

Financial Results and Analysis for the Year Ended March 31, 2014 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 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 four 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.

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 9.09% 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 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 technology companies on Vancouver Island.

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 \$66.8M while liabilities increased by \$17.6M. Fund balances increased by \$20.2M and equity in plant assets grew by \$29M.
- Endowment investments are recorded at fair value and have increased by \$35.4M to \$357.1M. The \$35.4M increase is made up as follows:

Donations	\$4.3M
Investment income	45.1M
Disbursements (fees and awards)	(13.7)M
Changes in receivables/payables	<u>(0.3)M</u>
	<u>\$35.4M</u>

- Capital assets increased by \$37.2M with increases in buildings of \$44.8M and library holdings by \$3.3M. The majority of the increase in buildings (\$31.8M) was related to the CARSA project. Equipment and furnishings write offs exceeded acquisitions by \$11.2M
- Long term debt increased by \$8.3M resulting from new additional debt of \$10M related to the CARSA/Parkade Project less regularly scheduled debt payments.
- Funds held for employee future benefits, excluding any unfunded portion, increased by \$1.7M to \$20.3M and are made up as follows:

Vested sick leave benefits	\$3.4M
Supplemental pension obligations	5.3M
Group life insurance	1.5M
LTD liability	<u>10.1M</u>
	<u>\$20.3M</u>

- Endowment principal funds, held primarily in the UVic Foundation, increased by \$8.1M due to external donations of \$4.1M, UVic transfers of \$156K and capitalized investment income of \$3.8M.
- Equity in plant assets increased by \$29M due to capital additions of \$69M and debt repayment of \$1.8M less \$10M of capital borrowing and \$31.8M 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 1%. Statement 2 summarizes these replacement appropriations. The university also has a carry forward 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 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. During 2012-13, the Budget Office implemented a new system to categorize unspent carry forward balances according to how departments plan to use these balances in the future. Schedule 2 reflects the required departmental reporting structure.

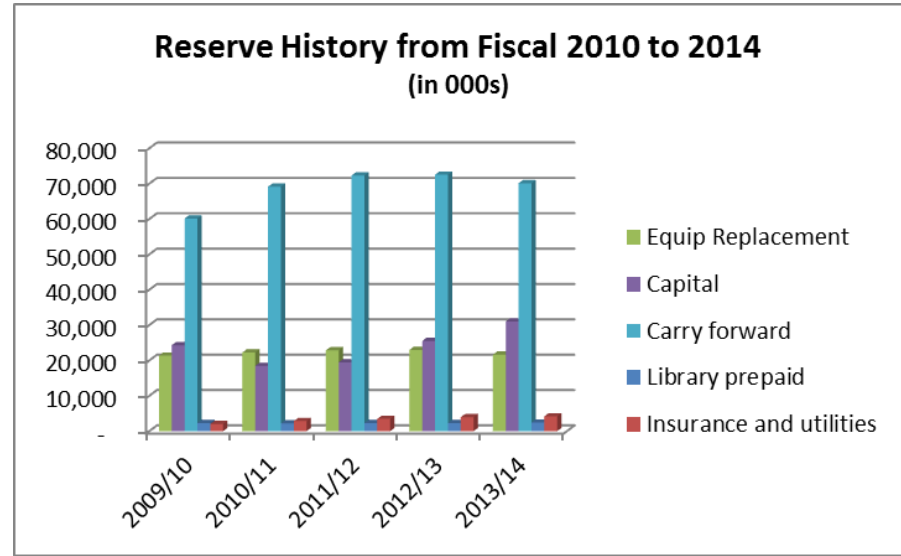
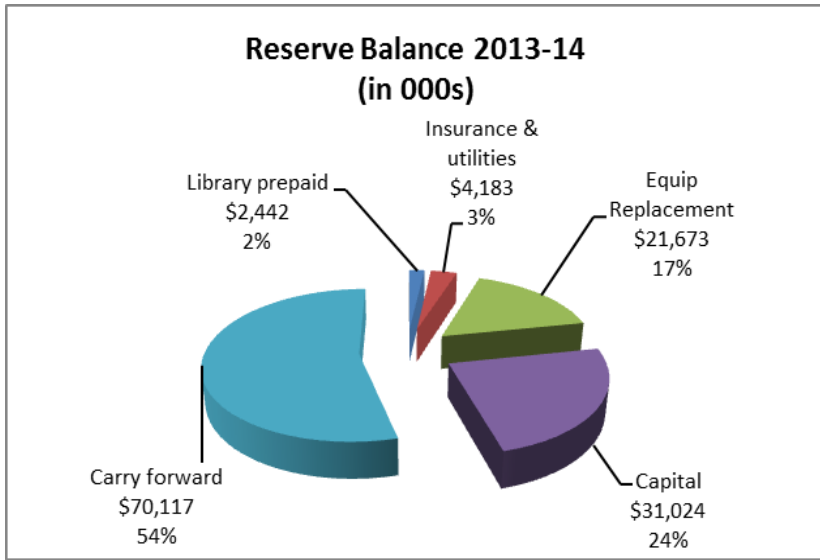
Since the university’s provincial operating grant and tuition fees should not subsidize Ancillary operations, each ancillary enterprise must budget to break even, including a provision for periodic renovation replacement and expansion of its facilities. As such, there are appropriated funds from Ancillary 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:

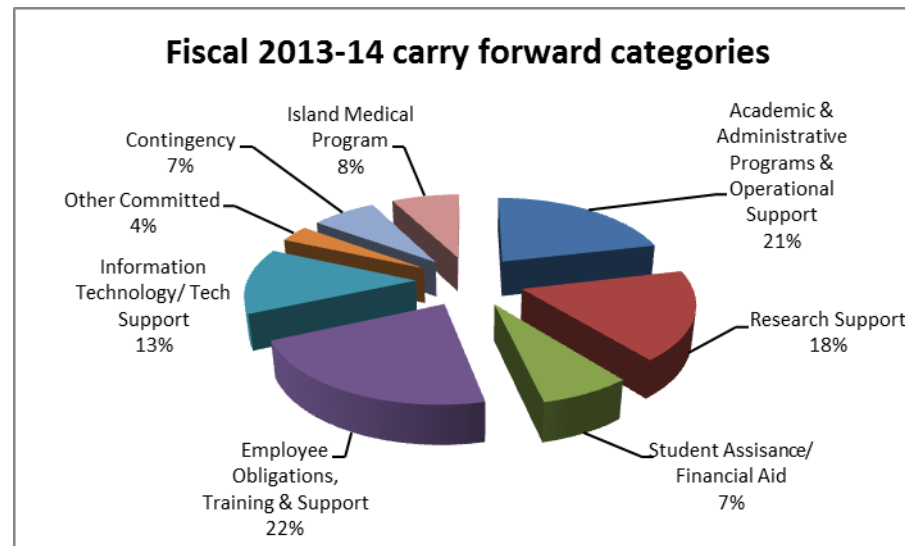
<i>(in thousands of dollars)</i>	2014	2013
General operating	129,438	127,316
Ancillary enterprises	17,688	15,006
Less loans for Capital	(36,941)	(23,552)
Total	110,185	118,770

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.

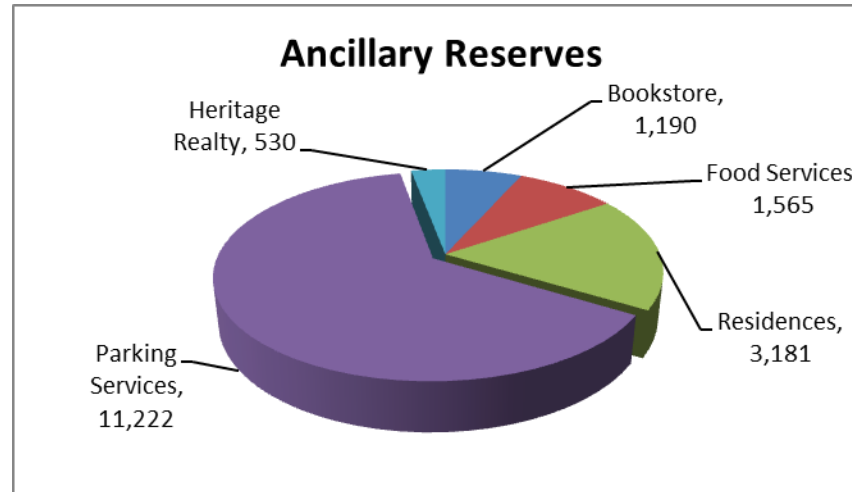


As shown in the table above, total operating fund appropriations increased by \$2.1M in 2014. This increase is a result of additional funds set aside for capital and equipment (\$5.5M) which was offset by a net decrease in carry forward and other funds (\$3.4M). Within carry forward funds significant changes included an increase in funds set aside for Program Development and Operation Support (\$2.6M) and decreases in Student Assistance and Financial Aid (\$2.7M), Research Support (\$1.7M), Other Commitments (\$1.8M) and Externally Funded Island Medical program (\$1.1M). The following chart summarizes the intended use of the carry forward balances of \$70.1M:



The largest allocation or 22% is for employee obligations including accumulated professional development, leave and other contractual commitments. Research support is 18% 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 8% and is not available for reallocation as it is externally targeted, specific funding.

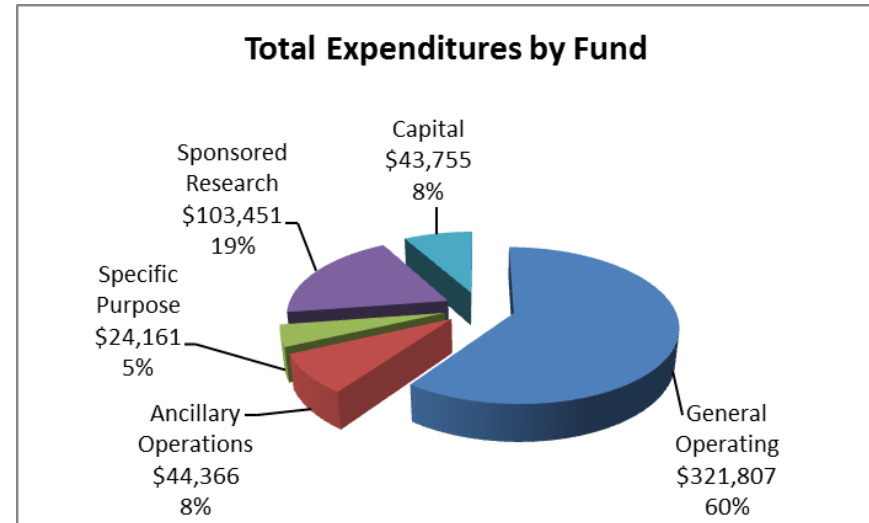
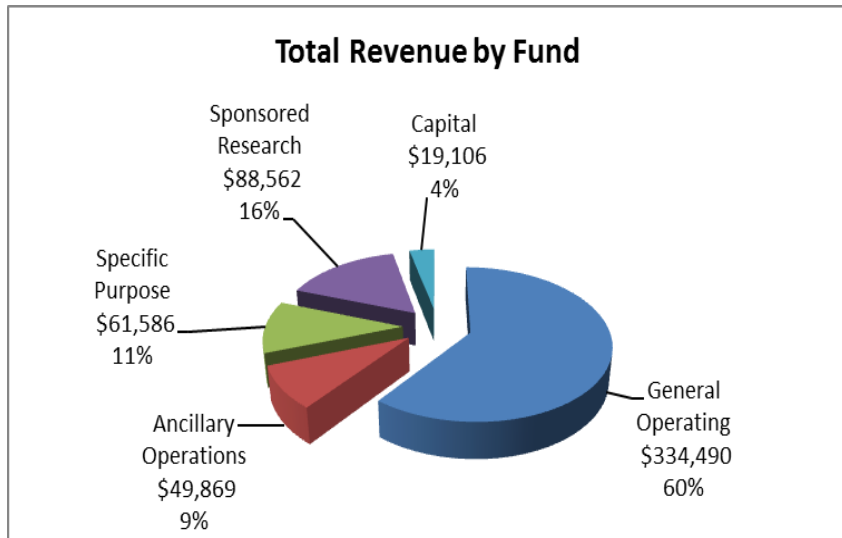
The Ancillary appropriated fund balance of \$17.7M is largely made up of parking reserves of which \$10.6M is earmarked for capital (i.e., future parking structures). It is anticipated that a significant portion of this funding will be drawn down over the next year as the new parkade is constructed.



