



University
of Victoria

Financial Statements

March 31, 2012

**UNIVERSITY OF VICTORIA
FINANCIAL STATEMENTS
MARCH 31, 2012**

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University of Victoria

2011/12

FINANCIAL REVIEW

Financial Highlights of the Year

The University's strategic plan, *A Vision for the Future – Building on Strength*, outlines goals in four strategic areas: People, Quality, Community and Resources and states a commitment to public and internal accountability. The following financial review, audited financial statements and detailed fund accounting schedules for the year ended March 31, 2012 are prepared in the context of this commitment. The separation of internally and externally restricted funds from our unrestricted funding honors the University's commitment to funding sponsors and recipients, that monies are spent for the purposes intended.

Highlights from the past year include:

The University's total revenues, on a fund accounting basis, decreased by \$41.9 million (7.8%) to \$496.5 million while total expenditures decreased by \$21.7 million (4.2%) to \$499.9 million (Page 34).

General operating revenues increased \$3.9 million of which \$4.0 million was due to increased tuition revenue resulting from the 2% tuition rate increase and enrolment growth of 1.8%. The University's general operating expenditures increased \$5.3 million (1.8%), including increases of \$3.9 million to the Faculties and other academic units and \$1.3 million for additional student awards and services, facilities, library and other infrastructure support (Page 42). In past years, government funding for student growth funded university inflationary cost pressures. As this growth has now reached completion, a 1.5 % budget reduction was required in 2011/12 to balance the general operating budget.

Faculty had another very successful year in attracting research grants and other support. Total Sponsored Research revenues totaled \$96.8 million on a fund accounting basis, maintaining the high level of research activity experienced in recent years. In addition, \$6.3 million was received from the Federal Indirect Research Costs Program. During the year, construction started on the \$62.9 million ARIEL project led by UVic to build a lab and underground beam tunnel for use in the production of medical isotopes at TRIUMF, Canada's national observatory for particle and nuclear physics.

During the year the Legacy Gallery was renovated and re-opened as UVic's primary art gallery, construction commenced on the Bookstore expansion and planning continued on the renewal of the university's athletic facilities.

Presentation of Financial Information

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

Next year, the university will be transitioning on a retroactive basis to Public Sector Accounting Standards. The university is currently evaluating the impact of adopting these standards on its financial statements.

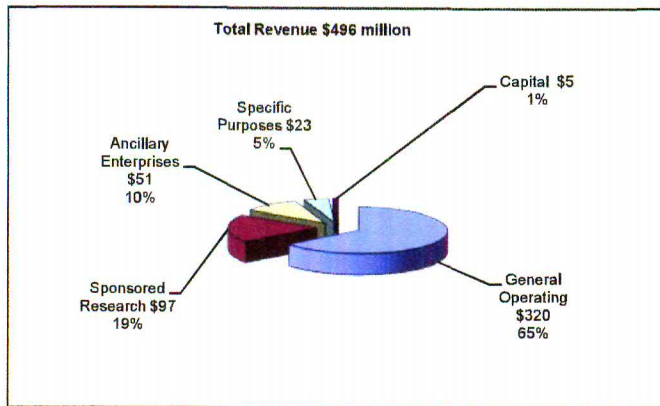
Useful and more detailed financial information is set out in the Notes to the audited financial statements on pages 15 to 28.

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

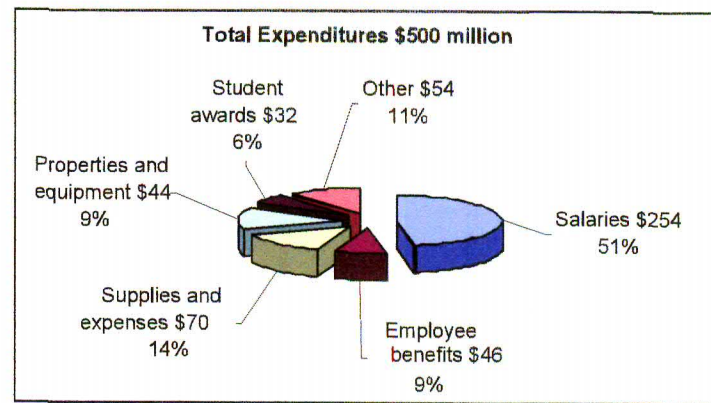
The Balance Sheet on Page 11 shows Net Assets of \$616 million. Internally restricted net assets are primarily the appropriations made by the Board of Governors from general operations and the ancillaries less the internal loans for capital additions set out on Page 33. These appropriations will be used for the replacement of computers and other equipment and for non-recurring expenditures in the future reflecting the unspent budgets by departments and the general University. By permitting departments to carry-over unspent budget, they have the ability to make fiscal plans across multiple years in support of departmental strategic initiatives and for replacement of departmental assets such as equipment. University funds are generally used for strategic initiatives including investment in capital projects.

To enhance accountability, budgetary control and stewardship of resources, the University maintains separate funds of assets, liabilities, revenues and expenditures for its many activities. Fund accounting is used by the University for its operating budget allocations and to ensure that restricted grants, donations and other contributions are spent only for the purposes intended. These funds are grouped as General Operating, Ancillary Enterprises, Specific Purposes, Sponsored Research, Capital and Endowment funds with definitions of each in Note 2(c) on page 16. Unaudited management schedules detailing these funds are shown on Pages 32 to 46 for the years ended March 31, 2012 and 2011. Most revenue and expense lines are the same in both the audited Statements and unaudited Schedules. A summary reconciliation of the two presentations is shown on Page 30 with a brief explanation of the differences on Page 31. Both the audited Statements and the unaudited management Schedules are useful in presenting the operating results and financial position of the University of Victoria. Most of the charts, analysis and commentary in the remainder of this financial review are based on the unaudited management schedules.

University of Victoria – All Funds

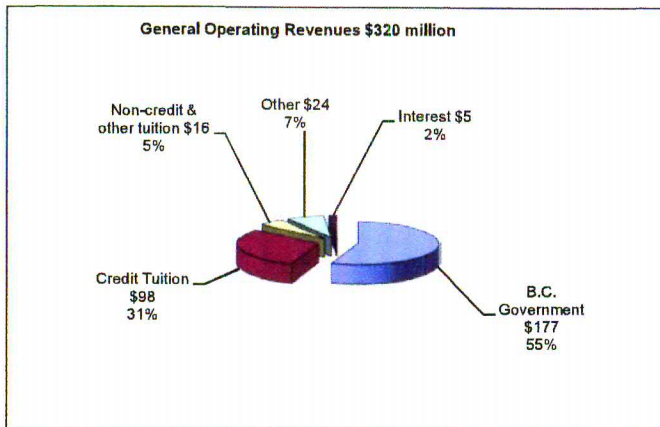


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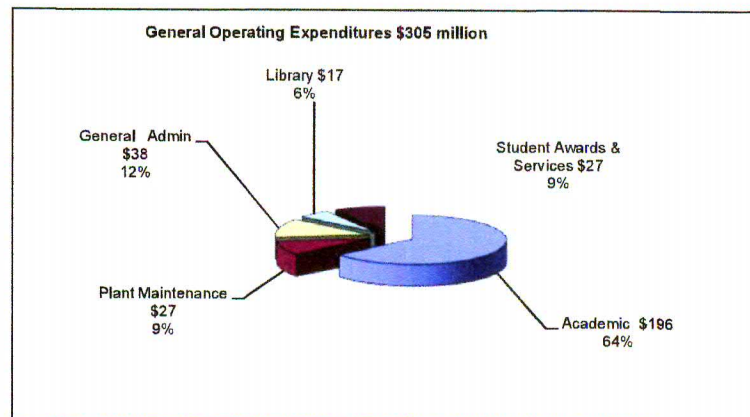


Source Page 34

The General Operating Fund represents 65% of the University's activities.



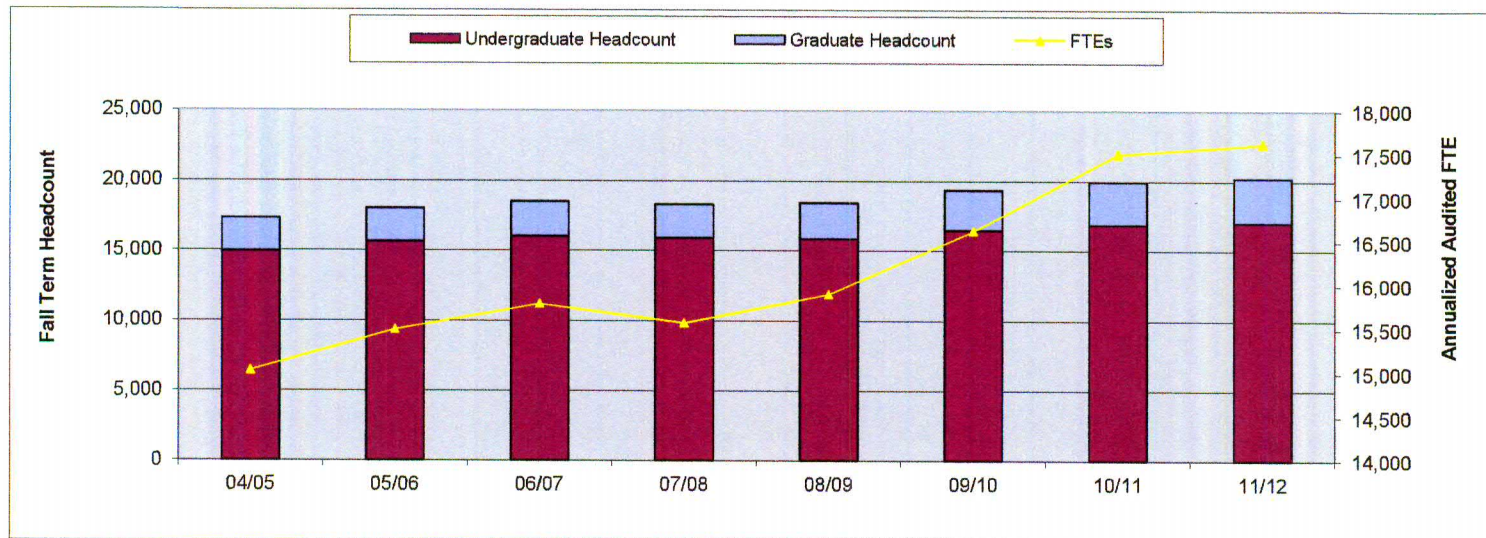
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Source: Page 42

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

- Revenues for operations included:
 - the \$6.3 million federal funding for the indirect costs of research,
 - \$4.0 million increase in credit course tuition revenue resulting from the 2.0% increase in fees (maximum allowed increase limited to inflation) and increased enrolments.
 - investment income increased by \$1.3 million even though short term interest rates stayed low during the year. The portfolio is professionally managed in three pools providing daily liquidity along with enhanced returns from investments with a longer duration.



