	<u><u>36,356</u></u>	<u><u>7,413</u></u>	<u><u>33,344</u></u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
ACADEMIC AND OTHER ACADEMIC
Year Ended March 31, 2015 (in thousands of dollars)

Schedule H
Budget vs. Actual

Academic	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	%	2013-2014 Actual
Business	10,103	10,196	(93)	-1%	9,505
Education	11,657	11,602	55	0%	11,485
Engineering	14,780	15,201	(422)	-3%	14,212
Fine Arts	10,861	10,931	(70)	-1%	10,696
Human & Social Development	18,310	17,931	380	2%	17,571
Humanities	20,079	19,910	169	1%	19,920
Law	4,995	4,920	75	2%	4,875
Science	24,011	23,001	1,010	4%	22,744
Social Sciences	21,943	21,308	635	3%	20,491
Medical Sciences	7,107	8,307	(1,200)	-17%	7,444
Cooperative Education	4,606	4,509	97	2%	4,442
Graduate Studies	869	919	(51)	-6%	953
Total Academic	<u>149,322</u>	<u>148,734</u>	<u>588</u>	0%	<u>144,337</u>
Other Academic					
Continuing Studies	17,084	16,550	534	10%	14,672
Other Academic Projects	22,893	18,355	4,538	6%	18,130
Total Other Academic	<u>39,977</u>	<u>34,906</u>	<u>5,072</u>	<u>13%</u>	<u>32,802</u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
Year Ended March 31, 2015 (in thousands of dollars)

Schedule I
Budget vs. Actual

	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	%	2013-2014 Actual
Library					
Library Acquisitions	7,668	7,628	40	1%	7,068
Library Operations	9,309	9,070	239	3%	9,048
Library Total	<u>16,977</u>	<u>16,698</u>	<u>279</u>	<u>2%</u>	<u>16,116</u>
Student Awards & Services					
Student Awards	19,427	18,925	502	3%	17,513
Student Services	12,538	13,400	(863)	-7%	11,724
Total Student Awards & Services	<u>31,965</u>	<u>32,325</u>	<u>(360)</u>	<u>-1%</u>	<u>29,236</u>
Plant Maintenance					
Utilities	6,122	5,198	924	15%	5,877
Other	19,653	18,977	675	3%	18,944
Total Plant Maintenance	<u>25,775</u>	<u>24,175</u>	<u>1,600</u>	<u>6%</u>	<u>24,821</u>
Administrative and General					
Executive Offices	5,062	5,004	58	1%	5,080
Alumni and Development	3,291	3,185	106	3%	3,304
Administrative Registrar	4,641	5,309	(668)	-14%	5,200
Student Recruitment	2,816	3,050	(234)	-8%	2,567
Budget and Capital Planning	1,546	1,573	(27)	-2%	1,220
Financial Services	3,818	3,806	13	0%	3,574
Human Resources	3,343	3,347	(4)	0%	3,511
Chief Information Officer	3,619	3,511	107	3%	3,785
Internal Financing	(462)	(199)	(263)	57%	(132)
Other Expenses	7,364	7,328	36	0%	6,809
Total Administrative and General	<u>35,038</u>	<u>35,915</u>	<u>(877)</u>	<u>-3%</u>	<u>34,917</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2015 (in thousands of dollars)

Schedule J
Budget vs. Actual

Analysis by Function	2014-2015		Variation	2013-2014
	Total Budget	2014-2015 Actual	from Budget	Actual
Academic				
Business				
Departmental revenue	534	1,182	648	965
Expenses	10,103	10,196	(93)	9,505
Total	<u>(9,569)</u>	<u>(9,014)</u>	<u>556</u>	<u>(8,540)</u>
Education				
Departmental revenue	47	465	418	395
Expenses	11,657	11,602	55	11,485
Total	<u>(11,610)</u>	<u>(11,137)</u>	<u>473</u>	<u>(11,090)</u>
Engineering				
Departmental revenue	3	629	626	169
Expenses	14,780	15,201	(422)	14,212
Total	<u>(14,777)</u>	<u>(14,572)</u>	<u>204</u>	<u>(14,042)</u>
Fine Arts				
Departmental revenue	148	347	198	299
Expenses	10,861	10,931	(70)	10,696
Total	<u>(10,713)</u>	<u>(10,584)</u>	<u>129</u>	<u>(10,397)</u>
Human & Social Development				
Departmental revenue	2	149	148	128
Expenses	18,310	17,931	380	17,571
Total	<u>(18,309)</u>	<u>(17,781)</u>	<u>527</u>	<u>(17,443)</u>
Humanities				
Departmental revenue	55	248	193	216
Expenses	20,079	19,910	169	19,920
Total	<u>(20,024)</u>	<u>(19,662)</u>	<u>362</u>	<u>(19,704)</u>
Law				
Departmental revenue	301	367	66	396
Expenses	4,995	4,920	75	4,875
Total	<u>(4,694)</u>	<u>(4,553)</u>	<u>142</u>	<u>(4,480)</u>
Sciences				
Departmental revenue	139	769	630	835
Expenses	24,011	23,001	1,010	22,744
Total	<u>(23,873)</u>	<u>(22,232)</u>	<u>1,640</u>	<u>(21,909)</u>
Social Sciences				
Departmental revenue	10	168	158	177
Expenses	21,943	21,308	635	20,491
Total	<u>(21,933)</u>	<u>(21,140)</u>	<u>793</u>	<u>(20,314)</u>
Medical Sciences				
Departmental revenue	35	369	334	423
Expenses	7,107	8,307	(1,200)	7,444