Unappropriated Expendable Funds – Statement 3

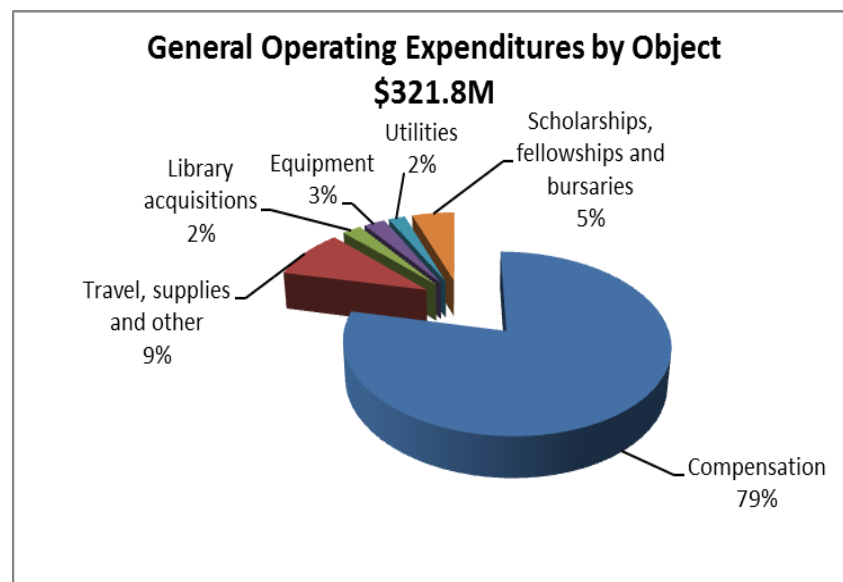
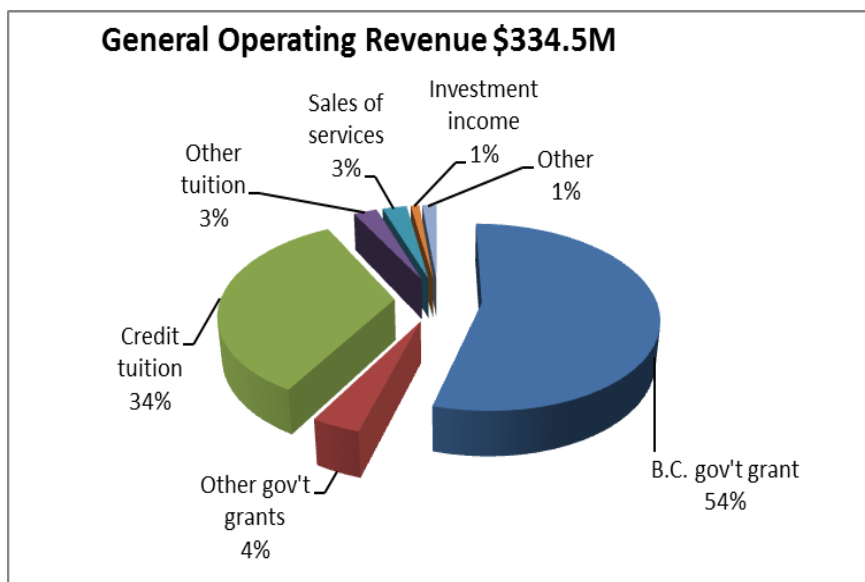
Total revenue across all five funds increased by \$13.3M to \$553.6M, representing an increase of 2.5% while total expenditures increased by \$21.8M to \$537.5M representing a 4.2% increase. On a total fund basis, total revenues of \$553.6M exceeded expenditures of \$537.5M by \$16.1M. After transferring \$4.0M to endowment principal and \$8.6M from appropriated reserves, total unappropriated expendable fund balances increased by \$20.7M. 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 60% of the university's activities. Total General Operating revenues and expenditures are made up as follows:

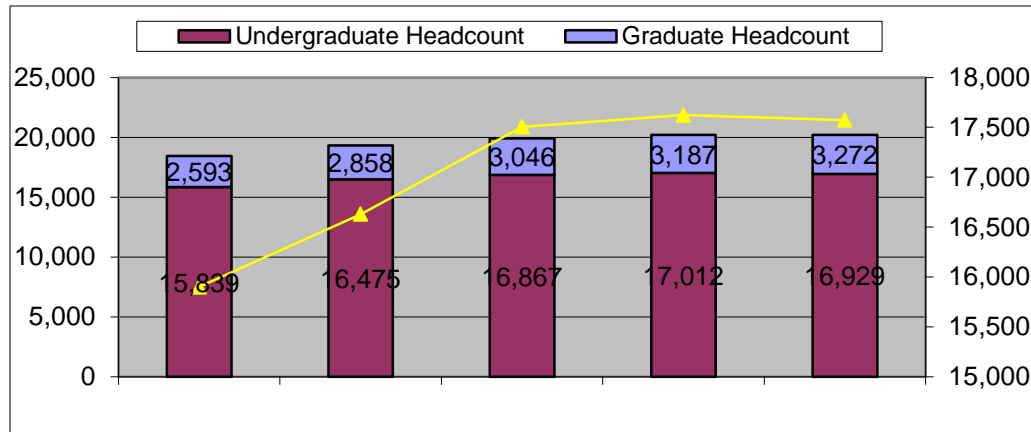


Total revenue in the General Operating Fund increased by \$8.4M (2.6%) and total expenditures increased by \$7.7M (2.4%). Government grants and tuition accounted for 95% of revenue while compensation costs (i.e., salary and benefits) accounted for 78.4% of total expenses.

While revenue exceeded expenditures by \$12.7M, \$10.6M was transferred to the other funds to cover the costs of commitments to a variety of capital and other projects and a net of \$2.1M was transferred to appropriated reserves bringing the General Operating fund balance to zero, which is consistent with past practice. The net excess of revenue over expenditures of \$12.7M represents 3.8% of total revenue compared to \$11.9M and 3.6% of total revenue for the year ended March 31, 2013. The overall fund surplus results from planned savings to ensure there are sufficient funds for capital investment (equipment and buildings for example), as well as revenue and expense variances that are difficult to predict (for example, investment income, departmental revenue and vacancies).

The university's provincial operating grant was \$175.0M which was reduced \$0.5M or 0.3% from the previous year. Other government grants include \$6.3M of federal government grants, the majority of which is the federal indirect cost of research grant and \$6.0M of other government grants representing funding from the University of BC specifically for the Island Medical Program.

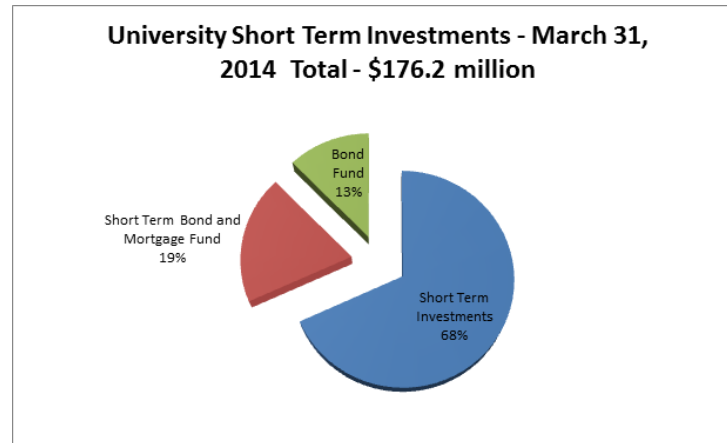
Credit tuition increased by \$8.0 M made up of \$2.4M for domestic student fees reflecting the 2% increase in tuition fees (the maximum allowed by the Province of BC) and \$5.6M of international student fees reflecting growth in enrolment of international students that have fees higher than the domestic rate of tuition.



Non-credit tuition increased by \$1.4M due to strong enrolments in Continuing Studies and the Faculty of Business Executive Programs.

Investment income decreased by \$0.9M due to lower returns on investments. The return on the university's short term investments was 1.5% compared to last year's return of 2.2%.

The short term investments portfolio (recorded in both cash and long term investments) is managed in three pools providing daily liquidity along with enhanced returns from investments with a longer duration. The investments are as shown in the University Short Term Investments chart.



Academic salaries increased by \$6.6M reflecting retroactive payments to faculty. Support staff salaries decreased by \$0.3M with 2013-14 salary increases arising from the settlement of collective agreements and progression through the ranks being less than the reduction due to restructuring and budget reductions. Employee benefits increased by \$1.1M due to the higher salaries and retroactive pay.

Equipment additions, net of write offs, decreased by \$2.9M reflecting a more normal level of expenditure after 2013 where expenditures were higher as a result of increased spending prior to the re-introduction of PST.

Scholarships, fellowships and bursaries increased by \$2.1M reflecting the university's decision to enhance 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 35) 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 \$900K was provided by Heritage Realty to the university for use 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 \$400K was provided by VITP Trust which allowed for a transfer to the General Operating Fund 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 (starting on page 45).

Specific Purposes Fund – Schedule C

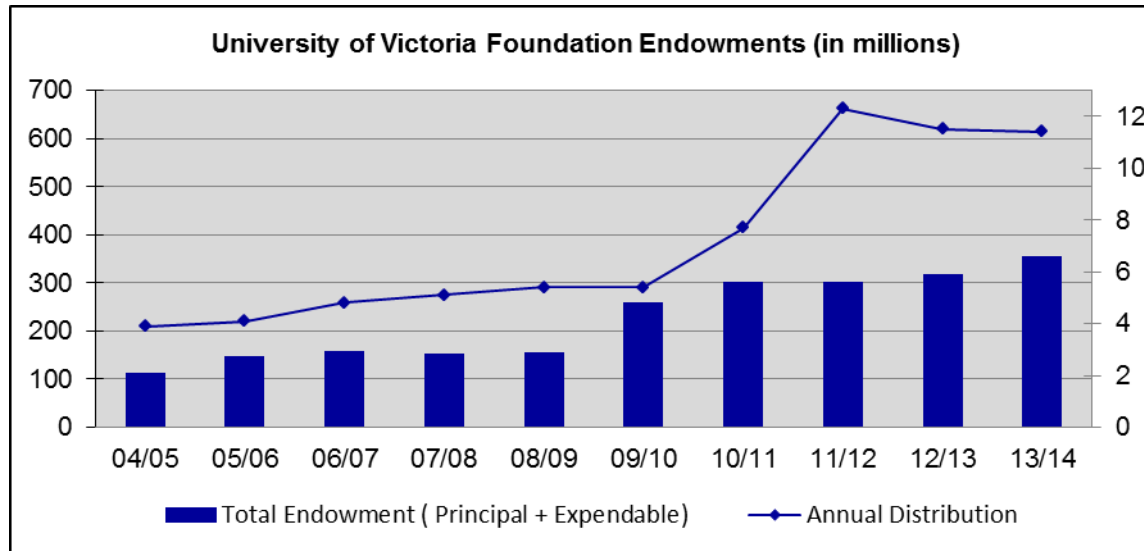
The Specific Purposes Fund includes the expendable funds of the University of Victoria Foundation, the Foundation for the University of Victoria and the U.S. Foundation for the University of Victoria. It also includes the revenues and expenses of the LTD Trust as well as UVic Industry Partnerships.

Overall, revenue exceeded expenditures by \$37.4M. Of this amount \$8M 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 \$29.4M to \$61.2M, of which \$45.8M represents the expendable fund of the UVic Foundation.

Other highlights include:

- Gifts, grants and bequests increased by \$2.3M which included a \$1.5M increase in non-government contracts related to Business Executive Programs.
- Investment income increased by \$17.1, 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 \$45.1M representing a 13.5% return for the year ended March 31. With the receipt of \$4.3M of endowment contributions less disbursements of \$13.7M, the total market value of the UVic Foundation endowment fund increased from \$319.3M to \$355.1M, comprised of \$309.3M of principal and \$45.8M 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 during the year \$3.8 million was added to principal.