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

Schedules F to J on Pages 42 to 46 compare faculty expenditures between 2010/11 and 2011/12. The level of expenditures can vary from year to year for reasons such as the purchase of a significant item of equipment using appropriated funds from prior years.

Since General Operating Fund revenues are primarily unrestricted as to their spending, the University employs a detailed budgeting system to direct and control expenditures. Salaries and benefits comprise 79% of operating expenditures. Each continuing faculty and support staff position requires senior executive approval prior to being established and all staffing actions require the approval of the Dean/Director and a Vice-President. The annual budget allocation process is very thorough, requiring each department to analyze its opportunities for expanded revenues as well as plan and justify its levels of expenditures. Each year certain new initiatives are approved for recurring annual funding. As well, some unavoidable cost increases, such as utilities and insurance premiums, are reflected in the operating budget. During the year, a 1.5% budget reduction was implemented across all departments in order to address inflationary cost pressures.

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

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

Ancillary Enterprises Fund

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

Off-campus Business Enterprises include the operations of the Broad Street commercial/residential rental properties owned by the University and the property rental and hotel operations owned by Heritage Realty Properties Ltd., 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.

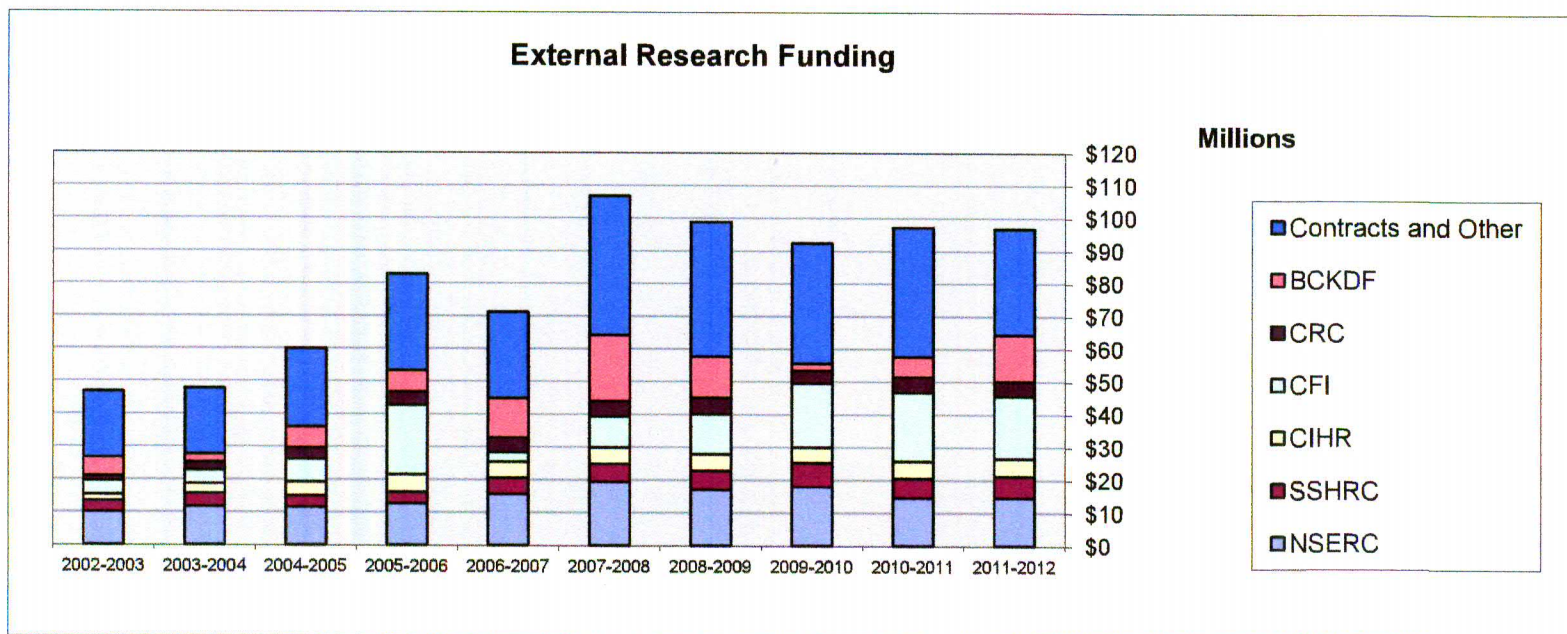
Off-campus Business Enterprises also include the Vancouver Island Technology Park Trust, accounted for using the equity method of accounting, and the operations of the University of Victoria Properties Investments Inc. The University of Victoria Properties Investments Inc. acts as trustee for the Trust 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 distributions of excess cash flow provided to the university. The change in equity in the Trust is included in the Ancillary Enterprises fund.

Sponsored Research

Sponsored research funding totaled \$96.8 million in 2011/12 which was \$0.4 million lower than last year's total of \$97.2 million. During the year, UVic researchers received another \$19 million from the Canada Foundation for Innovation (CFI) (\$21 million in 2010/11) and \$14 million from the B.C. Knowledge Development Fund (BCKDF) (\$6 million in 2010/11). These grants, together with matching support from non-government sources (usually 20%), provide funding for major research equipment and the development of research facilities

Of the \$96.8 million total this year, \$31 million (32%) was received in the form of competitively adjudicated grants from the federal tri-Council Natural Sciences and Engineering Research Council (NSERC), Social Sciences and Humanities Research Council (SSHRC) and Canadian Institute of Health Research (CIHR). UVic ranks third among Canadian comprehensive research intensive universities in total research funding, fifth in NSERC/CIHR grants and second in SSHRC grants.

Over the past ten years, sponsored research revenue has grown a remarkable 206% from \$46.9 million in 2002/03 to \$96.8 million in 2011/12.



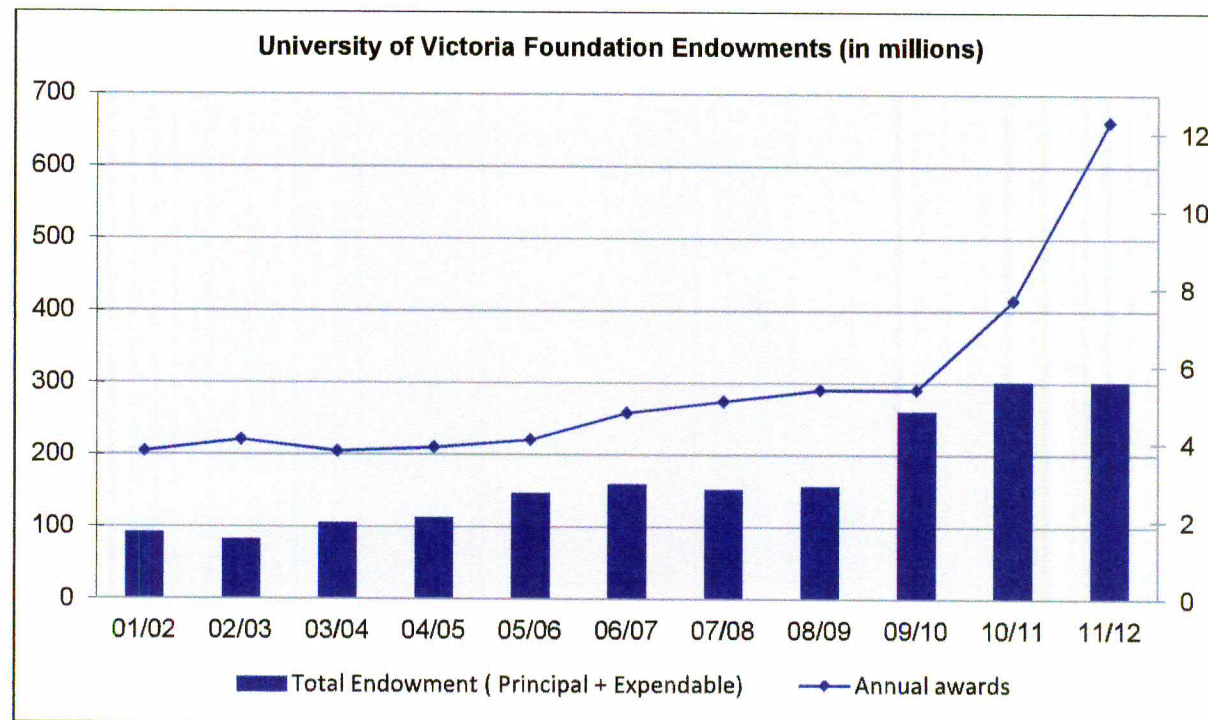
Specific Purposes Fund

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

Endowment Funds

Most endowment funds benefiting the University and its students are held by the University of Victoria Foundation. The Foundation's investments experienced a third straight year of positive returns with investment income of \$9.1 million representing a 3.1% return for the year ended March 31. With the receipt of \$8.7 million of endowment contributions less disbursements of \$14.3 million, the total market value of the UVic Foundation endowment fund increased from \$298.1 million to \$301.6 million, comprised of \$293.4 million of principal and \$8.2million 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 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 \$8.3 million was added to principal.

