

**FINANCIAL REPORT  
TO THE  
BOARD OF GOVERNORS**

**2008-2009**

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GENERAL OPERATING FUND - INCOME, EXPENSES AND ACCUMULATED DEFICIT  
 CARLETON UNIVERSITY ANCILLARY OPERATIONS

SCHEDULE 1  
 SCHEDULE 2

## CARLETON UNIVERSITY

### NOTES ON FINANCIAL STATEMENTS 2008 – 2009

#### SUMMARY REPORT

#### Consolidated Statement of Operations - Operating Fund

Operating revenues exceeded expenses by \$1.9 million in 2008-2009. This compares to a budgeted surplus of \$1.0 million, and is \$0.4 million less than the previous year. A breakdown and comparison follows:

|                                | <i>2008-2009<br/>Actual<br/>\$M</i> | <i>2008-2009<br/>Budget<br/>\$ M</i> | <i>2007-2008<br/>Actual<br/>\$ M</i> |
|--------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| Deficit reduction for the year | 1.9                                 | 1.0                                  | 2.3                                  |

The 2008-2009 approved Budget projected a reduction in the accumulated deficit of \$1.0 million, which the actual result exceeded by \$0.9 million. A summary of the individual budgetary improvements and shortfall is set out below. It excludes items where specific income was offset by related expenditure (section 2.1 of the Notes).

#### **Deficit Reduction: \$0.9 million above budget**

#### **Income: \$2.6 million above budget**

As outlined in section 2.2.3, the income items over budget were: Grant income \$2.4 million, Interest income \$0.4 million, and Miscellaneous income \$1.8 million. Income items below budget: Tuition income \$1.0 million.

#### **Expenses and Appropriations: \$1.7 million above budget**

|   |                         |
|---|-------------------------|
| Allocations less than contingency funds - | \$(6.2) million savings |
| New appropriations -                      | \$9.6 million cost      |
| Unspent and unappropriated allocations -  | \$(1.7) million savings |

#### **Accumulated Deficit: \$0.9 lower than original estimate**

The accumulated operating deficit (excluding provisions for vacation pay and post retirement benefits) at April 30, 2009 was therefore \$7.9 million, \$0.9 million less than projected.

#### **Ancillary Operations: \$5.7 million surplus**

The ancillary operations finished the year with a net surplus of \$5.7 million. The net surplus consists of a \$4.0 million increase in reserves accumulated by some operations, and \$1.7 million decrease in accumulated deficits for other operations. Those ancillary services with accumulated deficits totalled \$1.3 million at April 30, 2009, down from \$3.6 million just eight years ago. The results of the individual services varied considerably. Each service is reviewed in section 2.3 of the Notes.

**Statement of Financial Position (balance sheet)**

The most notable change in the balance sheet this year is the impact market conditions have had on our investments, which have decreased in fair value \$51.2 million from the prior year. The endowment fund holds the majority of our investments which accounted for \$51.1 million of the decrease. During the year, the value of the fund was increased by \$8.4 million in gifts and \$0.9 million in realized capital gains and investment revenue in excess of funds distributed for spending but incurred \$60.7 million in unrealized losses. As of July 31, 2009, the endowment fund had increased \$10.0 million in fair value. A more complete analysis of the endowment fund is included in section 3.2.7.

The other notable change from the previous year's balance sheet is the \$21.6 million increase in capital assets which are analyzed in note 7 of the audited financial statements. The majority of the increase is due to projects such as the Steacie Building renovations which were funded by the large capital grants received and deferred in the prior year.



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Vice-President (Finance and Administration)



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J.T. Sullivan  
Director of Finance

September 2009

**CARLETON UNIVERSITY****NOTES ON FINANCIAL STATEMENTS 2008-2009**

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**1. INTRODUCTION****1.1 2008-2009 Operating Results**

The operating result for the year shows a reduction in the accumulated deficit of \$1,947,000. This compares to an original projection of \$1,000,000 and a decrease of \$340,000 from the previous year.

The variation in the operating results is the result of increased grant, miscellaneous and short term interest income of \$3,621,000, plus a shortfall of \$1,027,000 in tuition income.

On the expenditure side, favourable budget variances in university budgets and contingencies increased the contribution towards the accumulated deficit by \$7,953,000 while new appropriations decreased the contribution by \$9,600,000.

The net result of \$2,594,000 in positive income adjustments, and \$1,647,000 in negative expenditure adjustments was therefore a \$1,947,000 reduction in the accumulated deficit, as opposed to the original projection of \$1,000,000.

**1.2 Accumulated Deficit**

The accumulated operating deficit (excluding provisions for vacation pay and post-retirement benefits) at April 30, 2009 was \$7,910,000. This compares to \$9,857,000 as at April 30, 2008 and the 2008-2009 opening budget projection of \$8,857,000.

**2. CONSOLIDATED STATEMENT OF OPERATIONS**

The Consolidated Financial Statements, which are presented at the beginning of this Report, record income and expenses in accordance with Generally Accepted Accounting Principles as defined by the Canadian Institute of Chartered Accountants. Beginning with the 1997-1998 fiscal year, these statements combined all the activities of the University (previously segregated into "funds") into one statement. As the general operating activities of the University require specific strategic financial analysis, operating income and expenses are highlighted and restated in Schedule 1 immediately following these notes. This restatement facilitates a comparison to the 2008-2009 operating budget as approved by the Board of Governors in Spring 2008.