Sponsored Research Fund – Schedule D

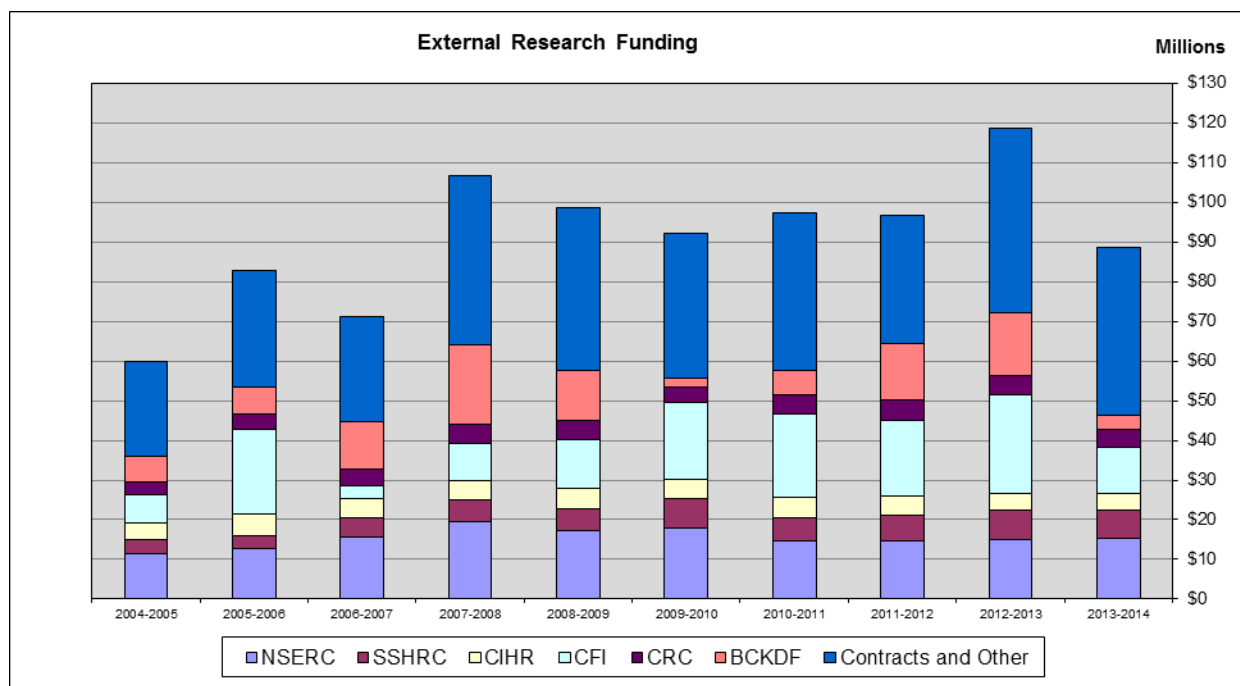
The Sponsored Research fund includes the revenues and expenses of the related entities including Oceans Networks Canada, Pacific Climate Impacts Consortium, TRIUMF and WCUMSS.

Sponsored Research revenues for the year were exceeded by expenditures by \$14.9M although a net amount of \$6.3M was transferred in from other funds with a net reduction of the fund balance by \$8.6M to \$46.9M. This balance represents external grant funding that has been received but not yet spent.

Revenues decreased by \$30.1M (25%) to \$88.6M while expenditures decreased by \$18.1M (14.9%). Both are impacted by the timing of the large Ocean's Observatories and ARIEL research projects whose revenues declined by \$10.6M and \$19.4M and expenses declined by \$4.4M and \$14.6M respectively.

Although total research revenues declined from last years high of \$118.6M, after adjusting for the impact of the two large projects mentioned above, 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, third in NSERC/CIHR grants and third in SSHRC grants.

The following shows the trend of sponsored research funding over the last 10 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 increased by \$12.9M due to an increase in Provincial funding of \$3.4M related to routine capital and maintenance and the \$10M of authorized capital borrowing for the construction of the CARSA / parkade structure.

Expenditures increased by \$29.8M primarily due to the construction of the CARSA project which commenced this year.

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, 2014 include schedules F through J and can be found at pages 39 to 44. These schedules compare actual operating results for fiscal 2013-14 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.

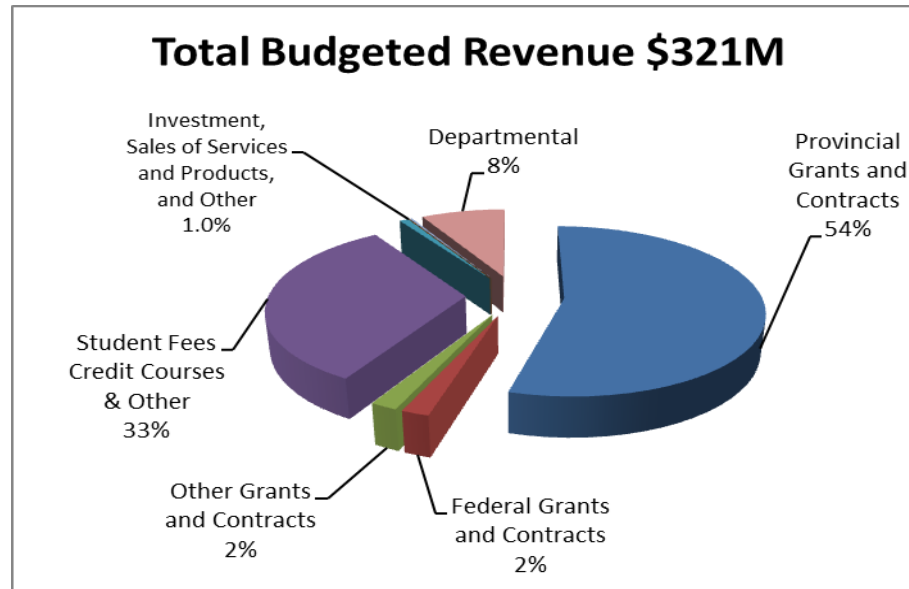
The following points should be kept in mind when reviewing these schedules:

- 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).

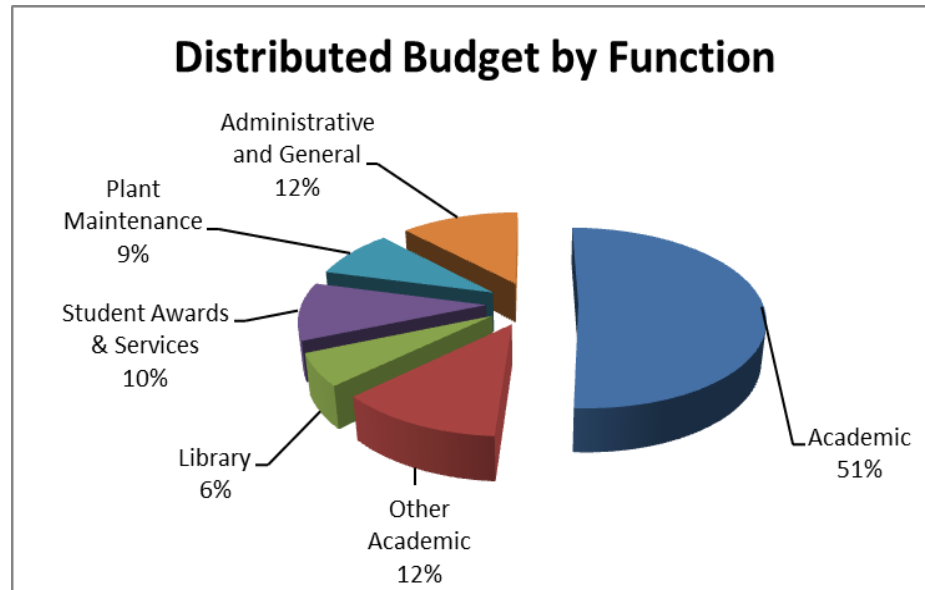
Operating Budget – Schedule F

Revenue and Expenditure Overview

Total budgeted revenue in 2013/14 was \$321M 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, 2014 there was an excess of operating revenue over expenditures of \$12.7M. This excess is a result of a number of items as follows:

- Positive results as compared to budget including:
 - increased or unanticipated revenue;
 - favourable expenditures variances.
- Planned reserves for future major capital purposes;
- Planned sources of non-recurring funding;
- Planned reserves for equipment replacement purposes; 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 (\$10.6M for 2013/14 as noted above).

From a budget point of view there was a positive result of \$20.4M. This positive position is the result of \$13.2M in additional revenue compared to budget and a \$7.2M positive variance on expenditures.

From a budget responsibility point of view this variance is derived almost equally between central versus department budgets as follows:
 Central revenue (tuition, investment income,

internal financing and other)	\$ 5.5M
Central expenditures and recoveries (benefits, overhead and centrally allocated budgets)	<u>\$ 4.3M</u>
Positive variance from central accounts	\$ 9.8M
Positive variance from departmental accounts	<u>\$10.6M</u>
Total	<u>\$20.4M</u>

Central Revenue Accounts

The primary sources of general operating revenue are tuition, government grant and investment income. In 2013-14 the additional revenue, as compared to budget, of \$5.5M or 1.7% of the revenue budget resulted from:

1. Tuition revenue \$ 5.3M

This result is close to the \$5.0M in additional revenue projected in the quarterly reports to the Board. As noted in the Board reports this difference is mainly a result of greater than planned growth in undergraduate international students. The budget was developed based on enrolment plans to increase international undergraduate students by 100 FTE in 2013-14 whereas actual growth was more than 300 FTE.

2. Investment income (\$0.30M - \$0.33M).....\$ (.03)M

The schedule shows a budget variance of \$0.30M for investment income. This amount however is offset by negative variance of \$0.33M from internal loans which is shown under administrative and general in schedule I (page 42) as it is an internal allocation. Therefore the Investment income budget, once internal financing is taken into account, had a small deficit in 2013-14. This shortfall is a result of the current very low interest rate environment.

As per the university policy to ensure multi-year financial planning for equipment replacement, \$0.27M of investment income was allocated to department equipment reserves and \$.14M to ancillary reserves increasing the budget shortfall to \$0.38M. This overall shortfall was covered by the investment income reserve which was built during a high interest rate period in anticipation of the current low rate environment.

3. Other income \$0.2M

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

Impact on Future Budgets from Revenue Variances

For 2014-15 the tuition revenue budget approved by the Board has been increased by \$4.2M to reflect increased undergraduate international enrolment. When developing the 2015-16 budget in the fall, enrolment levels will be reviewed to determine whether further adjustments should be made given early indications of potential further international growth in 2014-15.

Given the current interest rate environment and the budget shortfall this year, the current investment income budget can no longer be considered conservative. Investment income revenue will likely fall short of budget again in 2014-15, due to continued low interest rates and/or as a result of potential losses in the bond portfolio when rates do rise. This budget will be reviewed again in the fall to determine what, if any, changes should be made for 2015-16.

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

Central Expenditures and Recoveries

Central accounts include compensation (benefits, salary, turnover etc.), overhead recoveries as well as contingency funds. In 2013-14 the positive central variance of \$4.3M resulted from:

1. Benefits \$2.2M

The benefit accounts continued to have a positive result this fiscal year. This result is largely due to on-going vacant positions (~\$1.3M) and budgeting for annual increases 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.....\$1.9M

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

The favorable variance in the benefits budget is largely a result of vacant positions. The benefits budget will continue to have a favourable balance as long as there continues to be vacant positions.

The overhead variance is not considered significant but will be reviewed for 2015-16 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 \$10.6M. 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 2013-14 departments planned to allocate \$3.4M to reserves for this purpose with actual transfers totaling \$5.3M for equipment and \$1.1M for capital.

The largest source of positive variance is department revenue which was \$7.4M larger than budgeted. Departmental revenue is 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 2013-14 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).

The remaining variance is from a combination of 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 2014-15 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 with the largest budgeted departmental revenue is continuing studies at \$13.6M. Continuing studies is a partially self-funding area and as such tuition for their programs is allocated to them directly and they are required to fund their own salary

increases. Revenues have also been used to fund capital expansion including the upcoming expansion 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 \$20.6M and Humanities at \$19.8M. The other academic budget of \$19.7M 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.

While there was an across the board budget reduction of 4.0% in 2013-14 most areas saw very small increases in expenditures year over year. This is largely a result of compensation increases including the faculty arbitration award. Increases in nonacademic areas are mainly comprised of PEA and CUPE staff who received progress through ranges and cost of living 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., Humanities variance in department revenue of \$162K is largely offset by an expenditure variance of \$100K).

Ancillary Budget – Schedules K through O

Schedule B (page 35) 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 key performance indicators (KPI).