In Summary

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

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

Gayle Gorrill
Vice-President Finance and Operations

Murray Griffith
Executive Director, Financial Services



UNIVERSITY OF VICTORIA
P.O. Box 1700, VICTORIA, B. C., CANADA V8W 2Y2
TELEPHONE (250) 721-7018, FAX (250) 721-6677

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University is responsible for the preparation of financial statements and has prepared them in accordance with Canadian generally accepted accounting principles prescribed for not-for-profit organizations by the Canadian Institute of Chartered Accountants. The consolidated financial statements present fairly the financial position of the University as at March 31, 2012, and the results of its operations and cash flows and the changes in its net assets for the year then ended.

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

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

The consolidated financial statements have been examined by KPMG LLP, Chartered Accountants, the external auditors appointed by the University's Board of Governors. The Auditors' report outlines the scope of their examination and expresses their opinion on the fair presentation of the consolidated financial statements of the University for the year ended March 31, 2012.

Dr. David H. Turpin
President and Vice-Chancellor

Ms. Gayle Gorrill
Vice-President, Finance & Operations



KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Fax (250) 480-3539
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

*To the Board of Governors of the University of Victoria and
To the Minister of Advanced Education, Province of British Columbia*

We have audited the accompanying consolidated financial statements of the University of Victoria, which comprise the consolidated statement of financial position as at March 31, 2012, the consolidated statements of changes in net assets, revenue and expense and changes in unrestricted net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Victoria as at March 31, 2012, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
May 29, 2012
Victoria, Canada

UNIVERSITY OF VICTORIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Statement 1

As at March 31, 2012
(In thousands of dollars)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	98,983	80,116
Accounts receivable	21,461	53,437
Inventories	3,301	3,342
Prepaid expenses	<u>15,062</u>	<u>11,998</u>
	138,807	148,893
Long term receivables (note 4)	4,572	5,346
Equity in and advances to subsidiaries (note 5)	25,661	25,873
Endowment and other investments (note 6)	402,459	391,975
Capital assets (note 7)	<u>650,216</u>	<u>645,973</u>
	<u><u>1,221,715</u></u>	<u><u>1,218,060</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	54,030	49,994
Current portion of long term debt	<u>1,920</u>	<u>1,855</u>
	55,950	51,849
Deferred contributions (note 8)	85,529	109,723
Employee future benefits (note 9)	17,108	16,598
Long term debt (note 10)	47,599	58,640
Unamortized deferred capital contributions (note 11)	<u>400,029</u>	<u>393,424</u>
	<u>606,215</u>	<u>630,234</u>
Net Assets		
Invested in capital assets	217,031	218,836
Endowment (note 14)	281,589	265,046
Internally restricted (note 15)	102,350	90,600
Unrestricted	<u>14,530</u>	<u>13,344</u>
	<u>615,500</u>	<u>587,826</u>
	<u><u>1,221,715</u></u>	<u><u>1,218,060</u></u>
Commitments and contingent liabilities (note 18)		

Approved on behalf of
the Board of Governors

Susan Mehinagic
Chair,
Board of Governors

Gayle Gorrill
Vice-President,
Finance and Operations

UNIVERSITY OF VICTORIA
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Year ended March 31, 2012

(In thousands of dollars)

Statement 2

	Invested in Capital <u>Assets</u>	<u>Endowment</u> (note 14)	Internally <u>Restricted</u> (note 15)	<u>Unrestricted</u> (statement 3)	<u>Total</u> 2012	<u>Total</u> 2011
Balance, beginning of year	218,836	265,046	90,600	13,344	587,826	547,691
Excess (deficiency) of revenue over expense	(18,573)			29,666	11,093	17,046
Changes in investment in capital assets						
Land, collections, works of art and other	38				38	(69)
Other assets acquired with unrestricted net assets	16,174			(16,174)	-	-
Debt acquired less debt retired with unrestricted net assets	556			(556)	-	-
Changes in internally restricted net assets						
Appropriations			37,082	(37,082)	-	-
Released to meet expenses			(25,332)	25,332	-	-
Changes in endowment net assets						
Contributions received		8,209			8,209	18,392
Investment income and donations capitalized		8,334			8,334	4,766
Balance, end of year	<u>217,031</u>	<u>281,589</u>	<u>102,350</u>	<u>14,530</u>	<u>615,500</u>	<u>587,826</u>

See accompanying notes to the consolidated financial statements

UNIVERSITY OF VICTORIA
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE AND CHANGES IN UNRESTRICTED NET ASSETS
For the Year ended March 31, 2012
(In thousands of dollars)

	Total <u>2012</u>	Total <u>2011</u>
REVENUE		
Government grants and contracts - provincial (note 12)	184,007	192,596
- federal	54,287	49,835
- other	16,336	16,698
Student tuition - credit courses	97,933	93,955
- non credit courses and other	18,289	18,913
Donations, non government grants and contracts	12,856	10,544
Sales of services and products	60,786	59,286
Investment income (note 13)	24,924	15,054
Other revenue	6,363	6,270
Amortization of deferred capital contributions	30,340	28,702
	<u>506,121</u>	<u>491,853</u>
EXPENSE		
Salaries - academic	99,156	96,989
- other instruction and research	37,690	36,512
- support staff	116,135	112,082
	<u>252,981</u>	<u>245,583</u>
Employee benefits	44,953	40,531
Travel	12,388	12,652
Supplies and services	66,805	65,839
Equipment rental and maintenance	3,297	4,021
Utilities	8,743	8,134
Scholarships, fellowships and bursaries	32,484	30,918
Cost of goods sold	15,167	15,777
Interest on long term debt	4,150	3,468
Renovations	516	468
Depreciation	48,913	47,416
Loss on repayment of debt (note 10)	4,631	-
	<u>495,028</u>	<u>474,807</u>
Excess of revenue over expense	<u>11,093</u>	<u>17,046</u>
Depreciation on assets acquired with unrestricted net assets	18,573	18,714
Other transfers to invested in capital assets	(16,730)	(37,340)
Transfers (to) from internally restricted funds	(11,750)	172
Changes in unrestricted net assets	1,186	(1,408)
Balance, beginning of year	13,344	14,752
Balance, end of year	<u>14,530</u>	<u>13,344</u>

UNIVERSITY OF VICTORIA
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year ended March 31, 2012
(In thousands of dollars)

Statement 4

	<u>2012</u>	<u>2011</u>
Cash provided by (used in) operating activities		
Excess of revenue over expense	11,093	17,046
Items not affecting cash:		
Depreciation	48,913	47,416
Amortization of deferred capital contributions	(30,340)	(28,702)
Increase in employee future benefits	510	780
Financial instrument fair market value adjustments	5,648	(12,738)
Earnings on equity accounted investments	(527)	(240)
Net changes in non-cash working capital items:		
Decrease (increase) in current assets	28,953	(29,170)
Increase in current liabilities	3,072	2,512
	<u>67,322</u>	<u>(3,096)</u>
Cash provided by (used in) investing activities		
Change in long term receivables and advances to subsidiaries	857	1,000
Increase in endowment and other investments	(23,336)	(12,834)
Capital asset acquisitions and construction	(53,118)	(88,011)
	<u>(75,597)</u>	<u>(99,845)</u>
Cash provided by (used in) financing activities		
Long term debt and sinking fund payments	(2,152)	(5,335)
Net (decrease) increase in deferred contributions	(24,194)	15,133
Capital contributions received	36,945	56,008
Increase in endowment net assets	16,543	23,158
	<u>27,142</u>	<u>88,964</u>
Increase (decrease) in cash and cash equivalents	18,867	(13,977)
Cash and cash equivalents, beginning of year	<u>80,116</u>	<u>94,093</u>
Cash and cash equivalents, end of year	<u>98,983</u>	<u>80,116</u>
Supplemental cash flow information		
Cash paid for interest	<u>3,326</u>	<u>3,524</u>

See accompanying notes to the consolidated financial statements

UNIVERSITY OF VICTORIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 1 AUTHORITY AND PURPOSE

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) General

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for as recommended by the Canadian Institute of Chartered Accountants (CICA). The University has adopted the deferral method of accounting for contributions.

(b) Consolidated Operations

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

- UVic Industry Partnerships (formerly University of Victoria Innovation and Development Corporation) which facilitates research partnerships between the private sector and the University.
- University of Victoria Properties Investments Inc. which manages the University's real estate holdings including the Vancouver Island Technology Park Trust.
- Ocean Networks Canada Society which manages the University's VENUS and NEPTUNE ocean observatories.
- Pacific Climate Impacts Consortium which stimulates collaboration to produce climate information for education, policy and decision making.

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

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

- University of Victoria Foundation, the Foundation for the University of Victoria, and the U.S. Foundation for the University of Victoria which encourage financial support of the University and administer the University's endowment funds.

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

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

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

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

- Tri-Universities Meson Facility (TRIUMF) which operates a research facility for sub-atomic physics located at the University of British Columbia. 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.

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

(c) Deferral Method and Fund Accounting

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

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

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

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

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

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

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

(d) Revenue Recognition

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

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

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

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

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

(e) Cash and Cash Equivalents

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

(f) Inventories

Inventories of supplies and merchandise are recorded at the lower of cost, determined on a weighted-average costs basis, and net realizable value.

(g) Endowment and Other Investments

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

(h) Capital Assets

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

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

(i) Asset Retirement Obligations

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

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

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

which are recorded in the financial statements at their fair value at the time of donation. The University acknowledges the substantial and significant services provided by its many volunteers. The value of these services is not determinable and is not recorded in the financial statements.

(k) Pension and Other Employee Future Benefits

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

(l) Long term debt

Long term debt is recorded on the amortized cost basis.