In the sections 2.1, 2.2 and Schedule 1 which follow, the operating income and expenses are analyzed and compared to the budget. The income and expenses of the Ancillary, Plant, and Research operations are reviewed in sections 2.3 to 2.4, and a reconciliation of these results to the audited financial statements is provided in section 2.5.

## 2.1 Operating Income

Operating income totalled \$287,368,000 in 2008-2009. This compares to an original budget of \$279,985,000 and a total for the previous year of \$280,627,000. Total operating income was therefore \$7,383,000 (2.6%) above budget, and \$6,741,000 (2.4%) above the previous year.

|                                      | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>Variance<br/>\$000</i> |
|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------|
| Revenues                             | 287,368                               | 279,985                               | 7,383                     |
| Items offset by Expenditures (2.2.1) | 4,789                                 | -                                     | 4,789                     |
| Net Revenues                         | <u>282,579</u>                        | <u>279,985</u>                        | <u>2,594</u>              |

Each category of income is reviewed in the following sections and a summary is provided in Schedule 1.

### 2.1.1 Government Operating Grants

The \$145,788,000 included in Schedule 1 is \$6,860,000 (4.9%) above the original estimate, and \$1,787,000 (1.2%) more than the previous year. A comparison to the estimate in the original budget is set out below:

|   | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>Increase<br/>(Decrease)<br/>\$000</i> |
|---|---------------------------------------|---------------------------------------|--|
| <u>Items Affecting the Operating Result</u> |                                       |                                       |  |
| Basic Operating Grant                       | 125,969                               | 124,693                               | 1,276                                    |
| Research Overheads                          | 5,128                                 | 4,966                                 | 162                                      |
| Access to Higher Quality Education Fund     | 7,710                                 | 6,008                                 | 1,702                                    |
| Performance Funding                         | 623                                   | 605                                   | 18                                       |
| Accessibility Fund                          | 1,318                                 | 2,051                                 | (733)                                    |
| Other Government Grants                     | 40                                    | -                                     | 40                                       |
| Subtotal                                    | <u>140,788</u>                        | <u>138,323</u>                        | <u>2,465</u>                             |
| <u>Items offset by expenses</u>             |                                       |                                       |  |
| Access for the Disabled                     | 787                                   | 576                                   | 211                                      |
| Graduate Support via Year end Funds         | 1,000                                 | -                                     | 1,000                                    |
| Student Aid Funds                           | 3,184                                 | -                                     | 3,184                                    |
| Other Government Grants                     | 29                                    | 29                                    | -  |
| Subtotal                                    | <u>5,000</u>                          | <u>605</u>                            | <u>4,395</u>                             |
| Total Government Grants                     | <u>145,788</u>                        | <u>138,928</u>                        | <u>6,860</u>                             |

Omitting special purpose grants, the operating revenue from the Ministry of Training, Colleges and Universities was \$2,465,000 above the original projection. The increase from the original projection relates mainly to \$2,839,000 in one-time yearend grants received from the Ministry, and a \$971,000 catch-up payment for 2007-2008 funding that was received in 2008-2009. The University has earmarked \$1,000,000 of the yearend grants for graduate support in 2009-2010.

### 2.1.2 Tuition Fees – Credit Programs

Tuition income totalled \$125,479,000 in 2008-2009. This represents an increase of \$6,621,000 (5.6%) over the previous year, and is \$967,000 (0.8%) below the original estimate. Details of the 5.6% increase over the previous year are as follows:

|                     | <i>Enrolment (F.T.E.)</i> |                 | <i>Total</i> | <i>Tuition Income<br/>\$000</i> |
|---------------------|---------------------------|-----------------|--------------|---------------------------------|
|                     | <i>Undergraduate</i>      | <i>Graduate</i> |              |                                 |
| 2007-2008           | 18,018                    | 2,871           | 20,889       | 118,858                         |
| 2008-2009           | 17,820                    | 2,923           | 20,743       | 125,479                         |
| Increase (Decrease) | (198)                     | 52              | (146)        | 6,621                           |
| %                   | -1.1%                     | 1.8%            | -0.7%        | 5.6%                            |

Tuition fees vary based on the discipline of study, as well as the immigration status of the student.

All of the \$967,000 tuition revenue shortfall, plus a \$60,000 formula adjustment to the Centre for Initiatives in Education, resulted in a net \$1,027,000 decrease on the operating result of the University. This shortfall is the result of lower than expected numbers from graduate, domestic undergraduate and summer session students (\$2.0 million), which was partially offset by higher than expected numbers in international undergraduate students (\$1.0 million). The decline in numbers can be partially attributed to the Ottawa bus strike this past winter.