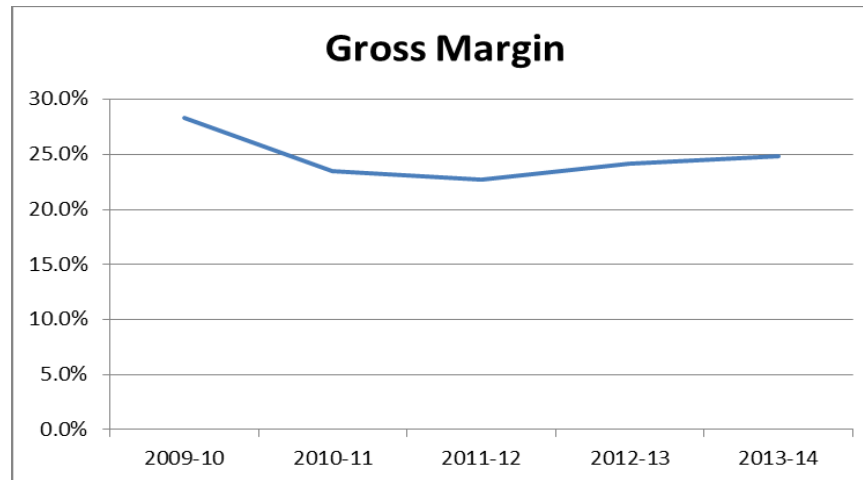
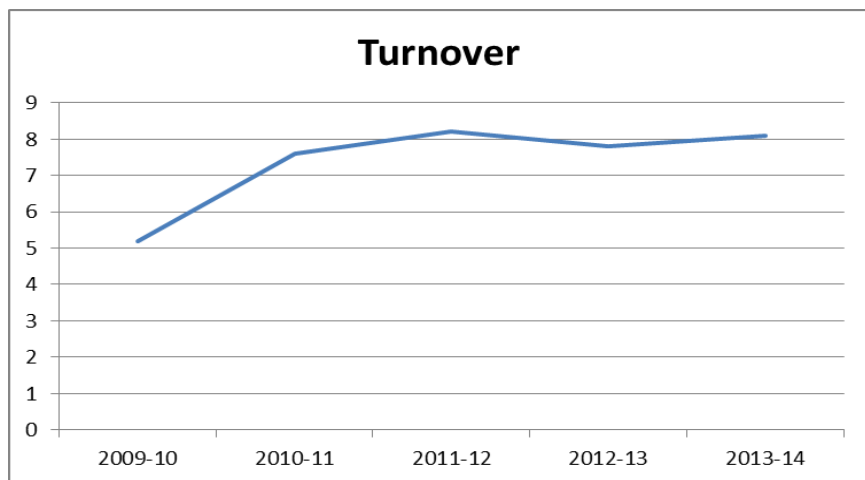
While these operations are often viewed as on campus “businesses,” it is important to know that while they are required to be financially self-sufficient, they also contribute to student life on campus and are therefore important service areas. The result of this approach is that each area may make program decisions that are not financially driven but program 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 appears to be similar off campus businesses.

Bookstore – Schedule K

Schedule K (page 45) 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. Both revenue and expenses for fiscal 2014 are less than the prior year as well as below budget. While

general merchandise revenue increased over the prior year this increase was offset by a decline in computer sales. While revenue decline, expenses were monitored carefully resulting in a modest excess of revenue over expenses of \$89,000.

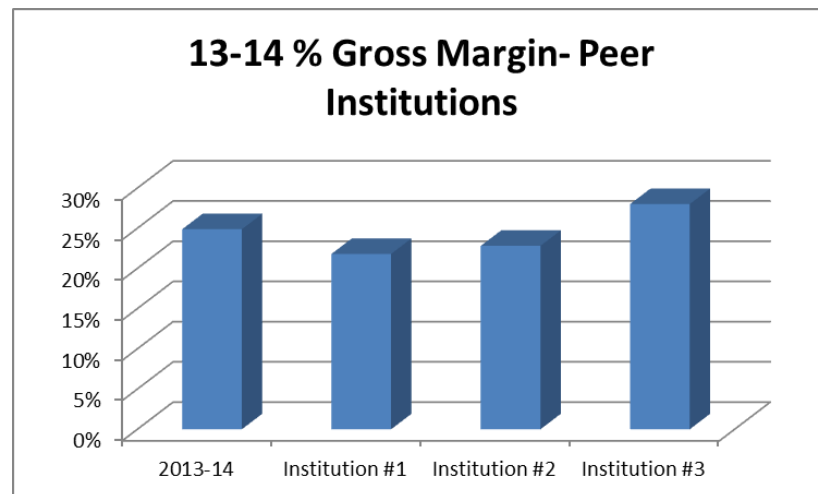
The following KPIs provide useful information against which to assess the operations of the Bookstore:

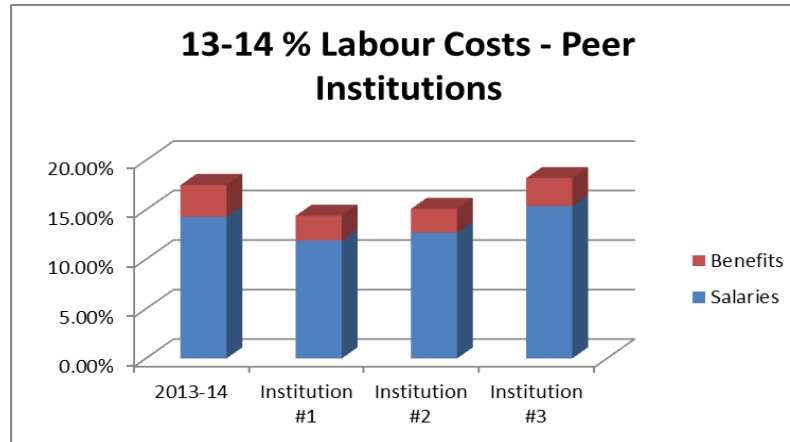


The above charts show that both gross margin as a percentage of sales as well as turnover are trending positively. The turnover rate of 8.1 times a year is strong compared to peer results which range from 3.0 to 11.3 and an average of 5.8.

Gross margins improved again in 2013-14 to 24.87%. This compares well with other similar sized institutional bookstores (peer institutions) as demonstrated by the comparison chart on the right.

With respect to labour costs, these tend to be higher given contractual agreements. The gross margin percentage however is consistent with our peers as outlined in the following charts:



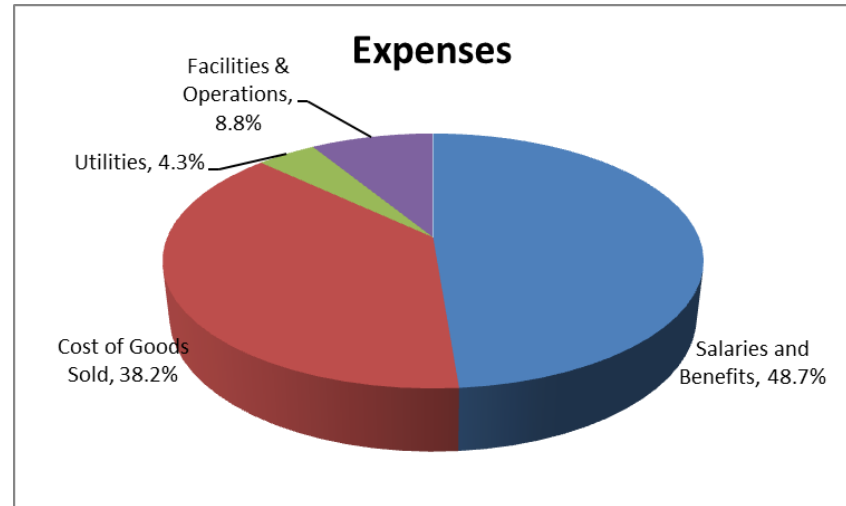
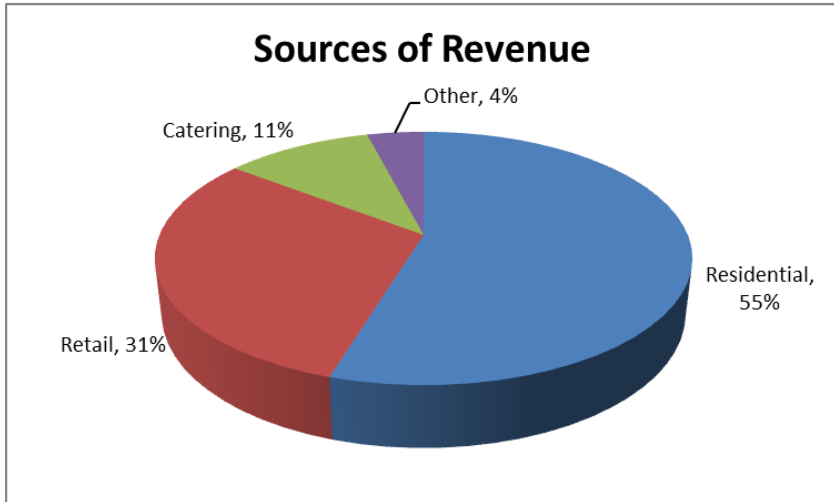


A goal moving forward is to improve the labour cost percentage. The average of the peer group is 14.1%. The above comparison data is from the National Association of College Stores – Large Stores Group and has been shared on a confidential basis therefore the names have not been included.

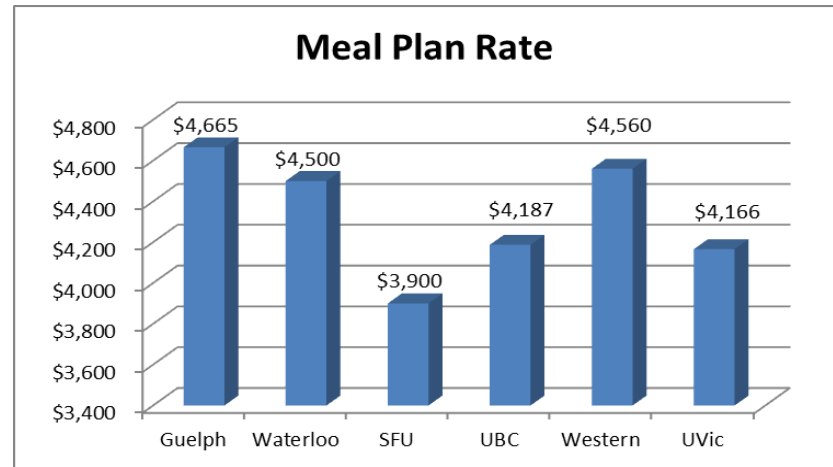
Food Services – Schedule L

Schedule L (page 46) shows the results of the food service operation on campus. The results show that while revenue was less than budget for the year, total revenue grew 11.5% compared to the prior year resulting in \$262,000 of excess revenue compared to expenses. This allowed food services to contribute \$260,000 to their capital reserve at year end.

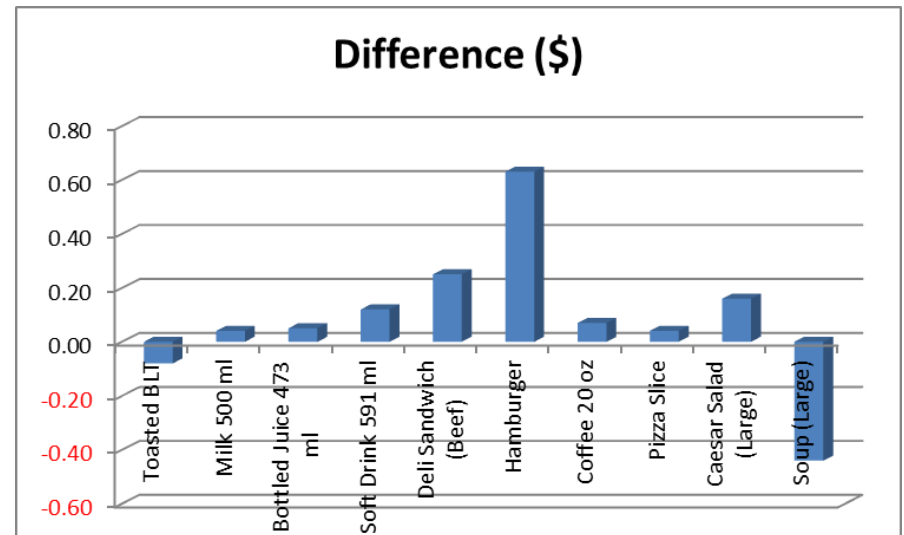
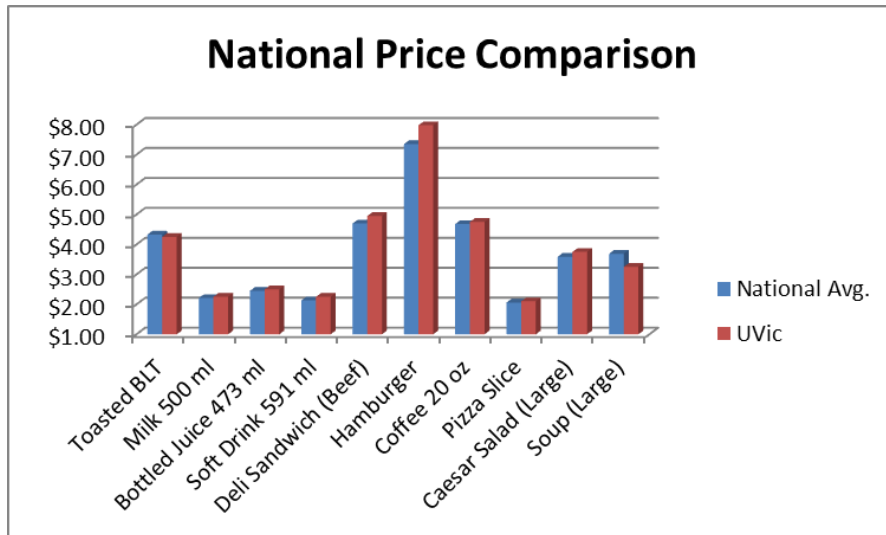
The majority of food service revenue (almost 55%) comes from on campus housing through the residence meal program with retail sales contributing 31%. With respect to expense, the majority is for labour (49%):