(m) Use of Estimates

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

(n) Financial Instruments

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

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

(o) Future Accounting Framework

Effective April 1, 2012, the University will transition to a new accounting framework which will include Public Sector Accounting Standards supplemented by directives from the Government of British Columbia's Treasury Board. The transition to the new framework will be applied on a retroactive basis. The University is reviewing the impact of these standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Cash	45,177	32,741
Short term investments	<u>53,806</u>	<u>47,375</u>
	<u>98,983</u>	<u>80,116</u>

Short term investments are invested in a money market fund with an average term to maturity of 55 days (2011 – 58 days).

NOTE 4 LONG TERM RECEIVABLES

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
BCNET		
Interest at 4.5%, semi-annual principal and interest payments of \$63,000, due April 2019, unsecured	745	834
Various faculty and senior administrators		
Home relocation loans receivable interest free for 5 years, with an option for further renewal unless employment ceases, generally secured by second mortgages	<u>4,538</u>	<u>5,003</u>
	5,283	5,837
Less current portion	<u>711</u>	<u>491</u>
	<u><u>4,572</u></u>	<u><u>5,346</u></u>

NOTE 5 EQUITY IN AND ADVANCES TO SUBSIDIARIES

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Heritage Realty Properties Ltd.		
Promissory note receivable, interest at Royal Bank Prime +5.0% payable annually, with principal repayment due May 31, 2021, secured by an unregistered equitable mortgage	9,608	9,258
Vancouver Island Technology Park Trust		
Loans Receivable		
interest at 5.13%, monthly principal and interest payments of \$95,000, due April 2030, unsecured	13,381	13,820
interest at 6.13%, monthly principal and interest payments of \$25,000, due April 2030, unsecured	<u>3,232</u>	<u>3,327</u>
	26,221	26,405
Less current portion	<u>560</u>	<u>532</u>
	<u><u>25,661</u></u>	<u><u>25,873</u></u>

NOTE 6 ENDOWMENT AND OTHER INVESTMENTS

	2012		2011	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
	(in thousands of dollars)			
Cash in portfolios	1,904	1,904	3,248	3,248
Government bonds 1-5 years	516	533	450	450
Government bonds > 5 years	26,369	27,959	26,831	27,202
Various pooled funds	143,079	144,773	121,081	121,375
Canadian equities	87,508	104,489	89,490	116,364
US equities	20,645	25,287	42,256	45,015
Non-North American equities	76,838	81,392	50,806	53,294
Term investments	6,094	6,094	5,550	5,550
Sinking funds	2,455	2,980	11,279	12,961
Other	6,036	7,048	5,415	6,516
	<u>371,444</u>	<u>402,459</u>	<u>356,406</u>	<u>391,975</u>

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

NOTE 7 CAPITAL ASSETS

	2012			2011
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	(in thousands of dollars)			
Land	21,745		21,745	21,745
Site improvements	31,755	14,356	17,399	16,434
Buildings	610,974	155,394	455,580	445,389
Equipment and furnishings	207,939	98,330	109,609	112,859
Information systems	18,441	8,948	9,493	11,799
Computer equipment	18,740	12,502	6,238	6,880
Ships/vessels	1,113		1,113	909
Library holdings	41,893	22,679	19,214	20,171
Collection, not depreciated	9,825		9,825	9,787
	<u>962,425</u>	<u>312,209</u>	<u>650,216</u>	<u>645,973</u>

Cost includes \$20,601,000 (2011 - \$2,729,000) primarily in buildings for construction in progress not amortized.

NOTE 8 DEFERRED CONTRIBUTIONS

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

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Balance, beginning of year	109,723	94,590
Contributions received	92,456	131,732
Deduct transfers to:		
Revenue	(102,249)	(91,112)
Unamortized deferred capital contributions	(1,384)	(36,012)
(Decrease) increase in endowment stabilization accounts in the year	<u>(13,017)</u>	<u>10,525</u>
Balance, end of year	<u><u>85,529</u></u>	<u><u>109,723</u></u>
The deferred contribution balance consists of the following:		
Specific Purposes	29,329	43,720
Sponsored Research	52,642	61,701
Capital	<u>3,558</u>	<u>4,302</u>
	<u><u>85,529</u></u>	<u><u>109,723</u></u>

NOTE 9 EMPLOYEE FUTURE BENEFITS

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

- (a) The pension fund for full-time continuing faculty and administrative and academic professional staff is referred to as the Combination Plan. This plan's benefits are derived primarily from defined contributions. If a retiring member selects an internal annuity with the defined contribution account, the annuity may be supplemented from a defined benefit provision to bring total benefits up to a defined benefit minimum. Most members do not qualify for a supplement because the defined contribution benefits usually exceed the minimum defined benefit. Since 1991, only fifty-four members have received a defined benefit supplement. At December 31, 2011, forty-seven members were receiving supplements that totalled \$16,500 of a total pension payroll of \$1.3 million per month. As a result, this plan has been accounted for as a defined contribution plan. The latest actuarial valuation as at December 31, 2009 showed that the accrued formula pension benefit liabilities of the Combination Plan were fully funded although the actuary has recommended that contributions be increased to maintain financial sustainability of the plan. The next valuation will be as at December 31, 2012. A pure defined contribution plan is available for part-time faculty and administrative and academic professional staff who meet certain eligibility criteria. The University has made contributions to these two plans during the year of \$17,542,000 (2011 - \$13,609,000) and recorded them as a pension expense.

The University provides supplemental pensions in excess of those provided under registered plans. They are fully funded out of the general assets of the University. The accrued liabilities of these arrangements total \$4,285,000 as at March 31, 2012 (2011 - \$4,294,000). The University paid supplemental pension benefits of \$90,000 in the year (2011 - \$57,000) and recorded employee benefit expense of \$123,000 (2011 - \$115,000). The supplemental pension obligations are complementary to the Combination Plan and as a result are similarly accounted for as defined contribution arrangements.

- (b) The pension plan for employees other than faculty and professional staff is a defined benefit pension plan. This plan provides pension benefits based on years of service. The cost of these benefits is determined using the projected benefit method prorated on employment service and is expensed as the services are rendered. The latest triennial actuarial valuation completed as at December 31, 2010 reported a going concern surplus and a solvency deficiency (ie. if the plan were to be wound up on that date) of \$33,000,000. The B.C. Pension Benefits Standards Act requires minimum annual contributions or the use of letters of credit to fund a solvency deficiency. The University has chosen to arrange letters of credit in the amount of \$6,975,000 to satisfy the current year's requirement and in years 2013 through 2016 a further \$6,900,000 per year will be required to satisfy the contribution requirement.

The following disclosure reflects on a prospective basis the updated valuations and liability estimates by management to December 31, 2011:

	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Accrued pension benefit obligations:		
Benefit obligation, beginning of year	168,890	157,801
Net actuarial gain	(12,420)	-
Current service cost	4,947	5,683
Interest cost	9,534	9,367
Employee contributions	2,146	2,135
Benefit payments	<u>(7,161)</u>	<u>(6,096)</u>
Benefit obligation, end of year	<u>165,936</u>	<u>168,890</u>
Plan Assets		
Fair value of plan assets, beginning of year	158,076	143,682
Actual return on plan assets	3,862	12,460
Contributions by the University	5,903	5,895
Contributions by employees	2,146	2,135
Benefit payments	<u>(7,161)</u>	<u>(6,096)</u>
Fair value of plan assets, end of year	<u>162,826</u>	<u>158,076</u>
Plan deficit, end of year	(3,110)	(10,814)
Unamortized net actuarial loss	5,947	12,719
Unamortized past service costs	<u>(1,321)</u>	<u>(1,585)</u>
Accrued benefit asset, end of year	<u>1,516</u>	<u>320</u>

Significant assumptions adopted and used by the actuary in 2011 in prospectively measuring the pension benefit obligation are an expected long-term rate of return on plan assets of 6.00% (2011 – 5.80%), a discount rate of 6.00% (2011 – 5.80%), and salary increases of 3.25% (2011 – 3.50%) which factors include a cost of living increase assumption of 2.25% (2011 – 2.50%).

The net pension expense for the above staff pension plan for the year ended December 31, 2011 was \$4,706,000 (2011 - \$5,025,000). The Supplementary Retirement Benefit Account is a separate fund available to provide pensioners over the age of 65 with supplemental indexing against inflation beyond that provided by the basic plan above. It is accounted for as a defined contribution plan, with University contributions during the year of \$115,000 (2011 - \$114,000).

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

An insured long-term disability plan funded entirely by the University was commenced for other staff on July 1, 2000. The University contribution for the year ending March 31, 2012 was \$1,110,000 (2011 - \$1,189,000).

Summary of employee future benefit obligations:

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Long-term disability plan	12,728	11,128
Basic group life insurance plan	1,414	1,370
Staff pension plan	(1,516)	(320)
Supplemental pension obligations	<u>4,482</u>	<u>4,420</u>
	<u>17,108</u>	<u>16,598</u>

NOTE 10 LONG TERM DEBT

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
<u>Related to Student Residences</u>		
Province of British Columbia		
7.875% bond due 2023, unsecured		9,749
Royal Bank of Canada		
Term loan with floating interest rate fixed at 5.38%, to 2014, through an interest rate swap due November 2024, unsecured	11,196	11,798
<u>Related to Technology Enterprise Facility</u>		
British Columbia Immigrant Investment Fund		
4.75% term loan due February 2017, unsecured	4,142	4,328
<u>Related to Science, Social Science & Math and Support Service Buildings</u>		
Province of British Columbia		
4.82% bond due 2027, unsecured with annual sinking fund payments of \$327,000	10,800	10,800
4.74% bond due 2038, unsecured with annual sinking fund payments of \$302,000	10,000	10,000
<u>Related to Off-campus Business Enterprises - Vancouver Island Technology Park</u>		
Great West Life Assurance Company		
5.13% term loan due April 2030, unsecured	<u>13,381</u>	<u>13,820</u>
Total debt (fair value 2012 - \$58,117,000; 2011 - \$68,499,000)	49,519	60,495
Less current portion of long term debt	<u>1,920</u>	<u>1,855</u>
Total long term debt	<u>47,599</u>	<u>58,640</u>

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

The University has two interest rate swap agreements associated with the Royal Bank of Canada and BC Immigration Investment Fund (BCIIF) debts. The BCIIF swap was negotiated to fix the effective interest rate at 5.138%, for an additional 10 years, commencing in 2017. The fair value of the liabilities for these instruments as at March 31, 2012 are \$2,055,000 (2011 – \$1,304,000) and \$245,000 (2011 – \$32,000).