### 2.1.3 Miscellaneous Income

Miscellaneous income totalled \$7,817,000 in 2008-2009, which is \$700,000 over the original budget, and \$1,257,000 less than the previous year. Miscellaneous income consists of non-tuition administrative fees and charges to students, various recoveries from parties external to the University, as well as the Ancillary enterprises and certain non-credit operations. Details are as follows:

|  | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>Increase<br/>(Decrease)<br/>\$000</i> |
|--|---------------------------------------|---------------------------------------|--|
| <u>Items affecting the operating result</u>    |                                       |                                       |  |
| Application and admission fees (a)             | 1,566                                 | 1,275                                 | 291                                      |
| Deferred payment and processing fees           | 2,103                                 | 2,022                                 | 81                                       |
| Omnibus fee                                    | 711                                   | 703                                   | 8  |
| Internal overhead charges                      | 1,790                                 | 1,783                                 | 7  |
| Library and other fines                        | 240                                   | 200                                   | 40                                       |
| Facility rentals                               | 763                                   | 7147                                  | 46                                       |
| Career and Placement Services                  | 208                                   | 206                                   | 2  |
| Other miscellaneous (b)                        | 519                                   | 211                                   | 308                                      |
| Subtotal                                       | 7,900                                 | 7,117                                 | 783                                      |
| <u>Items offset by additional expenditures</u> |                                       |                                       |  |
| Commission income returned                     | (94)                                  | -                                     | (94)                                     |
| Other income                                   | 11                                    | -                                     | 11                                       |
| Subtotal                                       | (83)                                  | -                                     | (83)                                     |
| Total Miscellaneous Income                     | 7,817                                 | 7,117                                 | 700                                      |

- a) The \$291,000 positive variation in application fee revenue, as compared to the opening budget, is due to a higher than projected number of applications.



- b) The variance in other miscellaneous income is mostly due to \$142,000 in rebates on prior year over-payments on EHT and a \$46,000 gain on the sale of a small piece of property in the Calabogie area.

#### 2.1.4 Interest Income

Interest income totalled \$4,450,000 in 2008-2009, which was \$370,000 above budget, and \$957,000 below the previous year. The negative variance from the previous year is due to smaller short term investment returns, as interest rates remain low.

#### 2.1.5 Departmental Income

The following items are included in departmental income:

|  | 2008-2009<br><i>Actual</i><br>\$000 | 2008-2009<br><i>Budget</i><br>\$000 | <i>Increase</i><br><i>(Decrease)</i><br>\$000 |
|--|-------------------------------------|-------------------------------------|---|
| <u>Items offset by additional expenditures</u> |                                     |                                     |   |
| Instructional Media Services and CUTV          | 741                                 | 678                                 | 63  |
| Computing                                      | 223                                 | 79                                  | 144   |
| Pension plan administration                    | 220                                 | 209                                 | 11  |
| Centre for Initiatives in Education            | 461                                 | 455                                 | 6   |
| Ombudsperson                                   | 81                                  | 90                                  | (9)   |
| Co-op office                                   | 589                                 | 561                                 | 28  |
| Salary recoveries                              | 224                                 | 199                                 | 25  |
| Science and Technology Centre                  | 140                                 | 160                                 | (20)  |
| Paul Menton Centre                             | 114                                 | 114                                 | -   |
| Alumni and external contributions              | 552                                 | 394                                 | 158   |
| Other  | 471                                 | 460                                 | 11  |
| Subtotal                                       | 3,816                               | 3,399                               | 417   |
| <u>Items affecting the operating result</u>    |                                     |                                     |   |
| Benefit recoveries                             | 18                                  | 15                                  | 3   |
| Total Department Income                        | 3,834                               | 3,414                               | 420   |

Departmental income relates to sales and rentals that are under the jurisdiction of the departmental managers. Generally, any shortfalls in income as compared to budget must be matched by a corresponding decrease in expenditures in the department concerned, while any income in excess of budget is available for additional expenditure. Variations in departmental income should not therefore generally affect the overall operating results of the University.

## 2.2 Operating Expenditures, Transfers, and Appropriations

Operating fund expenditures and transfers totalled \$282,896,000 in 2008-2009. This represents a \$3,911,000 (1.4%) increase from the original expense budget, of \$278,985,000 and a \$19,859,000 (7.5%) decrease from the previous year's total of \$263,037,000. Total appropriations from the operating fund balance at the end of 2008-2009 amounted to \$57,663,000. This represents a net increase of \$2,525,000 in the appropriated fund balance returned from the previous year. The categories of changes are examined on the following pages.

### 2.2.1 Operating Expenditures and Transfers

Expenses and Transfers above the original budget are calculated as follows:

|   | <u>\$000</u>   |
|---|----------------|
| Actual operating expenditures and transfers | 282,896        |
| Opening budget                              | <u>278,985</u> |
| Expenditures in excess of budget            | <u>3,911</u>   |