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2015 (in thousands of dollars)

(Continued) Schedule J
Budget vs. Actual

Analysis by Function	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	2013-2014 Actual
Total	<u>(7,072)</u>	<u>(7,937)</u>	<u>(865)</u>	<u>(7,020)</u>
Cooperative Education				
Departmental revenue	-	29	29	7
Expenses	4,606	4,509	97	4,442
Total	<u>(4,606)</u>	<u>(4,479)</u>	<u>127</u>	<u>(4,435)</u>
Graduate Studies				
Departmental revenue	9	101	92	12
Expenses	869	919	(51)	953
Total	<u>(860)</u>	<u>(818)</u>	<u>41</u>	<u>(941)</u>
Other Academic				
Continuing Studies				
Departmental revenue	16,295	17,124	829	14,557
Expenses	17,084	16,550	534	14,672
Total	<u>(789)</u>	<u>574</u>	<u>1,363</u>	<u>(115)</u>
Other Academic Projects				
Departmental revenue	416	617	201	1,077
Expenses	22,893	18,355	4,538	18,130
Total	<u>(22,477)</u>	<u>(17,738)</u>	<u>4,739</u>	<u>(17,053)</u>
Library				
Departmental revenue	291	304	14	392
Expenses	16,977	16,698	279	16,116
Total	<u>(16,686)</u>	<u>(16,394)</u>	<u>292</u>	<u>(15,724)</u>
Student Services				
Departmental revenue	6,005	7,742	1,737	7,070
Expenses	31,965	32,325	(360)	29,236
Total	<u>(25,959)</u>	<u>(24,583)</u>	<u>1,376</u>	<u>(22,166)</u>
Plant Maintenance				
Departmental revenue	2,133	2,382	249	2,868
Expenses	25,775	24,175	1,600	24,821
Total	<u>(23,642)</u>	<u>(21,793)</u>	<u>1,848</u>	<u>(21,954)</u>
Administrative and General				
Departmental revenue	2,522	3,363	842	3,357
Expenses	35,038	35,915	(877)	34,917
Total	<u>(32,516)</u>	<u>(32,552)</u>	<u>(35)</u>	<u>(31,560)</u>

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - BOOKSTORE
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2015 (in thousands of dollars)

Schedule K
Budget vs. Actual

	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	%	2013-2014 Actual
Revenue					
¹ Sales of services and products		11,429			12,370
² Sales of services and products - internal		645			1,245
Subtotal sales of services and products		12,074			13,615
Government grants - provincial		167			167
Investment income		27			14
Other revenue		61			60
Total Revenue	11,429	12,329	899	8%	13,856
Expenditures					
Salaries and benefits	2,048	2,362	(314)		2,599
Cost of goods sold	9,118	7,750	1,368		8,562
³ Operating expenses	234	1,973	(1,738)		2,533
Total Expenditures	11,401	12,085	(683)	-6%	13,694
Transfers and Appropriations					
Interfund transfers		(80)	(80)		(89)
Appropriations released to meet expenditures		98	98		89
New appropriations	(28)	(262)	(234)		(160)
Total Transfers and Appropriations	(28)	(244)	(216)		(160)
NET INCREASE (DECREASE) DURING YEAR	-	-	-		2
FUND BALANCE AT BEGINNING OF YEAR		192	192		190
Fund Balance at End of Year	-	192	192		192

¹ Revenues are for external sales to faculty, staff and students and do not include \$203,000 (2014-\$777,000) of internal sales through the Computer Store to University departments. Of the internal cost recovery net of expenses, \$31,000 (2014 - \$129,000) represents the margin on those sales.

² Sales of services and products - internal - In Schedule B, internal revenue is part of Internal cost allocation in the Expenditure section. Internal sales in above note have been reclassified to this line.