During the year the University repaid the Province of British Columbia bond related to student residences with an amortized cost of \$9,749,000 with the corresponding sinking fund with a fair value at the time of repayment of \$14,379,843.

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

<u>March 31</u>	<u>Annual Payments</u> (in thousands of dollars)
2013	1,920
2014	1,993
2015	2,067
2016	2,145
2017	2,228
	<u>10,353</u>

NOTE 11 UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS

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

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Balance, beginning of year	393,424	366,118
Contributions received	35,561	19,996
Transfers from deferred contributions	1,384	36,012
	<u>430,369</u>	<u>422,126</u>
Transferred to revenue	<u>(30,340)</u>	<u>(28,702)</u>
Balance, end of year	<u>400,029</u>	<u>393,424</u>
The unamortized deferred capital contribution balance consists of the following:		
Ancillary Enterprises	10,725	11,271
Specific Purposes	1,944	1,785
Sponsored Research	101,754	89,549
Capital	<u>285,606</u>	<u>290,819</u>
	<u>400,029</u>	<u>393,424</u>

NOTE 12 GOVERNMENT GRANTS AND CONTRACTS

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

	Year ended March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Province of British Columbia -		
General Operating	176,803	177,681
Ancillary Enterprises	1,602	1,657
Specific Purposes	807	2,233
Sponsored Research	19,180	14,894
Capital Funding	983	13,334
Recorded as deferred contributions (net)	<u>(15,368)</u>	<u>(17,203)</u>
	<u>184,007</u>	<u>192,596</u>
Government of Canada -		
General Operating	6,267	6,083
Specific Purposes	812	883
Sponsored Research	57,239	60,722
Capital Funding		17,206
Recorded as deferred contributions (net)	<u>(10,031)</u>	<u>(36,659)</u>
	<u>54,287</u>	<u>48,235</u>
Other Governments -		
General Operating	5,494	5,967
Specific Purposes	47	26
Sponsored Research	9,625	11,825
Transfers from (to) deferred contributions (net)	<u>1,170</u>	<u>(1,120)</u>
	<u>16,336</u>	<u>16,698</u>
	<u>254,630</u>	<u>257,529</u>

Included in accounts receivable are amounts due from the Province of British Columbia of \$930,000 (2011 - \$1,353,000).

NOTE 13 INVESTMENT INCOME

	Year ended March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
Interest and dividend income	15,999	14,827
Net realized gains	7,038	6,201
Net unrealized gains (losses)	(4,481)	12,148
Other	527	240
Transfer from (to) deferred contributions	<u>5,841</u>	<u>(18,362)</u>
	<u>24,924</u>	<u>15,054</u>

NOTE 14 ENDOWMENT NET ASSETS

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

The balance shown does not include endowment principal with fair value of \$5,705,000 (2011 - \$5,794,000) and book value of \$4,820,000 (2011- \$4,820,000) held by the Vancouver Foundation. The excluded principal is not owned or controlled by the University, but income from it is paid to the University to be used for specific purposes.

NOTE 15 INTERNALLY RESTRICTED NET ASSETS

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

	March 31	
	<u>2012</u>	<u>2011</u>
	(in thousands of dollars)	
General Operating Fund		
Equipment replacement and capital improvements	40,477	39,098
Budgetary savings available for non-recurring expenditures (i.e. carryovers)	80,023	75,929
Less vacation pay, long-term disability and pension expense liabilities	<u>(9,083)</u>	<u>(10,102)</u>
	111,417	104,925
Ancillary Enterprises Fund		
Equipment replacement and capital improvements	15,136	15,508
Less vacation pay, long-term disability and pension expense liabilities	<u>(1,117)</u>	<u>(1,240)</u>
	14,019	14,268
Capital Fund		
Capital assets funded by temporary advances from appropriations	<u>(23,086)</u>	<u>(28,593)</u>
	<u>102,350</u>	<u>90,600</u>

NOTE 16 DONATION PLEDGES AND GIFTS IN KIND

The total donations which have been pledged but not received as at March 31, 2012 are \$28,487,000 (2011 - \$25,422,000). These pledges are not recorded in the financial statements (note 2 (j)).

During the year ended March 31, 2012, the University recorded donated gifts-in-kind with an estimated value at the date of receipt totalling \$902,000 (2011 - \$10,598,000). Gifts in kind include securities, equipment, books, manuscripts, and artwork.

NOTE 17 JOINT VENTURES AND RELATED PARTIES THAT ARE NOT CONSOLIDATED

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

(a) The University is one of eleven university members of a consortium which manages the Tri-Universities Meson Facility (TRIUMF). The

facility is funded by federal government grants and the University makes no direct financial contribution.

(b) The University is one of five members of the Western Canadian Universities Marine Sciences Society (WCUMSS). The University provided a grant to the Society in 2012 of \$228,000 (2011 - \$238,000) which is recorded as an expense in the General Operating Fund.

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

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

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

Year Ended March 31 (in thousands of dollars)								
	TRIUMF 9.09%		WCUMSS 20%		Heritage Realty 100%		VITP Trust 100%	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets	2,485	2,207	1,238	1,309	16,173	13,765	20,769	21,193
Liabilities	2,078	1,911	449	462	16,393	14,289	19,034	19,628
Equity (Deficit)	<u>407</u>	<u>296</u>	<u>789</u>	<u>847</u>	<u>(220)</u>	<u>(524)</u>	<u>1,735</u>	<u>1,565</u>
Revenue	620	710	574	673	7,253	7,072	5,091	4,919
Expenses	441	461	632	655	7,215	6,939	4,190	4,246
	179	249	(58)	18	38	133	901	673
Interfund Transfers, Distributions & Other	(68)	(36)			266	(45)	(731)	(752)
Net Income (Loss)	<u>111</u>	<u>213</u>	<u>(58)</u>	<u>18</u>	<u>304</u>	<u>88</u>	<u>170</u>	<u>(79)</u>

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

NOTE 18 COMMITMENTS AND CONTINGENT LIABILITIES

There were \$2,126,000 of commitments in regard to construction contracts at March 31, 2012 (2011 - \$2,684,000).

The University's commitments for various operating leases for the next five years are as follows: 2013 - \$ 541,000; 2014 - \$439,000; 2015 - \$381,000; 2016 - \$201,000; 2017 - \$48,000.

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

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

NOTE 19 CAPITAL DISCLOSURES

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

NOTE 20 FUNDS HELD IN TRUST

Funds held in trust are funds held on behalf of autonomous organizations, agencies, and student societies having close connections with the University. These funds are not reported on the University's consolidated statement of financial position (2012 - \$1,722,000; 2011 - \$1,593,000).

NOTE 21 COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform to the presentation adopted for the current year. In addition, during the year it was identified that unrestricted federal grants expended on capital assets were capitalized as unamortized deferred capital contributions. The comparative information was corrected for these immaterial amounts to decrease unamortized deferred capital contributions by \$5,950,000 and to increase net assets invested in capital assets by \$5,950,000.

UNIVERSITY OF VICTORIA
CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSE AND CHANGES IN UNRESTRICTED NET ASSETS BY FUND

For the Year ended March 31, 2012

(In thousands of dollars)

	<u>General Operating</u>	<u>Ancillary Enterprises</u>	<u>Specific Purposes</u>	<u>Sponsored Research</u>	<u>Capital</u>	<u>Total 2012</u>	<u>Total 2011</u>
REVENUE							
Government grants and contracts - provincial (note 12)	176,803	1,602	843	4,279	480	184,007	192,596
- federal	6,267		853	47,167		54,287	49,835
- other	5,494		49	10,793		16,336	16,698
Student tuition - credit courses	97,933					97,933	93,955
- non credit courses and other	16,427		1,862			18,289	18,913
Donations, non government grants and contracts	1,750	18	5,585	5,503		12,856	10,544
Sales of services and products	7,848	46,446	2,635	3,484	373	60,786	59,286
Investment income (note 13)	5,061	1,994	15,907	53	1,909	24,924	15,054
Other revenue	2,884	1,370	935	475	699	6,363	6,270
Amortization of deferred capital contributions	-	546	369	20,241	9,184	30,340	28,702
	<u>320,467</u>	<u>51,976</u>	<u>29,038</u>	<u>91,995</u>	<u>12,645</u>	<u>506,121</u>	<u>491,853</u>
EXPENSE							
Salaries - academic	91,304		1,866	5,986		99,156	96,989
- other instruction and research	14,868		1,902	20,920		37,690	36,512
- support staff	96,216	13,822	1,042	5,055		116,135	112,082
	<u>202,388</u>	<u>13,822</u>	<u>4,810</u>	<u>31,961</u>	<u>-</u>	<u>252,981</u>	<u>245,583</u>
Employee benefits	37,257	2,868	1,155	3,673		44,953	40,531
Travel	5,394	83	1,461	5,450		12,388	12,652
Supplies and services	33,284	4,090	8,869	19,726	836	66,805	65,839
Equipment rental and maintenance	3,111	150	36			3,297	4,021
Utilities	6,356	2,304	4	79		8,743	8,134
Scholarships, fellowships and bursaries	13,931		5,489	13,064		32,484	30,918
Cost of goods sold		15,167				15,167	15,777
Interest on long term debt	1,314	1,924			912	4,150	3,468
Renovations	294	103	6	113		516	468
Internal cost allocations	(6,716)	4,125	599	3,311	(1,319)	-	-
Depreciation	9,722	3,094	539	20,285	15,273	48,913	47,416
Loss on repayment of debt (note 10)					4,631	4,631	-
	<u>306,335</u>	<u>47,730</u>	<u>22,968</u>	<u>97,662</u>	<u>20,333</u>	<u>495,028</u>	<u>474,807</u>
Excess (deficiency) of revenue over expense	14,132	4,246	6,070	(5,667)	(7,688)	11,093	17,046
Depreciation on assets acquired with unrestricted net assets	9,722	2,548	170	44	6,089	18,573	18,714
Other transfers to invested in capital assets	(7,110)	(4,409)	(107)	(1)	(5,103)	(16,730)	(37,340)
Transfers from (to) internally restricted funds	(6,492)	249			(5,507)	(11,750)	172
Interfund transfers	(10,368)	(843)	(5,519)	5,665	11,065	-	-
Changes in unrestricted net assets	(116)	1,791	614	41	(1,144)	1,186	(1,408)
Balance, beginning of year	(3,315)	(4,852)	3,316	402	17,793	13,344	14,752
Balance, end of year	<u>(3,431)</u>	<u>(3,061)</u>	<u>3,930</u>	<u>443</u>	<u>16,649</u>	<u>14,530</u>	<u>13,344</u>