The items included in the \$3,911,000 increase in expenditures and transfers were:

|                                      | <u>\$000</u> | <u>\$000</u>   |
|--------------------------------------|--------------|----------------|
| a) <u>Salary Increases</u>           |              |                |
| 2008-2009 Cost                       | 8,858        |                |
| Less: Contingency in opening budget  | <u>8,890</u> |                |
| Savings                              |              | (32)           |
| b) <u>Mid-Year Allocations</u>       |              |                |
| Total allocations                    | 1,923        |                |
| Less: Opening contingency            | <u>2,207</u> |                |
| Savings                              |              | (284)          |
| c) <u>Summer Enrolment Incentive</u> |              |                |
| 2008-2009 cost                       | 1,710        |                |
| Less: Opening contingency            | <u>1,830</u> |                |
| Savings                              |              | (120)          |
| d) <u>Sabbatical Leave Savings</u>   |              |                |
| Total 2008-09 savings                | 1,331        |                |
| Less: Planned savings                | <u>1,100</u> |                |
| Shortfall in savings                 |              | (231)          |
| e) <u>Other Contingencies</u>        |              |                |
| 2008-2009 cost                       | 221          |                |
| Less: Opening contingency            | <u>5,790</u> |                |
| Savings                              |              | (5,569)        |
| Total under-spent contingencies      |              | <u>(6,236)</u> |

|   | \$000   | \$000   |
|---|---------|---------|
| <u>(Unspent) overspent balances not appropriated:</u> |         |         |
| f) Provision for bad debt                             | 179     |         |
| g) Utilities  | (1,504) |         |
| h) Professional Fees                                  | (181)   |         |
| i) Transfers  | (101)   |         |
| Other   | (110)   |         |
| Subtotal  |         | (1,717) |
| <u>Expenditures funded by additional income:</u>      |         |         |
| Government grant (section 2.1.1)                      | 4,395   |         |
| Tuition income (section 2.1.2)                        | 60      |         |
| Miscellaneous income (section 2.1.3)                  | (83)    |         |
| Departmental income (section 2.1.5)                   | 417     |         |
|   |         | 4,789   |
| Expenditures funded by returned appropriations        | 55,138  |         |
| Total appropriations in 2008-2009                     | 57,663  |         |
| Net appropriations (section 2.2.2)                    | (2,525) |         |
| Add: New appropriations (section 2.2.2)               | 9,600   |         |
|   |         | 7,075   |
| Total expenditures and transfers in excess of budget  |         | 3,911   |

## Notes:

- a) Salary Increases: The cost of compensation increases in 2008-2009 totalled \$8,859,000 against a contingency of \$8,890,000 in the opening budget. This represents a savings of \$32,000.
- b) Mid-Year Allocations: Allocations from the mid-year contingency fund totalled \$1,923,000 in 2008-2009 as compared to a budget of \$2,207,000. An analysis of the allocations follows:

## Allocations from the Mid-Year Contingency Fund:

|  | \$000   |
|--|---------|
| Graduate enrolment targets and term position | 660     |
| Sustainable Energy Research Centre           | 420     |
| Chair in Women's Studies                     | 165     |
| Equity Office                                | 148     |
| School of Public Policy and Administration   | 110     |
| Senior Administrator Searches                | 148     |
| Diploma in Public Administration             | 158     |
| Other  | 114     |
| Total allocations                            | 1,923   |
| Opening contingency                          | (2,207) |
| Savings                                      | (284)   |

The Mid-Year Contingency Fund is managed by the Financial Planning Group, chaired by the President.

- c) Summer Enrolment Incentive Plan: In order to increase use of the facilities in the summer months, an incentive plan based on enrolment growth exists. In 2008-2009, the summer enrolment was less than projected, resulting in a savings of \$120,000.
- d) Sabbatical Leave Savings: The actual savings related to sabbatical leaves totalled \$1,331,000 as compared to the budget of \$1,100,000. The excess of \$231,000 in planned savings improves the operating results.

- e) Other Contingencies: During the 2008-09 fiscal year, a \$1,000,000 allocation was made as a matching contribution to the Azrieli endowment. This was offset by a \$779,000 return of unspent 2007-08 funds for a net cost of \$221,000. The unused 2008-09 funds were carried forward as part of the new initiatives appropriations.
- f) Provision for Bad Debt: The provision for bad debt relates mainly to student tuition fees. The total allowance for bad debt in 2008-2009 was \$832,000, which was \$179,000 over budget. It is worthy to note that the \$832,000 represents less than one percent of tuition fees.
- g) Utilities: The savings achieved this year are due largely to pricing in the hydro and oil/gas markets. The 2008-09 budget was set conservatively given the volatility in the markets in the previous year.
- h) Professional Fees: The reduction this year relates mostly to legal fee savings. The University has been very effective in handling many issues in-house resulting in fewer issues requiring outside counsel.
- i) Interfund Transfers: The transfer budget exceeded the actual costs by \$101,000. This relates mainly to contract overhead recoveries coming from the Research Fund which exceeded the original budget by \$155,000. As a general rule, the University charges overheads on research contracts and international contribution agreements. The distribution of the indirect costs recovery is generally 55% to the central operation budget and Vice-President (Research and International) and 45% to the faculty performing the contractual work. The distribution of overheads for 2008-2009 and 2007-2008 are as follows:

|   | 2008-2009<br>\$000 | 2007-2008<br>\$000 |
|---|--------------------|--------------------|
| General operating budget and contingency    | 542                | 581                |
| Vice-President (Research and International) | 177                | 204                |
| <u>Faculties</u>                            |                    |                    |
| Faculty of Arts and Social Sciences         | 62                 | 94                 |
| Engineering                                 | 211                | 255                |
| Science                                     | 183                | 238                |
| Public Affairs                              | 156                | 99                 |
| Business                                    | 0                  | 0                  |
| Total                                       | 1,331              | 1,471              |

### 2.2.2 Appropriations:

Appropriations represent commitments that are recognized as charges against the operating results in the current year, although expenditure has not taken place. The commitment can either be to an outside supplier (i.e. an outstanding encumbrance may exist based on a purchase order which has not yet been fulfilled), or an internal commitment to a departmental manager that budgetary balances available in the current year can be used for specific projects in the future. Generally, unspent budgetary balances are carried forward into the next year. This is seen as an effective institutional policy as it allows managers to plan expenditures over a period that extends beyond the fiscal year, and deters any potentially wasteful spending towards the year end that may arise if budgetary funds were no longer available.