With respect to pricing of the mandatory meal program UVic's pricing is comparable to peer institutions as follows:



The university's food service department is a self-operation. Most campuses across Canada contract out their food operations therefore comparing information nationally can be problematic 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:



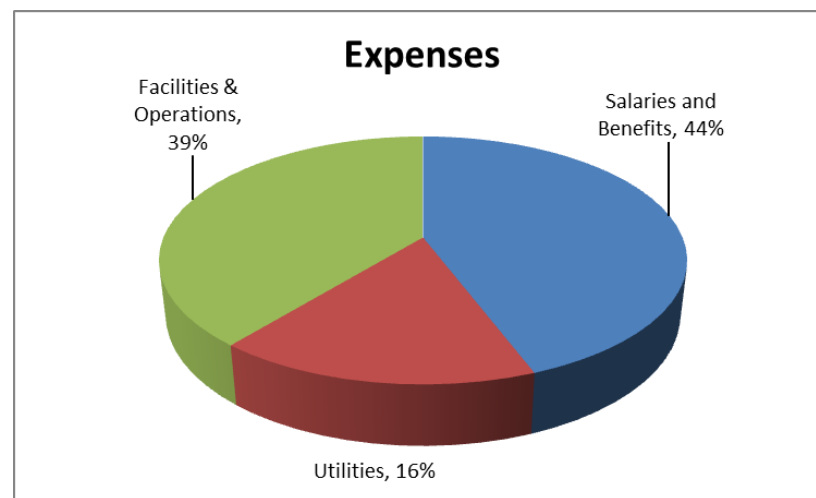
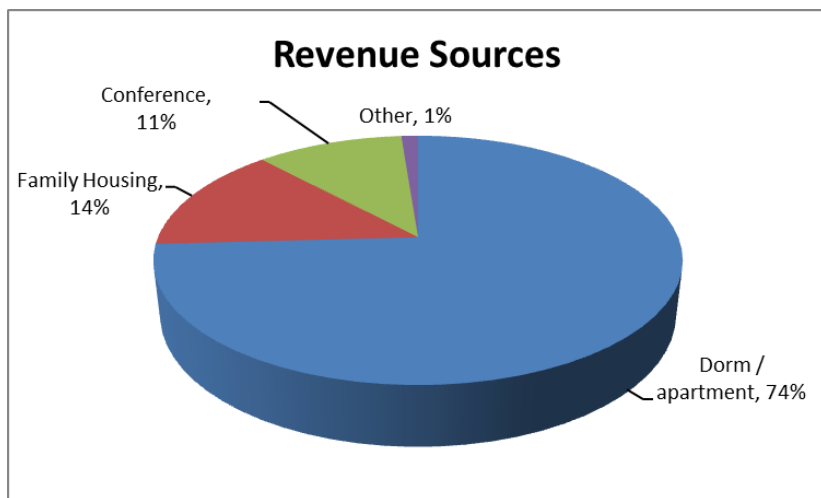
While UVic's prices are generally higher than the national average the differences for the most part are very small - most less than 10 cents per item. This price comparability is appropriate given that the department pays a very competitive wage compared to other operations and contributes to the overall university sustainability program through purchasing 85% of its products locally.

During 2013-14 Food Services commenced a key capital renewal project – the renovation of the University Centre dining room. This renovation will impact sales revenue in 2014-15 given this key facility will be closed for a number of months. Food services currently does not have any debt obligations but will have an internal loan after completion of this renovation project. The business case completed prior to the renovations supports that increased sales will be able to support the repayment of the internal loan over a reasonable time period.

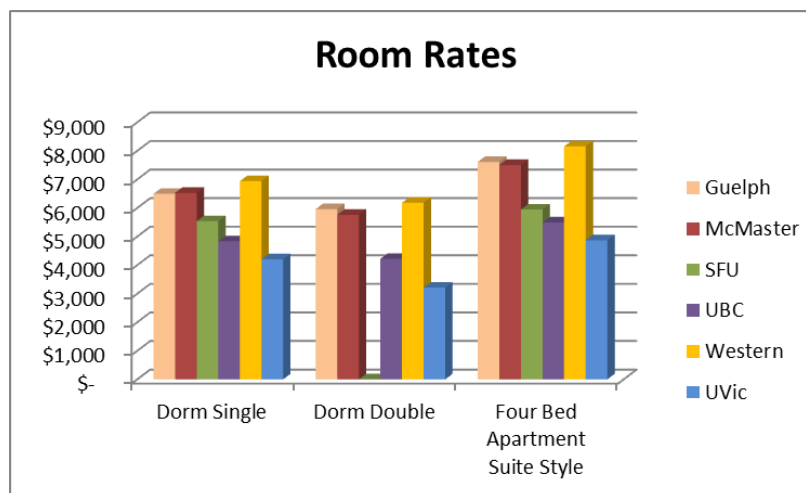
Residence Services – Schedule M

For 2013-14, schedule M (page 47), shows that revenue for residence services grew by 4.8% compared to the prior year generating \$1.5M in excess revenue over expenses which 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 as well as plan for future expansion.

The majority of housing revenue (74%) is generated from dorm/apartment revenue with family housing the next largest at 14%. On the cost side salary and benefits make up 44% of costs:



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 is .40 which is considered poor to critical. The costs estimated to bring these buildings to good condition is estimated at over \$150M. In developing the business plan options to address this issue, it has become clear that

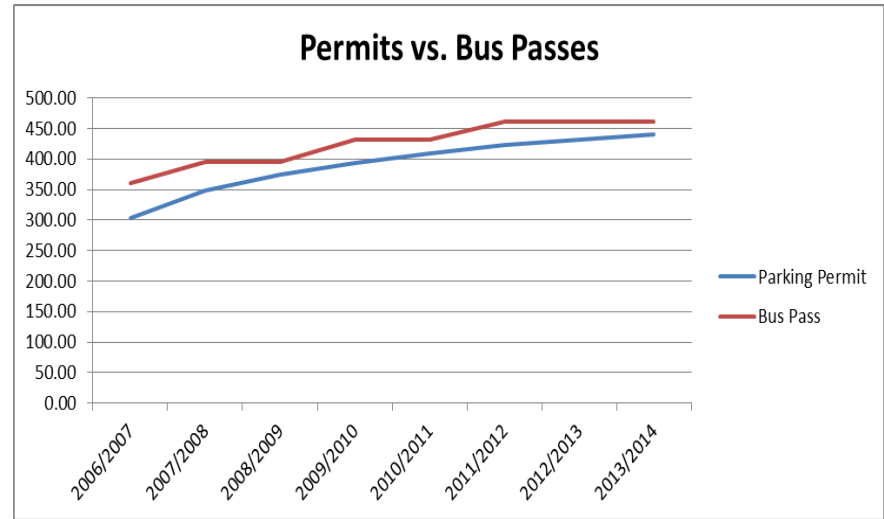
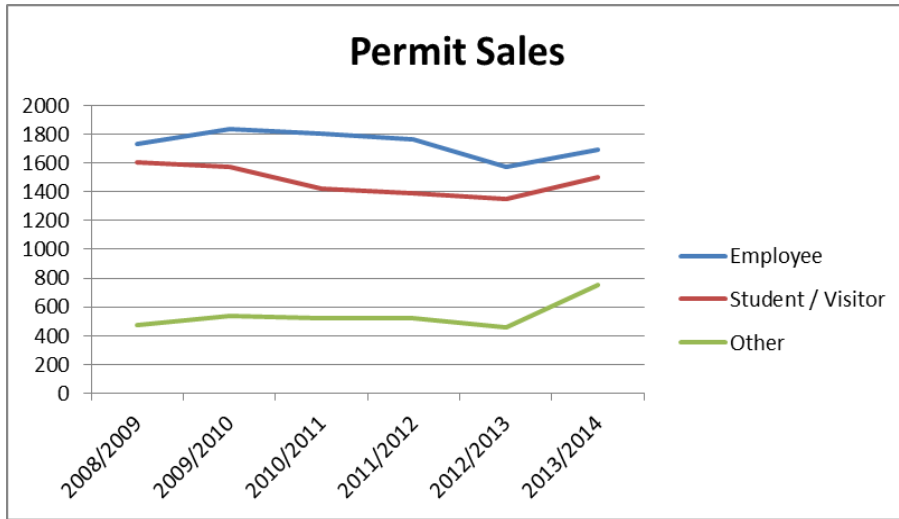
room rates in 2015-16 will need to rise closer to the level at comparator institutions in order to generate sufficient funding to begin to tackle this critical issue. Consultation with students will occur in the fall / winter period.

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 2013-14, occupancy levels at October 1st were 102%. This above capacity occurred as a result of the first year guarantee. Common areas were converted to bedrooms in order to address the excess demand. By February 1st, the 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 \$3.9M and their debt service coverage is 1.6. A ratio of greater than 1 means there is sufficient cash to service debt annually. For housing their ratio of 1.6 means that they have sufficient cash to cover their debt 1.6 times. With respect to a debt to equity ratio (total debt / total liabilities), housing's is currently .4 which means more of the assets of the department are funded from equity (reserves) versus debt. A ratio of .5 means an even split.

Parking Services – Schedule N

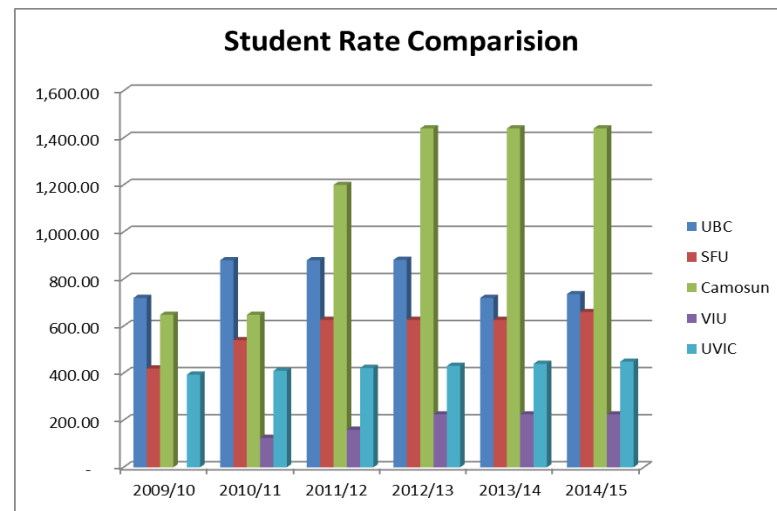
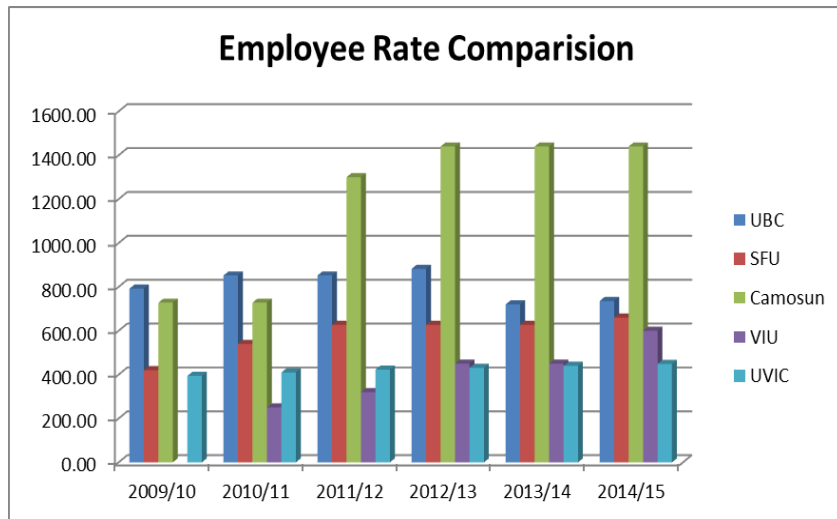
The parking services budget includes revenue and expenses associated with the management of parking on campus as well as the university's travel options programs which includes, among other things, the student and staff bus pass programs. Schedule N (page 48) attached shows that revenue increased 2.7% year over year and slightly exceeded budget. Expenses were relatively flat year over year. From a budget perspective, compensation costs were slightly higher than budget as a result of one additional security officer hired during the year. Operating expenses were also slightly over budget as a result of higher credit card commission costs. At year end, \$1.7M was allocated to the capital reserve. This funding will be used to fund some of the costs associated with the construction of the new parkade within the CARSA project.