UNIVERSITY OF VICTORIA
Reconciliation Between Unaudited Fund Accounting Schedules and the Audited Deferral Method Financial Statements
For the Year ended March 31, 2012
(In thousands of dollars)

	General Operating Fund			Total Funds		
	Fund Accounting Schedule 3	Adjustments	Audited Statement 3	Fund Accounting Schedule 3	Adjustments	Audited Statement 3
REVENUE AND OTHER ADDITIONS						
Government grants and contracts - provincial	176,803		176,803	199,375	(15,368) a&b	184,007
- federal	6,267	b	6,267	64,318	(10,031) a&b	54,287
- other	5,494		5,494	15,166	1,170 a&b	16,336
Student fees - credit courses	97,920	13 h	97,933	97,920	13 h	97,933
- non credit courses and other	16,427		16,427	18,289		18,289
Donations, non government grants and contracts	1,750		1,750	15,101	(2,245) a&b	12,856
Sales of services and products	7,848		7,848	60,909	(123) a	60,786
Investment income (loss)	5,061		5,061	19,083	5,841 a	24,924
Other revenue	2,884		2,884	6,365	(2) a	6,363
Amortization of deferred capital contributions	-	b	-	-	30,340 b	30,340
	<u>320,454</u>	<u>13</u>	<u>320,467</u>	<u>496,526</u>	<u>9,595</u>	<u>506,121</u>
EXPENDITURE AND OTHER DEDUCTIONS						
Salaries - academic	91,304		91,304	99,156		99,156
- other instruction and research	14,868		14,868	37,897	(207) d	37,690
- support staff	96,216		96,216	116,493	(358) d	116,135
	<u>202,388</u>		<u>202,388</u>	<u>253,546</u>	<u>(565)</u>	<u>252,981</u>
Employee benefits	38,276	(1,019) c	37,257	46,165	(1,212) c	44,953
Travel	5,394		5,394	12,395	(7) d	12,388
Library acquisitions	7,353	(7,353) d	-	7,916	(7,916) d	-
Supplies and expenses	27,951	5,333 d	33,284	69,736	(2,931) d&k	66,805
Equipment additions and replacements	5,186	(5,186) d	-	21,378	(21,378) d	-
Equipment rental and maintenance	3,111		3,111	5,712	(2,415) d	3,297
Utilities	6,356		6,356	8,800	(57) d	8,743
Scholarships, fellowships and bursaries	13,931		13,931	32,484		32,484
Cost of goods sold	-		-	15,167		15,167
Debt service/interest	1,185	129 f	1,314	3,613	537 f	4,150
Construction and renovation contracts	400	(400) d	-	22,960	(22,960) d	-
Internal cost allocations	(6,716)		(6,716)	-		-
Renovations	-	294 d	294	-	516 d	516
Depreciation	-	9,722 d	9,722	-	48,913 d	48,913
Loss on repayment of debt	-		-	-	4,631 k	4,631
	<u>304,815</u>	<u>1,520</u>	<u>306,335</u>	<u>499,872</u>	<u>(9,475)</u>	<u>495,028</u>
Excess (deficiency) of revenue over expense	15,639	(1,507)	14,132	(3,346)	19,070	11,093
TRANSFERS AND APPROPRIATIONS						
Depreciation on assets acquired with unrestricted net assets	-	9,722 e	9,722	-	18,573 e	18,573
Other transfers to investment in capital assets	-	(7,110) e	(7,110)	-	(16,730) e	(16,730)
Appropriations/Internally restricted funds, net	(5,473)	(1,019) g	(6,492)	(10,608)	(1,142) g	(11,750)
Interfund transfers	(10,166)	(202) j	(10,368)	(8,323)	8,323 i&j	-
	<u>-</u>	<u>(116)</u>	<u>(116)</u>	<u>(22,277)</u>	<u>28,094</u>	<u>1,186</u>
NET INCREASE (DECREASE) DURING YEAR	<u>-</u>	<u>(3,315)</u>	<u>(3,315)</u>	<u>117,406</u>	<u>(104,062)</u>	<u>13,344</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>-</u>	<u>(3,431)</u>	<u>(3,431)</u>	<u>95,129</u>	<u>(75,968)</u>	<u>14,530</u>
FUND BALANCES AT END OF YEAR	<u>-</u>	<u>(3,431)</u>	<u>(3,431)</u>	<u>95,129</u>	<u>(75,968)</u>	<u>14,530</u>

(see next page for explanation of adjustments)

University of Victoria
Reconciliation Between Unaudited Fund Accounting Schedules and the Audited Deferral Method Financial Statements
For the Year ended March 31, 2012

Explanation of Adjustments

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

(Prepared without audit)

UNIVERSITY OF VICTORIA
BALANCE SHEET

As at March 31, 2012 (in thousands of dollars)

	2012	2011
ASSETS		
Cash and temporary investments	98,983	80,116
Accounts receivable	52,432	85,265
Prepaid expenses	15,062	11,998
Inventories	3,301	3,342
Long-term investments	99,702	89,869
Endowment investments (2012 cost \$275,077; 2011 cost \$269,569)	302,757	302,106
PLANT ASSETS		
Land and site improvements	53,500	51,661
Buildings	611,265	588,319
Equipment and furnishings	268,788	260,662
Library holdings	116,475	113,405
	<u>1,622,265</u>	<u>1,586,743</u>
LIABILITIES		
Accounts payable and accrued liabilities	34,018	31,269
Deferred revenue	6,990	6,539
Long-term debt	49,519	60,495
Employee future benefits	13,965	12,432
FUND BALANCES		
Expendable funds		
Appropriated (Schedule 2)		
General Operating	120,500	115,027
Ancillary Enterprises	15,136	15,508
Capital Fund	(23,086)	(28,593)
Unappropriated (Schedule 3)		
General Operating	-	-
Ancillary Enterprises	6,043	4,440
Specific Purposes	20,874	35,009
Sponsored Research	53,373	62,381
Capital	14,839	15,576
Non-expendable funds (Schedule 4)		
Student Loan	73	73
Endowment Principal	293,388	276,491
EQUITY IN PLANT ASSETS (Schedule 5)	<u>1,016,633</u>	<u>980,096</u>
	<u>1,622,265</u>	<u>1,586,743</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN APPROPRIATED EXPENDABLE FUNDS
Year ended March 31, 2012 (in thousands of dollars)

FUND ACCOUNTING - SCHEDULE 2
(Prepared without audit)

	Balance at beginning of year	Released to meet expenditures	Additions during year	Balance at end of year
GENERAL OPERATING FUND				
Equipment replacement and capital improvements				
Athletics & Recreation	135		103	238
Canada Foundation for Innovation (CFI) Reserve	799		20	819
Chapel	144		4	148
Coin-operated photocopiers	57		2	59
Computing - general	1,916	226	471	2,161
Computing User Services micro lab	520	199	128	449
Departmental equipment	5,499	370	355	5,484
Furniture and carpets	163		4	167
Graphics Centre	138	81	46	103
Instructional Tech services	324		46	370
Locker/towel services	99	20	2	81
Mechanical equipment	1,569		39	1,608
Motor vehicles	832	591	6	247
NETS services	2,695	246	482	2,931
Photocopy services	1,357		34	1,391
Physical Education, Athletics & Recreation Facility (PEARF)	709	50	253	912
Printing and duplicating services	2,332	106	58	2,284
Rental properties	2,847	256	70	2,661
Stadium	31		1	32
UVIC On Line	116		21	137
Vehicle Fleet	-		606	606
Capital Projects	13,223	7,860	8,534	13,897
Continuing Studies building	100			100
Non-recurring expenditures financed from budgetary savings	75,929	10,002	14,096	80,023
Library prepaid expenses	2,211	2,211	2,310	2,310
Uninsured property losses	1,282			1,282
	<u>115,027</u>	<u>22,218</u>	<u>27,691</u>	<u>120,500</u>
ANCILLARY ENTERPRISES FUND				
Equipment replacement and capital improvements				
Bookstore	4,764	2,480	540	2,824
Food services	2,379	374	350	2,355
Student residences	320		635	955
Parking services	7,666	709	1,515	8,472
Heritage Realty Properties	379		151	530
	<u>15,508</u>	<u>3,563</u>	<u>3,191</u>	<u>15,136</u>
CAPITAL FUND				
Plant Assets funded to/from Appropriations				
Business & Economics Building	(6,248)	77		(6,325)
Others	(22,345)	616	6,200	(16,761)
	<u>(28,593)</u>	<u>693</u>	<u>6,200</u>	<u>(23,086)</u>
TOTAL APPROPRIATED EXPENDABLE FUNDS	<u>101,942</u>	<u>26,474</u>	<u>37,082</u>	<u>112,550</u>
2011 COMPARATIVE	<u>104,650</u>	<u>39,538</u>	<u>36,830</u>	<u>101,942</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN UNAPPROPRIATED EXPENDABLE FUNDS
Year ended March 31, 2012 (in thousands of dollars)