The net increase in appropriations for the year is calculated as follows:

|  | <u>\$000</u> |
|--|--------------|
| Appropriated to fund balance 2008-2009 | 57,663       |
| Returned from 2007-2008 fund balance   | 55,138       |
| Increase in appropriated fund balance  | <u>2,525</u> |

Details of the returned and new appropriations are as follows:

|  | <u>Returned</u> | <u>Appropriated</u> | <u>Difference</u> |
|--|-----------------|---------------------|-------------------|
|  | <u>\$000</u>    | <u>\$000</u>        | <u>\$000</u>      |
| <u>RPC</u>                                   |                 |                     |                   |
| Faculties                                    | 11,538          | 11,316              | (222)             |
| Academic Administration and Student Services | 1,215           | 3,726               | 2,511             |
| Library                                      | 980             | 448                 | (532)             |
| President                                    | 533             | 596                 | 63                |
| Research and International                   | 1,129           | 834                 | (295)             |
| Finance and Administration                   | 13,598          | 12,224              | (1,374)           |
| Advancement                                  | 262             | (563)               | (825)             |
| Professional Development Allowances          | 59              | 83                  | 24                |
| Campus Network and Computing Infrastructure  | 4,566           | 2,810               | (1,756)           |
| Campus Master Plan                           | 12              | 12                  | -                 |
| Mandated Student Aid                         | 274             | -                   | (274)             |
| HCI Building                                 | 716             | 1,089               | 373               |
| Self-insurance fund                          | 5               | 38                  | 33                |
| President's Task Force                       | 1,279           | -                   | (1,279)           |
| New Academic Buildings                       | 2,594           | 15,450              | 12,856            |
| New allocations                              | 16,378          | 9,600               | (6,778)           |
| Total  | <u>55,138</u>   | <u>57,663</u>       | <u>2,525</u>      |

In addition, \$32,480,000 in prior year appropriations were not returned during 2008-2009. The \$32,480,000 relates to:

|                                   | <u>\$000</u>  |
|-----------------------------------|---------------|
| Pension liability reserve         | 14,902        |
| New Academic Buildings            | 15,967        |
| Deferred maintenance              | 1,065         |
| Staff benefits equalization       | 475           |
| Self-insurance fund               | 227           |
| Other                             | (156)         |
| Total appropriations not returned | <u>32,480</u> |

New allocations consist of appropriations of unspent funds in addition to those included in the original budget. For 2008-2009 the new allocations consist of:

|                                | <u>\$000</u> |
|--------------------------------|--------------|
| Reserve for academic buildings | 4,600        |
| Renovations and equipment      | 3,000        |
| New initiatives                | 2,000        |
| Net new appropriations         | <u>9,600</u> |

### 2.2.3 Operating Result

As noted in section 1 above, the actual results show a reduction in the accumulated deficit of \$1,947,000, which represents an improvement of \$947,000 from the original \$1,000,000 estimate.

In the notes above, the increases in income and expenses have been reviewed in detail. Many of the items are offsetting, in that additional income was directed to specific areas of additional expense. In the analysis below, these offsetting items are excluded. The items shown are the major ones that resulted in the \$947,000 improvement in the operating results.

|  | Deficit Reduction        |                          |                     |
|--|--------------------------|--------------------------|---------------------|
|  | <i>Increase</i><br>\$000 | <i>Decrease</i><br>\$000 | <i>Net</i><br>\$000 |
| <u>Income Variations</u>                       |                          |                          |                     |
| Government grants (section 2.1.1)              | 2,465                    |                          |                     |
| Tuition fees (section 2.1.2)                   |                          | (1,027)                  |                     |
| Miscellaneous income (section 2.1.3)           | 783                      |                          |                     |
| Interest income (section 2.1.4)                | 370                      |                          |                     |
| Departmental income (section 2.1.5)            | 3                        |                          |                     |
| Total income variations                        | 3,621                    | (1,027)                  | 2,594               |
| <u>Expenditure Variations</u>                  |                          |                          |                     |
| Unspent contingencies (section 2.2.1)          | 6,236                    |                          |                     |
| Unspent allocations (section 2.2.1)            | 1,717                    |                          |                     |
| New appropriations (section 2.2.2)             |                          | (9,600)                  |                     |
| Net effect of expense variations               | 7,953                    | (9,600)                  | (1,647)             |
| Net increase of \$947,000 in deficit reduction | 11,574                   | (10,627)                 | 947                 |

### 2.2.4 Accumulated Deficit

The accumulated operating deficit as at April 30, 2009 amounted to \$7,910,000. This compares to an original estimate of \$8,857,000 and previous year's total of \$9,857,000.