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

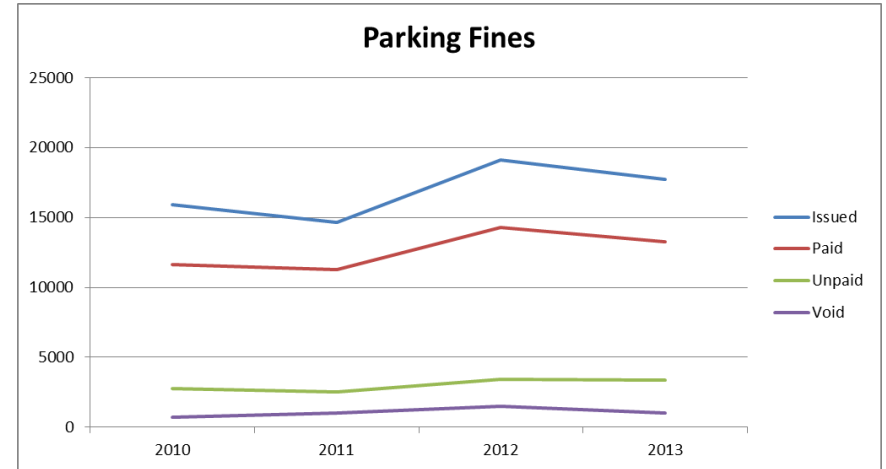
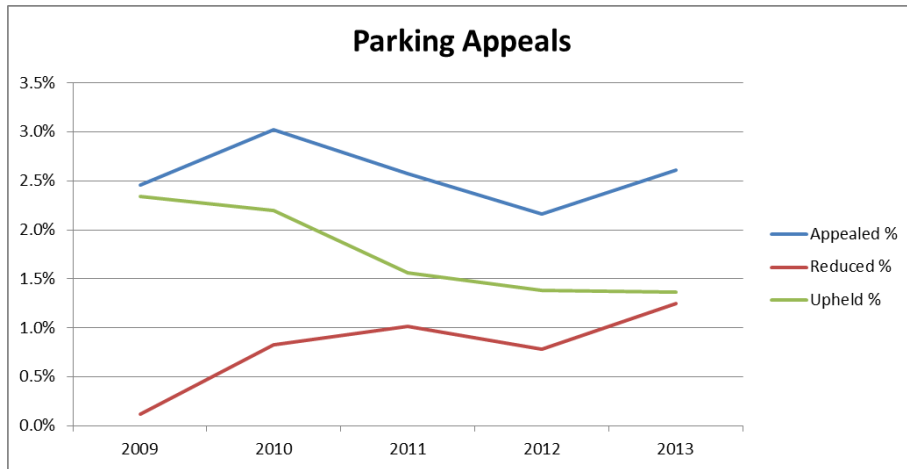


While normally a goal for a parking operation would be to grow permit sales, the university is committed to minimizing vehicle traffic to campus. While there has been growth in 2013-14 as a result of an increase in the campus population, these charts overall demonstrate the success the university has 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:



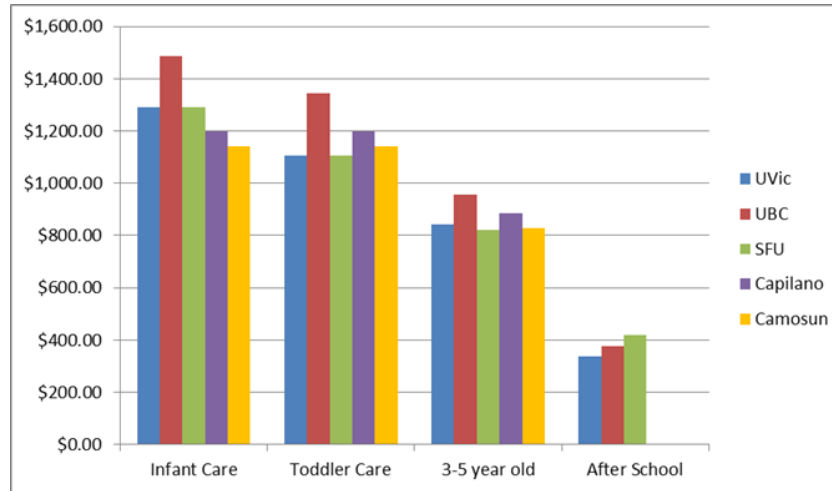
Of those appealed through an independent committee made up of presentations from the campus community, most are upheld with less than 1.5% reduced.

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 49) 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 \$6K which reduced the accumulated fund balance deficit to \$40K.

Child care monitors the rates of other comparable institutions to ensure parent fees are reasonable. The following chart compares our 2014 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)



**University
of Victoria**

Consolidated Fund Accounting Financial Statements and Schedules

for the

UNIVERSITY OF VICTORIA

Years ended March 31, 2014 and 2013

(Prepared without audit)

UNIVERSITY OF VICTORIA
BALANCE SHEET

As at March 31, 2014 (in thousands of dollars)

	2014	2013
ASSETS		
Cash and temporary investments	117,127	107,506
Accounts receivable	59,981	53,394
Prepaid expenses	16,869	16,041
Inventories	3,438	3,847
Long-term investments	78,736	101,193
Endowment investments	357,095	321,646
(2014 cost \$290,080; 2013 cost \$281,144)		
PLANT ASSETS		
Land and site improvements	54,937	54,747
Buildings	686,345	641,509
Equipment and furnishings	255,676	266,840
Library holdings	123,738	120,415
	<u>1,753,942</u>	<u>1,687,138</u>
LIABILITIES		
Accounts payable and accrued liabilities	33,323	31,037
Deferred revenue	12,676	7,385
Long-term debt	56,574	48,228
Employee future benefits	20,341	18,655
FUND BALANCES		
Expendable funds		
Appropriated (Schedule 2)		
General Operating	129,438	127,316
Ancillary Enterprises	17,688	15,006
Capital Fund	(36,941)	(23,552)
Unappropriated (Schedule 3)		
General Operating		
Ancillary Enterprises	10,156	9,224
Specific Purposes	61,202	31,801
Sponsored Research	46,947	55,546
Capital	12,563	13,590
Non-expendable funds (Schedule 4)		
Student Loan	73	73
Endowment Principal	309,344	301,252
EQUITY IN PLANT ASSETS (Schedule 5)	<u>1,080,558</u>	<u>1,051,577</u>
	<u>1,753,942</u>	<u>1,687,138</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN APPROPRIATED EXPENDABLE FUNDS
Year ended March 31, 2014 (in thousands of dollars)

	Balance at beginning of year	Released to meet expenditures	Additions and/ or transfers and/or deficits during year	Balance at end of year
GENERAL OPERATING FUND				
Equipment				
Printing and duplicating	2,155	78	(478)	1,599
Network services	3,851		1,032	4,883
Rental properties	2,527		25	2,552
Other departments	13,107	1,333	864	12,638
Capital and renovation projects	25,539	8,914	14,400	31,024
Academic and administrative program development and operation support	12,345	2,987	5,601	14,959
Research support	14,227	3,388	1,702	12,541
Student assistance and financial aid	7,800	3,753	1,044	5,090
Employee obligations, training and support	16,289	1,898	996	15,387
Information technology and technical support	8,322	1,104	2,029	9,247
Other commitments	4,147	716	(1,057)	2,374
Contingency	4,299	252	1,094	5,141
Externally funded Island Medical Program	6,451	187	(885)	5,378
Insurance and utilities	3,977		206	4,183
Library prepaid expenses	2,280	2,280	2,442	2,442
	<u>127,316</u>	<u>26,891</u>	<u>29,013</u>	<u>129,438</u>
ANCILLARY ENTERPRISES FUND				
Equipment replacement and capital improvements				
Bookstore	1,119	89	160	1,190
Food services	1,305		260	1,565
Student residences	1,955	249	1,475	3,181
Parking services	10,097	610	1,735	11,222
Child care services	-			-
Heritage Realty Properties	530			530
	<u>15,006</u>	<u>948</u>	<u>3,630</u>	<u>17,688</u>
CAPITAL FUND				
Plant Assets funded to/from Appropriations				
Business & Economics Building	(4,796)		1,055	(3,741)
Others	(18,756)	16,657	2,213	(33,200)
	<u>(23,552)</u>	<u>16,657</u>	<u>3,268</u>	<u>(36,941)</u>
TOTAL APPROPRIATED EXPENDABLE FUNDS	<u>118,770</u>	<u>44,496</u>	<u>35,911</u>	<u>110,185</u>
2013 COMPARATIVE	<u>112,550</u>	<u>25,539</u>	<u>31,759</u>	<u>118,770</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN UNAPPROPRIATED EXPENDABLE FUNDS
Year ended March 31, 2014 (in thousands of dollars)

	General Operating	Ancillary Operations	Specific Purpose	Sponsored Research	Capital	Total 2014	Total 2013
REVENUE AND OTHER ADDITIONS							
Government grants and contracts-provincial	176,523	1,489	1,010	10,266	6,203	195,491	216,029
-federal	6,274		760	58,044		65,078	72,901
-other	6,027			8,427		14,454	15,156
Student fees-credit courses	110,181					110,181	102,161
- non credit courses	11,703		2,959	1		14,663	12,338
- other	7,039		25			7,064	6,731
Gifts, grants and bequests	1,357	25	7,243	9,764	1,741	20,130	17,491
Sales of services and products	8,614	46,467	3,220	1,714	433	60,448	58,549
Investment income	3,056	928	45,485		15	49,484	33,383
Equity in earnings of long term investments		753				753	482
Other revenue	3,716	207	884	346	714	5,867	5,135
Capital borrowing					10,000	10,000	-
	334,490	49,869	61,586	88,562	19,106	553,613	540,356
EXPENDITURE AND OTHER DEDUCTIONS							
Salaries - academic	98,677		2,266	5,738		106,681	99,908
- other instruction and research	15,639		1,563	24,605		41,807	41,072
- support staff	98,145	15,136	1,249	7,709	1	122,240	120,745
Total salaries	212,461	15,136	5,078	38,052	1	270,728	261,725
Employee benefits	40,391	3,276	822	5,038		49,527	48,063
Travel	5,734	58	1,316	6,129		13,237	12,979
Library acquisitions	7,377		418			7,795	7,855
Supplies and expenses	28,726	4,450	8,670	25,926	3,728	71,500	72,851
Equipment additions and replacements	4,916	326	350	7,807	694	14,093	17,615
Equipment rental and maintenance	3,430	134	57	1,386	1	5,008	5,050
Utilities	6,496	2,300		1,055	38	9,889	9,232
Scholarships, fellowships and bursaries	17,107	3	6,258	12,557		35,925	33,500
Cost of goods sold		14,386				14,386	13,972
Debt service	1,401	1,222			1,776	4,399	3,906
Construction and renovation contracts	355	431	2	1,846	38,419	41,053	29,003
Internal cost allocations	(6,587)	2,644	1,190	3,655	(902)	-	-
	321,807	44,366	24,161	103,451	43,755	537,540	515,751
TRANSFERS AND APPROPRIATIONS							
Inter-fund transfers	(10,561)	(1,889)	(8,024)	6,290	10,233	(3,951)	(5,064)
Appropriations released to meet expenditures	26,891	948			16,657	44,496	25,539
New appropriations	(29,013)	(3,630)			(3,268)	(35,911)	(31,759)
	(12,683)	(4,571)	(8,024)	6,290	23,622	4,634	(11,284)
NET INCREASE (DECREASE) DURING YEAR	-	932	29,401	(8,599)	(1,027)	20,707	13,321
FUND BALANCES AT BEGINNING OF YEAR	-	9,224	31,801	55,546	13,590	110,161	96,840
FUND BALANCES AT END OF YEAR	-	10,156	61,202	46,947	12,563	130,868	110,161

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN GENERAL OPERATING FUND
Year ended March 31, 2014 (in thousands of dollars)

	2014	2013
REVENUE		
Government grants and contracts -provincial	176,523	177,173
-federal	6,274	6,107
-other	6,027	5,777
Student fees-credit courses	110,181	102,161
-non credit courses	11,703	10,329
-other	7,039	6,615
Gifts, grants and bequests	1,357	2,423
Sales of services & products	8,614	8,366
Investment income	3,056	3,969
Other revenue	3,716	3,153
	<u>334,490</u>	<u>326,073</u>
EXPENDITURE		
Salaries - academic	98,677	92,064
- other instruction and research	15,639	14,670
- support staff	98,145	98,447
Total salaries	<u>212,461</u>	<u>205,181</u>
Employee benefits	40,391	39,258
Travel	5,734	6,036
Library acquisitions	7,377	7,537
Supplies and expenses	28,726	28,620
Equipment additions and replacements	4,916	7,808
Equipment rental and maintenance	3,430	2,979
Utilities	6,496	6,279
Scholarships, fellowships and bursaries	17,107	15,039
Debt service	1,401	1,187
Construction and renovation contracts	355	524
Internal cost allocations	(6,587)	(6,296)
	<u>321,807</u>	<u>314,152</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	(10,561)	(5,105)
Appropriations released to meet expenditures	26,891	19,444
New appropriations	(29,013)	(26,260)
	<u>(12,683)</u>	<u>(11,921)</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, 2014 (in thousands of dollars)