FUND ACCOUNTING - SCHEDULE 3

(Prepared without audit)

	General Operating	Ancillary Operations	Specific Purpose	Sponsored Research	Capital	Total 2012	Total 2011
REVENUE AND OTHER ADDITIONS							
Government grants and contracts-provincial	176,803	1,602	807	19,180	983	199,375	209,799
-federal	6,267		812	57,239		64,318	84,894
-other	5,494		47	9,625		15,166	17,818
Student fees-credit courses	97,920					97,920	93,955
- non credit courses	9,857		1,831			11,688	12,655
- other	6,570		31			6,601	6,258
Gifts, grants and bequests	1,750	18	5,776	6,730	827	15,101	13,966
Sales of services and products	7,848	46,446	2,635	3,484	496	60,909	59,412
Investment income	5,061	1,520	10,040		1,935	18,556	33,176
Equity in earnings of long term investments		474		53		527	240
Other revenue	2,884	1,370	935	475	701	6,365	6,271
	<u>320,454</u>	<u>51,430</u>	<u>22,914</u>	<u>96,786</u>	<u>4,942</u>	<u>496,526</u>	<u>538,444</u>
EXPENDITURE AND OTHER DEDUCTIONS							
Salaries - academic	91,304		1,866	5,986		99,156	96,989
- other instruction and research	14,868		1,902	21,127		37,897	36,580
- support staff	96,216	13,822	1,042	5,390	23	116,493	112,813
Total salaries	<u>202,388</u>	<u>13,822</u>	<u>4,810</u>	<u>32,503</u>	<u>23</u>	<u>253,546</u>	<u>246,382</u>
Employee benefits	38,276	2,991	1,160	3,736	2	46,165	41,172
Travel	5,394	83	1,461	5,450	7	12,395	12,653
Library acquisitions	7,353		563			7,916	8,047
Supplies and expenses	27,951	4,052	8,703	21,420	7,610	69,736	73,370
Equipment additions and replacements	5,186	289	275	15,317	311	21,378	17,855
Equipment rental and maintenance	3,111	150	36	2,409	6	5,712	4,509
Utilities	6,356	2,304	4	79	57	8,800	8,189
Scholarships, fellowships and bursaries	13,931		5,489	13,064		32,484	30,918
Cost of goods sold		15,167				15,167	15,657
Debt service	1,185	1,775			653	3,613	8,798
Construction and renovation contracts	400	825	6	12,525	9,204	22,960	43,339
Property Acquisitions						-	10,664
Internal cost allocations	(6,716)	4,125	599	3,311	(1,319)	-	-
	<u>304,815</u>	<u>45,583</u>	<u>23,106</u>	<u>109,814</u>	<u>16,554</u>	<u>499,872</u>	<u>521,553</u>
TRANSFERS AND APPROPRIATIONS							
Inter-fund transfers	(10,166)	(4,616)	(13,943)	4,020	16,382	(8,323)	(5,256)
Appropriations released to meet expenditures	22,218	3,563			693	26,474	39,538
New appropriations	(27,691)	(3,191)			(6,200)	(37,082)	(36,830)
	<u>(15,639)</u>	<u>(4,244)</u>	<u>(13,943)</u>	<u>4,020</u>	<u>10,875</u>	<u>(18,931)</u>	<u>(2,548)</u>
NET INCREASE (DECREASE) DURING YEAR	-	1,603	(14,135)	(9,008)	(737)	(22,277)	14,343
FUND BALANCES AT BEGINNING OF YEAR	-	4,440	35,009	62,381	15,576	117,406	103,063
FUND BALANCES AT END OF YEAR	-	6,043	20,874	53,373	14,839	95,129	117,406

(Prepared without audit)

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

Year ended March 31, 2012 (in thousands of dollars)

	Student Loan	Endowment Principal	Total 2012	Total 2011
ADDITIONS				
Gifts, grants and bequests		8,573	8,573	18,956
Unrealized loss on investments		1	1	(19)
	-	8,574	8,574	18,937
DEDUCTIONS				
Bad Loans			-	-
TRANSFER FROM SPECIFIC PURPOSE FUND				
		8,323	8,323	5,256
NET INCREASE DURING YEAR	-	16,897	16,897	24,193
FUND BALANCES AT BEGINNING OF YEAR	73	276,491	276,564	252,371
FUND BALANCES AT END OF YEAR	73	293,388	293,461	276,564

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN EQUITY IN PLANT ASSETS
 Year ended March 31, 2012 (in thousands of dollars)

	2012	2011
ADDITIONS		
Additions to plant assets	53,156	88,309
Repayment of capital borrowing from:		
Ancillary enterprise operations	602	629
Capital fund	(46)	4,708
	<u>53,712</u>	<u>93,646</u>
DEDUCTIONS		
Borrowing for capital purposes		
Cost of properties sold		
Equipment, furnishings and library holdings written off	17,175	16,310
	<u>17,175</u>	<u>16,310</u>
NET INCREASE DURING YEAR	36,537	77,336
FUND BALANCES AT BEGINNING OF YEAR	980,096	902,760
EQUITY AT END OF YEAR	<u><u>1,016,633</u></u>	<u><u>980,096</u></u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN GENERAL OPERATING FUND
Year ended March 31, 2012 (in thousands of dollars)

	2012	2011
REVENUE		
Government grants and contracts -provincial	176,803	177,681
-federal	6,267	6,083
-other	5,494	5,967
Student fees-credit courses	97,920	93,955
-non credit courses	9,857	11,150
-other	6,570	6,242
Gifts, grants and bequests	1,750	1,102
Sales of services & products	7,848	7,855
Investment income	5,061	3,794
Other revenue	2,884	2,695
	<u>320,454</u>	<u>316,524</u>
EXPENDITURE		
Salaries - academic	91,304	89,564
- other instruction and research	14,868	15,360
- support staff	96,216	93,053
Total salaries	202,388	197,977
Employee benefits	38,276	34,333
Travel	5,394	5,713
Library acquisitions	7,353	7,654
Supplies and expenses	27,951	30,371
Equipment additions and replacements	5,186	5,705
Equipment rental and maintenance	3,111	2,979
Utilities	6,356	5,942
Scholarships, fellowships and bursaries	13,931	13,854
Debt service	1,185	1,204
Construction and renovation contracts	400	602
Internal cost allocations	(6,716)	(6,867)
	<u>304,815</u>	<u>299,467</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	(10,166)	(12,226)
Appropriations released to meet expenditures	22,218	23,827
New appropriations	(27,691)	(28,658)
	<u>(15,639)</u>	<u>(17,057)</u>
NET INCREASE (DECREASE) DURING YEAR	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-
FUND BALANCE AT END OF YEAR	-	-

FUND ACCOUNTING - SCHEDULE B

(Prepared without audit)

UNIVERSITY OF VICTORIA

CHANGES IN ANCILLARY ENTERPRISES FUND

Year ended March 31, 2012 (in thousands of dollars)

	Off-Campus Business Enterprises									Total 2012	Total 2011
	(1) Bookstore & Shop	Food Services	Student Residences	Parking Services	Child Care	UVic Broad Street Properties	UVic Properties	Heritage Realty Properties	Van. Island Technology Park Trust		
REVENUE											
Sales of services and products	13,565	14,218	12,372	3,947	858	904	582			46,446	46,697
Government grants - provincial	166	580	50	32	774					1,602	1,657
Gifts, grants and bequests					18					18	76
Investment income	113	59	8	190		1,106			44	1,520	957
Equity in earnings of long term investments								304	170	474	9
Other revenue	470	117	21	12	15	4			731	1,370	1,001
	<u>14,314</u>	<u>14,974</u>	<u>12,451</u>	<u>4,181</u>	<u>1,665</u>	<u>2,014</u>	<u>582</u>	<u>304</u>	<u>945</u>	<u>51,430</u>	<u>50,397</u>
EXPENDITURE											
Salaries-support staff	2,301	5,320	3,246	1,173	1,255		527			13,822	13,669
Employee benefits	485	1,241	572	286	297		110			2,991	2,795
Travel	21	18	33	5	6					83	56
Supplies and expenses	367	891	1,367	1,026	64	324	13			4,052	3,971
Equipment additions and replacements	18	189	51	28	2	1				289	589
Equipment rental and maintenance	12	52	44	40	2					150	210
Utilities	114	591	1,492	26	33	48				2,304	2,155
Cost of goods sold	9,693	5,474	-							15,167	15,657
Debt service			1,775							1,775	2,166
Renovation contracts	20	413	389	3						825	816
Internal cost allocations	797	416	2,826	79	7					4,125	4,109
	<u>13,828</u>	<u>14,605</u>	<u>11,795</u>	<u>2,666</u>	<u>1,666</u>	<u>373</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>45,583</u>	<u>46,193</u>
TRANSFERS AND APPROPRIATIONS											
Inter-fund transfers	(2,420)	(393)	(18)	(709)		(560)	68		(584)	(4,616)	(10,048)
Appropriations released to meet expenditures	2,479	375		709						3,563	9,909
New appropriations	(540)	(350)	(635)	(1,515)		(151)				(3,191)	(3,024)
	<u>(481)</u>	<u>(368)</u>	<u>(653)</u>	<u>(1,515)</u>	<u>-</u>	<u>(711)</u>	<u>68</u>	<u>-</u>	<u>(584)</u>	<u>(4,244)</u>	<u>(3,163)</u>
NET INCREASE (DECREASE) DURING YEAR	5	1	3	-	(1)	930	-	304	361	1,603	1,041
FUND BALANCE AT BEGINNING OF YEAR	192	157	191	152	(68)	1,162	(9)	(524)	3,187	4,440	3,399
FUND BALANCE AT END OF YEAR	<u>197</u>	<u>158</u>	<u>194</u>	<u>152</u>	<u>(69)</u>	<u>2,092</u>	<u>(9)</u>	<u>(220)</u>	<u>3,548</u>	<u>6,043</u>	<u>4,440</u>

(1) Revenues are for external sales to faculty, staff and students and do not include \$1,296,000 (2011-\$1,261,000) of internal sales through the Computer Store to University Departments. Of the internal cost recovery net of expenses, \$144,000 (2011 - \$119,000) represents the margin on those sales.