### 2.3 Ancillary Operations - Operating Results and Fund Balances

Schedule 2, at the end of this Report, details the 2008-2009 operations of the ancillaries as compared to the original budget. Overall the ancillary results can be summarized as follows:

|                                | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Income and internal recoveries | 47,356                                | 45,390                                | 42,419                                |
| Expenses and transfers         | 41,631                                | 41,270                                | 44,438                                |
| Surplus (deficit)              | 5,725                                 | 4,120                                 | (2,019)                               |

The fund balances of the ancillaries can be segregated along the line of those operations with accumulated deficits (unappropriated fund balances) and those in an accumulated surplus position (appropriated fund balances). The change in these balances is as follows:

|   | <i>Balance at<br/>April 2009<br/>\$000</i> | <i>Balance at<br/>April 2008<br/>\$000</i> | <i>Variance<br/>\$000</i> |
|---|--|--|---------------------------|
| Ancillaries with an accumulated surplus | 8,877                                      | 4,821                                      | 4,056                     |
| Ancillaries with an accumulated deficit | (1,252)                                    | (2,921)                                    | 1,669                     |
|   | 7,625                                      | 1,900                                      | 5,725                     |

Of the \$5,725,000 surplus recognized in the ancillaries, \$4,056,000 represents an increase to reserves established from previous surpluses, while \$1,669,000 represents a net decrease of previously accumulated deficits. Each operation is reviewed in the following sections. Ancillaries are expected to break even over time after covering both direct and indirect expenses. The contribution to indirect expenses highlighted in the analysis below represents contributions to general University overheads, as well the central office of University Services (for those entities under the jurisdiction of this office).

#### 2.3.1 Recreation and Athletics

The 2008-2009 results and status of the Recreation and Athletics operations can be summarized as follows:

|                                | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                  |                                       |                                       |                                       |
| Athletic fees                  | 3,161                                 | 3,211                                 | 3,104                                 |
| Other income                   | 5,793                                 | 5,180                                 | 5,345                                 |
|                                | 8,954                                 | 8,391                                 | 8,449                                 |
| <u>Expenses and Transfers</u>  |                                       |                                       |                                       |
| Direct expenses                | 7,917                                 | 7,681                                 | 7,647                                 |
| Renovations and alterations    | 550                                   | 548                                   | 557                                   |
| Indirect expense contribution  | -                                     | -                                     | -                                     |
|                                | 8,467                                 | 8,229                                 | 8,204                                 |
| Surplus (deficit)              | 487                                   | 162                                   | 245                                   |
| Opening fund balance (deficit) | (760)                                 | (760)                                 | (1,005)                               |
| Closing fund balance (deficit) | (273)                                 | (598)                                 | (760)                                 |

The Recreation and Athletics operations finished the year with a surplus of \$487,000, decreasing the accumulated deficit to \$273,000. Approximately \$450,000 of the increase in income over 2007-2008, was related to increased memberships. Accounting for the costs to service the increased memberships, as well as other increased expense variations, resulted in an increased deficit repayment of \$325,000 as compared to budget. The Department of Recreation and Athletics will continue to see various changes in 2009-2010 to improve operating results. The department was successful in receiving support by the undergraduate students for an annual CPI increase to the ancillary fee, which is the first step towards long-term financial stability.

### 2.3.2 Bookstore

The 2008-2009 results and status of the Bookstore operations can be summarized as follows:

|                                | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                  |                                       |                                       |                                       |
| Commissions and reimbursements | 1,290                                 | 1,355                                 | 1,248                                 |
| <u>Expenses and Transfers</u>  |                                       |                                       |                                       |
| Direct expenses                | 1,243                                 | 1,193                                 | 1,090                                 |
| Indirect expense contribution  | 153                                   | 153                                   | 153                                   |
|                                | <u>1,396</u>                          | <u>1,346</u>                          | <u>1,243</u>                          |
| Surplus (deficit)              | <u>(106)</u>                          | <u>9</u>                              | <u>5</u>                              |
| Opening fund balance (deficit) | 312                                   | 312                                   | 307                                   |
| Closing fund balance (deficit) | 210                                   | 321                                   | 312                                   |

The Bookstore operations finished the year with a deficit of \$106,000. The store now has an accumulated surplus of \$210,000. In 2008-2009, the Bookstore expensed renovations related to the move to the University Centre in the amount of \$250,000.