Off-Campus Business
Enterprises

	(1)					Uvic		Heritage	Van. Island		
	Bookstore & Shop	Food Services	Student Residences	Parking Services	Child Care	Broad Street Properties	Uvic Properties	Realty Properties	Technology Park Trust	Total 2014	Total 2013
REVENUE											
Sales of services and products	12,370	13,583	13,503	4,310	969	874	858			46,467	44,759
Government grants - provincial	167	580	50		692					1,489	1,538
Gifts, grants and bequests			7		18					25	55
Investment income	14	14	18	98		784				928	1,046
Equity in earnings of long term investments								258	495	753	482
Other revenue	60	104	20	3	13	7				207	(600)
	13,425	12,611	14,281	4,411	1,692	1,665	858	258	495	49,869	47,280
EXPENDITURE											
Salaries-support staff	2,159	6,056	3,764	1,249	1,263		645			15,136	14,326
Employee benefits	440	1,425	713	292	293		113			3,276	3,107
Travel	21	2	28	3	4					58	57
Supplies and expenses	378	813	1,660	966	79	410	147			4,453	3,777
Equipment additions and replacements	9	56	238	21	1	1				326	378
Equipment rental and maintenance	14	34	44	39	3					134	165
Utilities	87	647	1,442	31	35	58				2,300	2,417
Cost of goods sold	8,562	5,823	1							14,386	13,972
Debt service			1,222							1,222	1,220
Renovation contracts	2		392			37				431	932
Internal cost allocations	777	(837)	2,617	79	8					2,644	3,766
	13,226	12,449	14,019	2,680	1,686	506	905	-	-	44,366	44,117
TRANSFERS AND APPROPRIATIONS											
Inter-fund transfers	(89)		(249)	(610)		(585)	44		(400)	(1,889)	(2,523)
Appropriations released to meet expenditures	89		249	610						948	2,755
New appropriations	(160)	(260)	(1,475)	(1,735)						(3,630)	(2,625)
	(160)	(260)	(1,475)	(1,735)	-	(585)	44	-	(400)	(4,571)	(2,393)
NET INCREASE (DECREASE) DURING YEAR	2	2	2	(4)	6	574	(3)	258	95	932	770
FUND BALANCE AT BEGINNING OF YEAR	190	146	297	154	(46)	2,676	(9)	1,916	3,900	9,224	8,454
FUND BALANCE AT END OF YEAR	192	148	299	150	(40)	3,250	(12)	2,174	3,995	10,156	9,224

(1) Revenues are for external sales to faculty, staff and students and do not include \$777,000 (2013-\$1,032,000) of internal sales through the Computer Store to University departments. Of the internal cost recovery net of expenses, \$129,000 (2013 - \$113,000) represents the margin on those sales.

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPECIFIC PURPOSES FUND
Year ended March 31, 2014 (in thousands of dollars)

	2014	2013
REVENUE		
Government grants and contracts -provincial	1,010	2,608
-federal	760	761
-other		9
Student fees - non credit courses	2,959	2,009
- other	25	116
Gifts, grants and bequests	7,243	4,991
Sales of services and products	3,220	2,609
Investment income	45,485	28,340
Other revenue	884	742
	<u>61,586</u>	<u>42,185</u>
EXPENDITURE		
Salaries - academic	2,266	2,001
- other instruction and research	1,563	1,871
- support staff	1,249	1,313
Total salaries	<u>5,078</u>	<u>5,185</u>
Employee benefits	822	964
Travel	1,316	1,110
Library acquisitions	418	318
Supplies and expenses	8,670	7,584
Equipment additions and replacement	350	318
Equipment rental and maintenance	57	58
Utilities		95
Scholarships, fellowships and bursaries	6,258	5,689
Construction and renovation contracts	2	18
Internal cost allocations	1,190	603
	<u>24,161</u>	<u>21,942</u>
INTER-FUND TRANSFERS	<u>(8,024)</u>	<u>(9,316)</u>
NET INCREASE DURING YEAR	29,401	10,927
FUND BALANCE AT BEGINNING OF YEAR	<u>31,801</u>	<u>20,874</u>
FUND BALANCE AT END OF YEAR	<u>61,202</u>	<u>31,801</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPONSORED RESEARCH FUND
Year ended March 31, 2014 (in thousands of dollars)

	2014	2013
REVENUE		
Government grants and contracts -provincial	10,266	31,926
-federal	58,044	66,033
-other	8,427	9,370
Student fees - non credit courses	1	
Gifts, grants and bequests	9,764	8,163
Sales of services and products	1,714	2,381
Other revenue	346	765
	<u>88,562</u>	<u>118,638</u>
EXPENDITURE		
Salaries - academic	5,738	5,843
- other instruction and research	24,605	24,531
- support staff	7,709	6,659
Total salaries	<u>38,052</u>	<u>37,033</u>
Employee benefits	5,038	4,734
Travel	6,129	5,776
Supplies and expenses	25,926	29,842
Equipment additions and replacements	7,807	8,998
Equipment rental and maintenance	1,386	1,847
Utilities	1,055	407
Scholarships, fellowships and bursaries	12,557	12,772
Construction and renovation contracts	1,846	16,900
Internal cost allocations	3,655	3,277
	<u>103,451</u>	<u>121,586</u>
INTER-FUND TRANSFERS	<u>6,290</u>	<u>5,821</u>
NET INCREASE (DECREASE) DURING YEAR	(8,599)	2,873
FUND BALANCE AT BEGINNING OF YEAR	55,546	52,673
FUND BALANCE AT END OF YEAR	<u>46,947</u>	<u>55,546</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN CAPITAL FUND
Year ended March 31, 2014 (in thousands of dollars)

	2014	2013
REVENUE		
Government grants and contracts-provincial	6,203	2,784
Gifts, grants and bequests	1,741	1,859
Sales of services and products	433	434
Investment income	15	28
Other revenue	714	1,075
Capital borrowing	10,000	-
	<u>19,106</u>	<u>6,180</u>
EXPENDITURE		
Salaries-support staff	1	-
Supplies and expenses	3,728	3,028
Equipment additions and replacements	694	113
Equipment rental and maintenance	1	1
Utilities	38	34
Debt service	1,776	1,499
Construction and renovation contracts	38,419	10,629
Internal cost allocations	(902)	(1,350)
	<u>43,755</u>	<u>13,954</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	10,233	6,059
Appropriations released to meet expenditures	16,657	3,340
New appropriations	(3,268)	(2,874)
	<u>NET DECREASE DURING YEAR</u>	<u>(1,027)</u>
	(1,027)	(1,249)
	<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>13,590</u>
	13,590	14,839
	<u>FUND BALANCE AT END OF YEAR</u>	<u>12,563</u>
	12,563	13,590

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN GENERAL OPERATING
UNAPPROPRIATED EXPENDABLE FUNDS - BY FUNCTION
Year Ended March 31, 2014 (in thousands of dollars)

Schedule F
Budget vs. Actual

		2013-2014 Total Budget	2013-2014 Actual	Variation from Budget	%	2012-2013 Actual
General Revenue						
Provincial Grants and Contracts		174,979	174,979	0	0%	175,556
Federal Grants and Contracts		6,174	6,174	0	0%	6,039
Other Grants and Contracts		6,025	6,025	(0)	0%	5,775
Student Fees Credit Courses & Other		104,568	109,832	5,264	5%	101,982
Investment Income		2,759	3,058	299	11%	4,015
Sales of Services and Products		86	84	(2)	0%	90
Other Revenue		752	994	243	32%	986
Total General Revenue		295,342	301,146	5,804	2%	294,443
Departmental Revenue	G	25,898	33,344	7,446	29%	31,629
Total Revenue		321,240	334,490	13,250	4%	326,073
Expenditures						
Academic	H	145,246	144,337	909	1%	140,062
Other Academic	H	34,355	32,802	1,553	5%	33,263
Library	I	16,376	16,116	259	2%	16,336
Student Awards & Services	I	29,404	29,236	168	1%	26,408
Plant Maintenance	I	24,831	24,821	9	0%	25,255
Administrative and General	I	34,865	34,917	(52)	0%	34,282
Benefits		42,425	40,216	2,209	5%	39,159
Overhead Recoveries		(470)	(640)	170	36%	(613)
Centrally Allocated Budgets		1,931	-	1,931	100%	-
Total Expenditures		328,963	321,807	7,156	2%	314,152
Transfers and Appropriations						
Interfund transfers		(10,667)	(10,561)	106		(5,105)
Appropriations released to meet expenditures		26,891	26,891	(0)		19,444
New appropriations		(8,502)	(29,013)	(20,511)		(26,260)
Total Transfers and Appropriations		7,723	(12,683)	(20,406)		(11,921)
Fund Balance at End of Year		0	(0)	(0)		0

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE - BY FUNCTION
Year Ended March 31, 2014 (in thousands of dollars)

Schedule G
Budget vs. Actual

Analysis by Function	2013-2014	2013-2014	Variation	2012-2013
	Total	2013-2014	from	2012-2013
	Budget	Actual	Budget	Actual
Academic				
Business	696	965	269	860
Education	47	395	348	346
Engineering	3	169	166	1,281
Fine Arts	145	299	154	341
Human & Social Development	2	128	126	127
Humanities	55	216	162	329
Law	312	396	84	450
Sciences	117	835	717	659
Social Sciences	22	177	155	253
Medical Sciences	20	423	403	112
Cooperative Education	-	7	7	12
Graduate Studies	9	12	3	82
Total Academic	<u>1,428</u>	<u>4,023</u>	<u>2,595</u>	<u>4,853</u>
Other Academic				
Continuing Studies	13,606	14,557	951	12,797
Other Academic Projects	323	1,077	755	784
Total Other Academic	<u>13,928</u>	<u>15,634</u>	<u>1,706</u>	<u>13,581</u>
Library	360	392	32	284
Student Awards & Services	5,740	7,070	1,330	7,055
Plant Maintenance	2,165	2,868	703	2,713
Administrative and General	<u>2,277</u>	<u>3,357</u>	<u>1,080</u>	<u>3,143</u>
Total Departmental Revenue	<u><u>25,898</u></u>	<u><u>33,344</u></u>	<u><u>7,446</u></u>	<u><u>31,629</u></u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
ACADEMIC AND OTHER ACADEMIC
Year Ended March 31, 2014 (in thousands of dollars)

Schedule H
Budget vs. Actual

	2013-2014		Variation		2012-2013
	Total	2013-2014	from	%	
Academic	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>		<u>Actual</u>
Business	9,783	9,505	278	3%	9,194
Education	11,569	11,485	84	1%	11,065
Engineering	14,397	14,212	185	1%	15,373
Fine Arts	10,622	10,696	(75)	-1%	10,359
Human & Social Development	17,886	17,571	315	2%	16,686
Humanities	19,821	19,920	(100)	-1%	19,316
Law	5,062	4,875	186	4%	5,060
Science	23,954	22,744	1,210	5%	21,790
Social Sciences	20,564	20,491	73	0%	19,579
Medical Sciences	6,157	7,444	(1,287)	-21%	6,392
Cooperative Education	4,478	4,442	36	1%	4,381
Graduate Studies	<u>954</u>	<u>953</u>	<u>1</u>	0%	<u>868</u>
Total Academic	<u><u>145,246</u></u>	<u><u>144,337</u></u>	<u><u>909</u></u>	1%	<u><u>140,062</u></u>
Other Academic					
Continuing Studies	14,669	14,672	(4)	10%	13,497
Other Academic Projects	19,687	18,130	1,556	6%	19,765
Total Other Academic	<u><u>34,355</u></u>	<u><u>32,802</u></u>	<u><u>1,553</u></u>	5%	<u><u>33,263</u></u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
Year Ended March 31, 2014 (in thousands of dollars)