³ Operating expenses - Expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND -
FOOD SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2015 (in thousands)

Schedule L
Budget vs Actual

	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	%	2013-2014 Actual
Revenue					
Sales of services and products - external		14,561			13,583
¹ Sales of services and products - internal		938			1,208
Subtotal sales of services and products		15,499			14,791
Government grants - provincial		580			580
Investment income		37			14
Other revenue		95			104
Total Revenue	16,013	16,211	198	1%	15,489
Expenditures					
Salaries and benefits	7,599	8,782	(1,183)		7,481
Cost of goods sold	5,798	6,342	(544)		5,823
² Operating expenses	2,597	2,070	527		1,923
Total Expenditures	15,995	17,194	(1,199)	-7%	15,227
Transfers and Appropriations					
Interfund transfers		(175)	(175)		
Appropriations released to meet expenditures		1,009	1,009		
New appropriations	(18)	-	18		(260)
Total Transfers and Appropriations	(18)	834	852		(260)
NET INCREASE (DECREASE) DURING YEAR	-	(149)	(149)		2
FUND BALANCE AT BEGINNING OF YEAR		148	148		146
Fund Balance at End of Year	-	(1)	(1)		148

¹ Sales of services and products - internal - In Schedule B, internal revenue is part of Internal cost allocation in the Expenditure section.

² Operating expenses - Expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND -
STUDENT RESIDENCES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2015 (in thousands)

Schedule M
Budget vs Actual

	<u>2014-2015 Total Budget</u>	<u>2014-2015 Actual</u>	<u>Variation from Budget</u>	<u>%</u>	<u>2013-2014 Actual</u>
Revenue					
Sales of services and products		13,479			13,503
¹ Sales of services and products - internal		5			10
Subtotal sales of services and products		13,484			13,513
Government grants - provincial		50			50
Investment income		67			18
Other revenue		33			27
Total Revenue	13,520	13,634	114	1%	13,608
Expenditures					
Salaries and benefits	3,952	4,225	(273)		4,477
Cost of goods sold		-	-		1
² Operating expenses	7,238	7,578	(340)		7,653
Total Expenditures	11,190	11,803	(613)	-5%	12,131
Transfers and Appropriations					
Interfund transfers		-	-		(249)
Appropriations released to meet expenditures		-	-		249
New appropriations	(2,329)	(1,625)	704		(1,475)
Total Transfers and Appropriations	(2,329)	(1,625)	704		(1,475)
NET INCREASE (DECREASE) DURING YEAR	-	206	206		2
FUND BALANCE AT BEGINNING OF YEAR	-	299	299		297
Fund Balance at End of Year	-	505	505		299

¹ Sales of services and products - internal - In Schedule B, internal revenue is part of Internal cost allocation in the Expenditure section.

² Operating expenses - Expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - PARKING SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2015 (in thousands of dollars)

Schedule N
Budget vs. Actual

	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	%	2013-2014 Actual
Revenue					
Sales of services and products		4,423			4,310
¹ Sales of services and products - internal		63			61
Subtotal sales of services and products		4,486			4,371
Investment income		247			98
Other revenue		4			3
Total Revenue	4,319	4,737	418	10%	4,472
Expenditures					
Salaries and benefits	1,598	1,535	63		1,541
² Operating expenses	977	1,327	(349)		1,200
Total Expenditures	2,576	2,862	(286)	-11%	2,741
Transfers and Appropriations					
Interfund transfers		(10,000)	(10,000)		(610)
Appropriations released to meet expenditures		10,000	10,000		610
New appropriations	(1,743)	(1,900)	(157)		(1,735)
Total Transfers and Appropriations	(1,743)	(1,900)	(157)		(1,735)
NET INCREASE (DECREASE) DURING YEAR	-	(25)	(25)		(4)
FUND BALANCE AT BEGINNING OF YEAR	-	150	150		154
Fund Balance at End of Year	-	125	125		150

¹ Sales of services and products - internal - In Schedule B, internal revenue is part of Internal cost allocation in the Expenditure section.

² Operating expenses - Expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - CHILD CARE SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS

Schedule O
Budget vs. Actual

Year Ended March 31, 2015 (in thousands of dollars)

	2014-2015 Total Budget	2014-2015 Actual	Variation from Budget	%	2013-2014 Actual
Revenue					
Sales of services and products	1,161	1,077	(84)		969
Government grants - provincial	542	662	120		692
Other revenue	10	33	23		31
Total Revenue	1,714	1,772	58	3%	1,692
Expenditures					
Salaries and benefits	1,513	1,638	(125)		1,556
Operating expenses	183	132	51		130
Total Expenditures	1,696	1,770	(74)	-4%	1,686
Transfers and Appropriations					
Interfund transfers		38	38		
Appropriations released to meet expenditures			-		
New appropriations	(18)		18		
Total Transfers and Appropriations	(18)	38	56		-
NET INCREASE (DECREASE) DURING YEAR	-	40	40		6
FUND BALANCE AT BEGINNING OF YEAR	-	(40)	(40)		(46)
Fund Balance at End of Year	-	-	-		(40)