### 2.3.3 Health and Counselling Services

The 2008-2009 results and status of the Health and Counselling Services operations can be summarized as follows:

|                                | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                  |                                       |                                       |                                       |
| Health Services fee            | 1,040                                 | 1,070                                 | 1,018                                 |
| Staff use of services          | 80                                    | 80                                    | 80                                    |
| Insurance recoveries / other   | 1,521                                 | 1,497                                 | 1,310                                 |
|                                | <u>2,641</u>                          | <u>2,647</u>                          | <u>2,408</u>                          |
| <u>Expenses and Transfers</u>  |                                       |                                       |                                       |
| Direct expenses                | 2,616                                 | 2,578                                 | 2,532                                 |
| Indirect expense contribution  | 26                                    | 22                                    | 20                                    |
|                                | <u>2,642</u>                          | <u>2,600</u>                          | <u>2,552</u>                          |
| Surplus (deficit)              | <u>(1)</u>                            | <u>47</u>                             | <u>(144)</u>                          |
| Opening fund balance (deficit) | (195)                                 | (195)                                 | (51)                                  |
| Closing fund balance (deficit) | (196)                                 | 148                                   | (195)                                 |



The Health and Counselling Services operations finished the year with a deficit of \$1,000. The service now has an accumulated deficit of \$196,000. Several changes continue to be put into place in 2009-2010 to improve their operating results over the next couple of years. One of the changes already put in place is walk-in services to complement the appointment stream. The walk-in service is volume driven and the clinic recovers 30% of the income generated as a contribution to overhead.

### 2.3.4 Housing and Conference Services

The 2008-2009 results for the Housing and Conference Services operations can be summarized as follows:

|  | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                          |                                       |                                       |                                       |
| Residence fees                         | 12,727                                | 12,648                                | 10,168                                |
| Conference operations                  | 2,538                                 | 2,554                                 | 2,397                                 |
| Commission income                      | 4,201                                 | 3,600                                 | 3,809                                 |
| Other income                           | 1,506                                 | 1,472                                 | 1,439                                 |
|  | 20,972                                | 20,274                                | 17,813                                |
| <u>Expenses and Transfers</u>          |                                       |                                       |                                       |
| Direct expenses                        | 11,589                                | 11,745                                | 12,644                                |
| Capital debt (interest and principal)  | 5,595                                 | 5,755                                 | 4,959                                 |
| Indirect expense contribution          | 104                                   | 92                                    | 98                                    |
| Contribution to Ancillary Capital Fund | 844                                   | 543                                   | 446                                   |
| Contribution towards New Residence     | -                                     | -                                     | 2,375                                 |
|  | 18,132                                | 18,135                                | 20,522                                |
| Surplus (deficit)                      | 2,840                                 | 2,139                                 | (2,709)                               |
| Opening fund balance (deficit)         | 1,454                                 | 1,454                                 | 4,163                                 |
| Closing fund balance (deficit)         | 4,294                                 | 3,593                                 | 1,454                                 |

The Housing and Conference Services operations finished the year with a surplus of \$2,840,000. The service now has an accumulated surplus of \$4,294,000. The capital debt expense relates mainly to the repayment of mortgage costs for the residence buildings. The 2007-2008 deficit is as a result of a one-time contribution towards the new residence building costs.

### 2.3.5 Parking Services

The 2008-2009 results and status of the Parking Services operations can be summarized as follows:

|                                | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                  |                                       |                                       |                                       |
| Parking charges                | 3,343                                 | 2,967                                 | 3,050                                 |
| Other income                   | 376                                   | 340                                   | 318                                   |
|                                | <u>3,719</u>                          | <u>3,307</u>                          | <u>3,368</u>                          |
| <u>Expenses and Transfers</u>  |                                       |                                       |                                       |
| Direct operating               | 2,561                                 | 2,039                                 | 2,200                                 |
| Indirect expense contribution  | 61                                    | 45                                    | 47                                    |
| Contribution to operations     | -                                     | -                                     | -                                     |
|                                | <u>2,622</u>                          | <u>2,084</u>                          | <u>2,247</u>                          |
| Surplus (deficit)              | <u>1,097</u>                          | <u>1,223</u>                          | <u>1,121</u>                          |
| Opening fund balance (deficit) | 2,646                                 | 2,646                                 | 1,525                                 |
| Closing fund balance (deficit) | 3,743                                 | 3,869                                 | 2,646                                 |

The Parking Services operations finished the year with a surplus of \$1,097,000 in 2008-2009 compared to a budgeted surplus of \$1,223,000. Parking Services is presently accumulating surplus funds, with a target of \$10M, for additional growth should further parking structures be required.

### 2.3.6 University Centre

The 2008-2009 results and status of the University Centre operations can be summarized as follows:

|                                | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                  |                                       |                                       |                                       |
| Rents and other recoveries     | 1,231                                 | 1,184                                 | 1,214                                 |
| <u>Expenses and Transfers</u>  |                                       |                                       |                                       |
| Direct operating               | 525                                   | 1,232                                 | 1,861                                 |
| Surplus (deficit)              | <u>706</u>                            | <u>(48)</u>                           | <u>(647)</u>                          |
| Opening fund balance (deficit) | (680)                                 | 26                                    | (33)                                  |
| Closing fund balance (deficit) | 26                                    | (22)                                  | (680)                                 |

The University Centre operation is run on a cost recovery basis over time. Major renovations that had been expensed in 2007-08 were internally financed in 2008-09, offsetting the loss of \$647,000 in the prior year. These expenses were related to renovation costs (\$724,000) for the fourth floor corridor link for elevator access.