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPECIFIC PURPOSES FUND
 Year ended March 31, 2012 (in thousands of dollars)

	2012	2011
REVENUE		
Government grants and contracts -provincial	807	2,233
-federal	812	883
-other	47	26
Student fees - non credit courses	1,831	1,505
- other	31	16
Gifts, grants and bequests	5,776	4,765
Sales of services and products	2,635	2,519
Investment income	10,040	27,924
Other revenue	935	1,427
	22,914	41,298
EXPENDITURE		
Salaries - academic	1,866	1,693
- other instruction and research	1,902	1,878
- support staff	1,042	882
Total salaries	4,810	4,453
Employee benefits	1,160	737
Travel	1,461	1,344
Library acquisitions	563	393
Supplies and expenses	8,703	7,585
Equipment additions and replacement	275	163
Equipment rental and maintenance	36	37
Utilities	4	1
Scholarships, fellowships and bursaries	5,489	5,119
Construction and renovation contracts	6	40
Internal cost allocations	599	604
	23,106	20,476
INTER-FUND TRANSFERS	(13,943)	(5,990)
NET (DECREASE) INCREASE DURING YEAR	(14,135)	14,832
FUND BALANCE AT BEGINNING OF YEAR	35,009	20,177
FUND BALANCE AT END OF YEAR	20,874	35,009

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPONSORED RESEARCH FUND
Year ended March 31, 2012 (in thousands of dollars)

	2012	2011
REVENUE		
Government grants and contracts -provincial	19,180	14,894
-federal	57,239	60,722
-other	9,625	11,825
Gifts, grants and bequests	6,730	7,160
Sales of services and products	3,484	1,912
Investment income	-	47
Equity in earnings of long term investments	53	231
Other revenue	475	426
	<u>96,786</u>	<u>97,217</u>
EXPENDITURE		
Salaries - academic	5,986	5,732
- other instruction and research	21,127	19,342
- support staff	5,390	4,849
Total salaries	<u>32,503</u>	<u>29,923</u>
Employee benefits	3,736	3,269
Travel	5,450	5,539
Supplies and expenses	21,420	23,802
Equipment additions and replacements	15,317	11,175
Equipment rental and maintenance	2,409	1,271
Utilities	79	36
Scholarships, fellowships and bursaries	13,064	11,945
Construction and renovation contracts	12,525	188
Internal cost allocations	3,311	3,097
	<u>109,814</u>	<u>90,245</u>
INTER-FUND TRANSFERS	4,020	(65)
NET (DECREASE) INCREASE DURING YEAR	(9,008)	6,907
FUND BALANCE AT BEGINNING OF YEAR	62,381	55,474
FUND BALANCE AT END OF YEAR	<u>53,373</u>	<u>62,381</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN CAPITAL FUND
Year ended March 31, 2012 (in thousands of dollars)

	2012	2011
REVENUE		
Government grants and contracts-provincial	983	13,334
Government grants and contracts-federal	-	17,206
Gifts, grants and bequests	827	863
Sales of services and products	496	429
Investment income	1,935	454
Other revenue	701	722
	<u>4,942</u>	<u>33,008</u>
EXPENDITURE		
Salaries-support staff	23	360
Employee benefits	2	38
Travel	7	1
Supplies and expenses	7,610	7,641
Equipment additions and replacements	311	223
Equipment rental and maintenance	6	12
Utilities	57	55
Debt service	653	5,428
Construction and renovation contracts	9,204	41,693
Property Acquisitions	-	10,664
Internal cost allocations	(1,319)	(943)
	<u>16,554</u>	<u>65,172</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	16,382	23,073
Appropriations released to meet expenditures	693	5,802
New appropriations	(6,200)	(5,148)
NET DECREASE DURING YEAR	(737)	(8,437)
FUND BALANCE AT BEGINNING OF YEAR	15,576	24,013
FUND BALANCE AT END OF YEAR	14,839	15,576

(Prepared without audit)

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES - BY FUNCTION

Year ended March 31, 2012 (in thousands of dollars)

	Academic Salary	Other Salary	Support Salary	Total Salary	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2012	Total 2011
Academic (Schedule G)	91,304	14,868	38,355	144,527	27,429	22,666	3,573	(1,901)	196,294	192,346
Library (H)			7,843	7,843	1,485	7,977	82	88	17,475	17,663
Student awards and services (H)			8,670	8,670	1,642	15,990	454	472	27,228	26,631
Plant maintenance (H)			13,870	13,870	2,517	12,571	384	(2,455)	26,887	26,819
Administrative and general (I)			27,478	27,478	5,203	6,477	693	(2,286)	37,565	36,654
Overhead recoveries				-				(634)	(634)	(524)
	91,304	14,868	96,216	202,388	38,276	65,681	5,186	(6,716)	304,815	299,589

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES - ACADEMIC & OTHER
Year ended March 31, 2012 (in thousands of dollars)

	Academic Salary	Other Salary	Support Salary	Total Salary	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2012	Total 2011
BUSINESS	4,718	240	2,062	7,020		1,331	117	215	8,683	8,423
EDUCATION	8,361	460	1,631	10,452		428	289	313	11,482	11,549
ENGINEERING	9,053	1,175	2,715	12,943	3	1,146	420	31	14,543	13,686
FINE ARTS	7,259	1,044	968	9,271		407	90	93	9,861	9,883
HUMAN & SOCIAL DEVELOPMENT	11,791	200	3,286	15,277	1	1,219	82	20	16,599	16,261
HUMANITIES	16,631	576	1,392	18,599		558	85	58	19,300	18,938
LAW	3,662	42	825	4,529		381	19	110	5,039	4,933
SCIENCES	13,051	4,534	2,742	20,327	11	2,109	467	(491)	22,423	22,395
SOCIAL SCIENCES	14,586	1,804	1,729	18,119	3	729	201	137	19,189	18,824
MEDICAL SCIENCES	831	170	1,516	2,517	6	3,353	285	166	6,327	6,169
COOPERATIVE EDUCATION		19	3,542	3,561		368	55	140	4,124	4,253
SUMMER STUDIES				-		2		1	3	5
GRADUATE STUDIES	146	16	410	572		160	1	13	746	790
CONTINUING STUDIES	473	3,299	4,675	8,447	(19)	4,457	102	337	13,324	13,676
OTHER ACADEMIC	742	1,289	10,862	12,893	27,424	6,018	1,360	(3,044)	44,651	42,561
	91,304	14,868	38,355	144,527	27,429	22,666	3,573	(1,901)	196,294	192,346

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
Year ended March 31, 2012 (in thousands of dollars)

	Salaries	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2012	Total 2011
LIBRARY							
Acquisitions			6,385		1	6,386	6,631
Operations	7,843	1,485	1,592	82	87	11,089	11,032
	<u>7,843</u>	<u>1,485</u>	<u>7,977</u>	<u>82</u>	<u>88</u>	<u>17,475</u>	<u>17,663</u>
STUDENT AWARDS & SERVICES							
Student Awards	1,330		12,940		7	14,277	14,261
Student Services	7,340	1,642	3,050	454	465	12,951	12,370
	<u>8,670</u>	<u>1,642</u>	<u>15,990</u>	<u>454</u>	<u>472</u>	<u>27,228</u>	<u>26,631</u>
PLANT MAINTENANCE							
Utilities			5,626		32	5,658	5,647
Maintenance	13,870	2,517	6,945	384	(2,487)	21,229	21,172
	<u>13,870</u>	<u>2,517</u>	<u>12,571</u>	<u>384</u>	<u>(2,455)</u>	<u>26,887</u>	<u>26,819</u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES-ADMINISTRATIVE & GENERAL

Year ended March 31, 2012 (in thousands of dollars)

	Salaries	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2012	Total 2011
Executive Offices	4,025		427	47	152	4,651	4,414
Alumni and Development	2,618		293	5	108	3,024	3,028
Administrative Registrar	5,488		995	267	384	7,134	6,986
Budget and Capital Planning	1,020		145	5	10	1,180	1,140
Financial Services	3,737		109	19	49	3,914	3,835
Human Resources	2,794		527	10	(141)	3,190	3,359
CIO & Enterprise Applications	3,408		129	36	(92)	3,481	3,547
Other	4,388	5,203	3,852	304	(2,756)	10,991	10,345
	<u>27,478</u>	<u>5,203</u>	<u>6,477</u>	<u>693</u>	<u>(2,286)</u>	<u>37,565</u>	<u>36,654</u>

UNIVERSITY OF VICTORIA
SPECIFIC PURPOSES FUND EXPENDITURES - BY FUNCTION

Year ended March 31, 2012 (in thousands of dollars)

	Academic Salary	Other Salary	Support Salary	Total Salary	Employee Benefit	Supply & Other	Equipment Addition	Internal Allocation	Total 2012	Total 2011
Academic programs	1,484	1,378	527	3,389	407	5,553	137	166	9,652	8,963
Lansdowne endowment	378	6		384		74	9	6	473	605
Maltwood		44	49	93	13	52	55	28	241	124
External Relations		4		4		383	1	49	437	322
Continuing Studies				-		1			1	1
Library		28		28	2	480	5		515	423
Student awards and employment programs	4	2		6	1	6,729		490	7,226	6,236
Student services		3	131	134	12	231	13	5	395	526
Plant maintenance				-		7	28	(6)	29	(8)
General		437	335	772	725	2,752	27	(139)	4,137	3,284
	1,866	1,902	1,042	4,810	1,160	16,262	275	599	23,106	20,476