Schedule I
Budget vs. Actual

	2013-2014 Total Budget	2013-2014 Actual	Variation from Budget	%	2012-2013 Actual
Library					
Library Acquisitions	7,517	7,068	448	6%	7,549
Library Operations	8,859	9,048	(189)	-2%	8,757
Library Total	16,376	16,116	259	2%	16,336
Student Awards & Services					
Student Awards	18,387	17,513	875	5%	15,232
Student Services	11,017	11,724	(707)	-6%	11,176
Total Student Awards & Services	29,404	29,236	168	1%	26,408
Plant Maintenance					
Utilities	5,736	5,877	(141)	-2%	5,673
Other	19,095	18,944	151	1%	19,582
Total Plant Maintenance	24,831	24,821	9	0%	25,255
Administrative and General					
Executive Offices	5,007	5,080	(72)	-1%	4,851
Alumni and Development	3,200	3,304	(104)	-3%	3,176
Administrative Registrar	7,530	7,768	(238)	-3%	7,187
Budget and Capital Planning	1,210	1,220	(10)	-1%	1,221
Financial Services	3,683	3,574	110	3%	3,737
Human Resources	3,549	3,511	38	1%	3,357
Chief Information Officer	3,881	3,785	95	2%	3,328
Internal Financing	(462)	(132)	(330)	71%	(220)
Other Expenses	7,267	6,809	459	6%	7,645
Total Administrative and General	34,865	34,917	(52)	0%	34,282

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2014 (in thousands of dollars)

Schedule J
Budget vs. Actual

Analysis by Function	2013-2014 Total Budget	2013-2014 Actual	Variation from Budget	2012-2013 Actual
Academic				
Business				
Departmental revenue	696	965	269	860
Expenses	9,783	9,505	278	9,194
Total	<u>(9,087)</u>	<u>(8,540)</u>	547	<u>(8,334)</u>
Education				
Departmental revenue	47	395	348	346
Expenses	11,569	11,485	84	11,065
Total	<u>(11,522)</u>	<u>(11,090)</u>	432	<u>(10,720)</u>
Engineering				
Departmental revenue	3	169	166	1,281
Expenses	14,397	14,212	185	15,373
Total	<u>(14,394)</u>	<u>(14,042)</u>	352	<u>(14,092)</u>
Fine Arts				
Departmental revenue	145	299	154	341
Expenses	10,622	10,696	(75)	10,359
Total	<u>(10,477)</u>	<u>(10,397)</u>	80	<u>(10,018)</u>
Human & Social Development				
Departmental revenue	2	128	126	127
Expenses	17,886	17,571	315	16,686
Total	<u>(17,885)</u>	<u>(17,443)</u>	442	<u>(16,560)</u>
Humanities				
Departmental revenue	55	216	162	329
Expenses	19,821	19,920	(100)	19,316
Total	<u>(19,766)</u>	<u>(19,704)</u>	62	<u>(18,987)</u>
Law				
Departmental revenue	312	396	84	450
Expenses	5,062	4,875	186	5,060
Total	<u>(4,750)</u>	<u>(4,480)</u>	270	<u>(4,610)</u>
Sciences				
Departmental revenue	117	835	717	659
Expenses	23,954	22,744	1,210	21,790
Total	<u>(23,837)</u>	<u>(21,909)</u>	1,928	<u>(21,130)</u>
Social Sciences				
Departmental revenue	22	177	155	253
Expenses	20,564	20,491	73	19,579
Total	<u>(20,541)</u>	<u>(20,314)</u>	228	<u>(19,326)</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2014 (in thousands of dollars)

Schedule J
Budget vs. Actual

Medical Sciences				
Departmental revenue	20	423	403	112
Expenses	<u>6,157</u>	<u>7,444</u>	<u>(1,287)</u>	<u>6,392</u>
Total	<u><u>(6,137)</u></u>	<u><u>(7,020)</u></u>	<u><u>(884)</u></u>	<u><u>(6,280)</u></u>
Cooperative Education				
Departmental revenue	-	7	7	12
Expenses	<u>4,478</u>	<u>4,442</u>	<u>36</u>	<u>4,381</u>
Total	<u><u>(4,478)</u></u>	<u><u>(4,435)</u></u>	<u><u>43</u></u>	<u><u>(4,369)</u></u>
Graduate Studies				
Departmental revenue	9	12	3	82
Expenses	<u>954</u>	<u>953</u>	<u>1</u>	<u>868</u>
Total	<u><u>(945)</u></u>	<u><u>(941)</u></u>	<u><u>4</u></u>	<u><u>(786)</u></u>
Other Academic				
Continuing Studies				
Departmental revenue	13,606	14,557	951	12,797
Expenses	<u>14,669</u>	<u>14,672</u>	<u>(4)</u>	<u>13,497</u>
Total	<u><u>(1,063)</u></u>	<u><u>(115)</u></u>	<u><u>948</u></u>	<u><u>(701)</u></u>
Other Academic Projects				
Departmental revenue	323	1,077	755	784
Expenses	<u>19,687</u>	<u>18,130</u>	<u>1,556</u>	<u>19,765</u>
Total	<u><u>(19,364)</u></u>	<u><u>(17,053)</u></u>	<u><u>2,311</u></u>	<u><u>(18,981)</u></u>
Library				
Departmental revenue	360	392	32	284
Expenses	<u>16,376</u>	<u>16,116</u>	<u>259</u>	<u>16,336</u>
Total	<u><u>(16,016)</u></u>	<u><u>(15,724)</u></u>	<u><u>291</u></u>	<u><u>(16,052)</u></u>
Student Services				
Departmental revenue	5,740	7,070	1,330	7,055
Expenses	<u>29,404</u>	<u>29,236</u>	<u>168</u>	<u>26,408</u>
Total	<u><u>(23,664)</u></u>	<u><u>(22,166)</u></u>	<u><u>1,498</u></u>	<u><u>(19,353)</u></u>
Plant Maintenance				
Departmental revenue	2,165	2,868	703	2,713
Expenses	<u>24,831</u>	<u>24,821</u>	<u>9</u>	<u>25,255</u>
Total	<u><u>(22,666)</u></u>	<u><u>(21,954)</u></u>	<u><u>712</u></u>	<u><u>(22,541)</u></u>
Administrative and General				
Departmental revenue	2,277	3,357	1,080	3,143
Expenses	<u>34,865</u>	<u>34,917</u>	<u>(52)</u>	<u>34,282</u>
Total	<u><u>(32,588)</u></u>	<u><u>(31,560)</u></u>	<u><u>1,028</u></u>	<u><u>(31,139)</u></u>

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - BOOKSTORE
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2014 (in thousands of dollars)

Schedule K
Budget vs. Actual

	2013-2014 Total Budget	2013-2014 Actual	Variation from Budget	%	2012-2013 Actual
Revenue					
Sales of services and products		12,370			12,408
¹ Sales of services and products - internal		814			1,088
Subtotal sales of services and products		<u>13,184</u>			<u>13,495</u>
Government grants - provincial		167			167
Investment income		14			40
Other revenue		60			58
Total Revenue	<u>14,775</u>	<u>13,425</u>	<u>(1,349)</u>	<u>-14%</u>	<u>13,760</u>
Expenditures					
Salaries and benefits	2,321	2,599	(278)		2,681
Cost of goods sold	12,134	8,562	3,572		8,629
² Operating expenses	<u>270</u>	<u>1,991</u>	<u>(1,720)</u>		<u>2,564</u>
Total Expenditures	<u>14,725</u>	<u>13,152</u>	<u>1,573</u>	<u>16%</u>	<u>13,874</u>
Transfers and Appropriations					
Interfund transfers		(89)	(89)		(1,599)
Appropriations released to meet expenditures		89	89		1,705
New appropriations	<u>(50)</u>	<u>(160)</u>	<u>(110)</u>		<u>106</u>
Total Transfers and Appropriations	<u>(50)</u>	<u>(160)</u>	<u>(110)</u>		<u>106</u>
NET INCREASE (DECREASE) DURING YEAR	0	114	114		(7)
FUND BALANCE AT BEGINNING OF YEAR	<u>0</u>	<u>190</u>	<u>190</u>		<u>197</u>
Fund Balance at End of Year	<u><u>0</u></u>	<u><u>304</u></u>	<u><u>304</u></u>		<u><u>190</u></u>

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 -
FOOD SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2014 (in thousands)

Schedule L
Budget vs Actual

	2013-2014 Total Budget	2013-2014 Actual	Variation from Budget	%	2012-2013 Actual
Revenue					
Sales of services and products - external		13,583			12,880
¹ Sales of services and products - internal		1,208			568
Subtotal sales of services and products		14,791			13,448
Government grants - provincial		580			580
Investment income		14			35
Other revenue		104			(691)
Total Revenue	14,826	15,489	663	4%	13,372
Expenditures					
Salaries and benefits	7,072	7,481	(409)		6,952
Cost of goods sold	5,360	5,823	(463)		5,343
² Operating expenses	1,859	1,923	(64)		2,139
Total Expenditures	14,291	15,227	(936)	-7%	14,434
Transfers and Appropriations					
Interfund transfers			-		
Appropriations released to meet expenditures			-		1,050
New appropriations	(535)	(260)	275		
Total Transfers and Appropriations	(535)	(260)	275		1,050
NET INCREASE (DECREASE) DURING YEAR	0	2	2		(12)
FUND BALANCE AT BEGINNING OF YEAR		146	146		158
Fund Balance at End of Year	0	148	148		146

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, 2014 (in thousands)

Schedule M
Budget vs Actual

	<u>2013-2014 Total Budget</u>	<u>2013-2014 Actual</u>	<u>Variation from Budget</u>	<u>%</u>	<u>2012-2013 Actual</u>
Revenue					
Sales of services and products		13,503			
¹ Sales of services and products - internal		10			
Subtotal sales of services and products		<u>13,513</u>			<u>12,894</u>
Government grants - provincial		50			50
Investment income		18			15
Other revenue		27			22
Total Revenue	<u>13,126</u>	<u>13,608</u>	<u>482</u>	<u>4%</u>	<u>12,981</u>
Expenditures					
Salaries and benefits	3,853	4,477	(624)		3,995
Cost of goods sold		1	(1)		
² Operating expenses	7,333	7,653	(320)		7,883
Total Expenditures	<u>11,186</u>	<u>12,131</u>	<u>(944)</u>	<u>-8%</u>	<u>11,878</u>
Transfers and Appropriations					
Interfund transfers		(249)	(249)		
Appropriations released to meet expenditures		249	249		
New appropriations	(1,940)	(1,475)	465		(1,000)
Total Transfers and Appropriations	<u>(1,940)</u>	<u>(1,475)</u>	<u>465</u>		<u>(1,000)</u>
NET INCREASE (DECREASE) DURING YEAR	0	2	2		103
FUND BALANCE AT BEGINNING OF YEAR		297	297		194
Fund Balance at End of Year	<u>0</u>	<u>299</u>	<u>299</u>		<u>297</u>

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, 2014 (in thousands of dollars)

Schedule N
Budget vs. Actual

	2013-2014 Total Budget	2013-2014 Actual	Variation from Budget	%	2012-2013 Actual
Revenue					
Sales of services and products		4,310			4,131
¹ Sales of services and products - internal		61			62
Subtotal sales of services and products		4,371			4,193
Government grants - provincial		-			32
Investment income		98			127
Other revenue		3			6
Total Revenue	4,309	4,472	163	4%	4,358
Expenditures					
Salaries and benefits	1,467	1,541	(74)		1,526
² Operating expenses	1,096	1,139	(43)		1,201
Total Expenditures	2,563	2,680	(117)	-5%	2,727
Transfers and Appropriations					
Interfund transfers		(610)	(610)		(4)
Appropriations released to					
meet expenditures		610	610		
New appropriations	(1,746)	(1,735)	11		(1,625)
Total Transfers and Appropriations	(1,746)	(1,735)	11		(1,629)
NET INCREASE (DECREASE) DURING YEAR	-	57	57		2
FUND BALANCE AT BEGINNING OF YEAR		154	154		152
Fund Balance at End of Year	-	211	211		154

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
Year Ended March 31, 2014 (in thousands of dollars)

Schedule O
Budget vs. Actual

	2013-2014 Total Budget	2013-2014 Actual	Variation from Budget	%	2012-2013 Actual
Revenue					
Sales of services and products	1,128	969	(159)		900
Government grants - provincial	542	692	150		709
Investment income			-		
Other revenue	10	31	21		53
Total Revenue	1,680	1,692	12	1%	1,662
Expenditures					
Salaries and benefits	1,483	1,556	(73)		1,506
Cost of goods sold					
Operating expenses	181	130	51		133
Total Expenditures	1,665	1,686	(21)	-1%	1,639
Transfers and Appropriations					
Interfund transfers			-		
Appropriations released to meet expenditures			-		
New appropriations	(15)		15		
Total Transfers and Appropriations	(15)	-	15		-
NET INCREASE (DECREASE) DURING YEAR	(0)	6	6		23
FUND BALANCE AT BEGINNING OF YEAR		(46)	(46)		(69)
Fund Balance at End of Year	(0)	(40)	(40)		(46)