### 2.3.7 Graphic Services

The 2008-2009 results and status of the Graphic Services operations can be summarized as follows:

|  | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                          |                                       |                                       |                                       |
| Sales: External                        | 1,603                                 | 1,716                                 | 1,611                                 |
| Internal                               | 2,543                                 | 2,746                                 | 2,585                                 |
| Other                                  | 116                                   | 90                                    | 122                                   |
|  | <u>4,262</u>                          | <u>4,552</u>                          | <u>4,318</u>                          |
| Less: Cost of goods sold               | (1,044)                               | (1,200)                               | (1,110)                               |
| Gross profit                           | 3,218                                 | 3,352                                 | 3,208                                 |
| <u>Expenses and Transfers</u>          |                                       |                                       |                                       |
| Direct operating                       | 3,159                                 | 3,056                                 | 2,773                                 |
| Indirect expense contribution          | 72                                    | 87                                    | 82                                    |
| Contribution to Ancillary Capital Fund | 180                                   | 180                                   | 168                                   |
|  | <u>3,411</u>                          | <u>3,323</u>                          | <u>3,023</u>                          |
| Surplus (deficit)                      | <u>(193)</u>                          | <u>29</u>                             | <u>185</u>                            |
| Opening fund balance (deficit)         | 347                                   | 347                                   | 162                                   |
| Closing fund balance (deficit)         | 154                                   | 376                                   | 347                                   |

The Graphics Services operations finished the year with a deficit of \$193,000. The service now has an accumulated surplus of \$154,000. In 2008-2009, the Graphics Services expensed renovations related to office upgrades in the amount of \$185,000.

### 2.3.8 Ancillary Property Rentals

The 2008-2009 results and status for the Ancillary Property Rental operations can be summarized as follows:

|                                       | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                         |                                       |                                       |                                       |
| Rents                                 | 3,050                                 | 3,102                                 | 3,003                                 |
| Interest and sundry income            | 31                                    | 32                                    | 32                                    |
| Occupancy cost                        | 828                                   | 727                                   | 734                                   |
|                                       | <u>3,909</u>                          | <u>3,861</u>                          | <u>3,769</u>                          |
| <u>Expenses and Transfers</u>         |                                       |                                       |                                       |
| Direct Operating expenses             | 972                                   | 937                                   | 1,167                                 |
| Occupancy Costs                       | 828                                   | 727                                   | 734                                   |
| Capital debt (interest and principal) | 1,606                                 | 1,679                                 | 1,634                                 |
|                                       | <u>3,406</u>                          | <u>3,343</u>                          | <u>3,535</u>                          |
| Surplus (deficit)                     | <u>503</u>                            | <u>518</u>                            | <u>234</u>                            |
| Opening fund balance (deficit)        | (1,286)                               | (1,286)                               | (1,520)                               |
| Closing fund balance (deficit)        | (783)                                 | (768)                                 | (1,286)                               |

The Ancillary Property Rentals include the Carleton Technology and Training Centre (CTTC), the National Wildlife Research Centre (NWRC) and the Pearson Peacekeeping Centre (PPC). The operating results for 2008-2009 show a decrease in the accumulated deficit of \$503,000.

Of the 2008-2009 \$783,000 closing fund deficit, \$927,000 relates to CTTC which is offset by a closing fund surplus of \$144,000 for NWRC. The closing fund deficit of \$793,000 for CTTC is the balance of a \$4,200,000 building de-valuation and required write down that was expensed to their operations in 1996. The closing fund surplus of \$144,000 for NWRC relates to timing differences between rental payments and corresponding costs.

### 2.3.9 Ancillary Capital Fund

The 2008-2009 results and status for the Ancillary Capital Fund operations can be summarized as follows:

|                                | <i>2008-2009<br/>Actual<br/>\$000</i> | <i>2008-2009<br/>Budget<br/>\$000</i> | <i>2007-2008<br/>Actual<br/>\$000</i> |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u>                  |                                       |                                       |                                       |
| Contributions                  | 1,422                                 | 1,019                                 | 942                                   |
| <u>Expenses and Transfers</u>  |                                       |                                       |                                       |
| Direct operating               | 1,030                                 | 978                                   | 1,251                                 |
| Surplus (deficit)              | 392                                   | 41                                    | (309)                                 |
| Opening fund balance (deficit) | 62                                    | 62                                    | 371                                   |
| Closing fund balance (deficit) | 454                                   | 103                                   | 62                                    |

The Ancillary Capital Fund operation has been established to support future capital projects that may be required in the Ancillary operations. The Athletics Master Plan (2001) recommended that three new facilities be constructed to meet the current demand for quality recreational, intramural and competitive programming opportunities. The 4,500 square metre Field House was opened in February 2003, the Alumni Hall and Sports Centre was opened in Fall 2004 and the Ice Arena was opened in Fall 2005. A total of \$5,500,000 in costs for the Alumni Hall and Sports Centre and \$1,500,000 in costs for the Ice Arena will be supported by contributions received from the Ancillary operations to the Ancillary Capital Fund. The direct operating expenses of \$1,030,000 represents \$692,000 in annual Ancillary Capital Fund payments towards these projects, a \$287,000 one-time payment towards the new Athletics Turf, plus a final \$51,000 contribution towards the covered Tennis Court infrastructure.

## 2.4 Other Income and Expenditures

As explained in section 2 above, the 2008-2009 audited financial statements include, in one column, all the activity of the University which used to be segregated into funds. The following sections extract the more significant non-operating activities from the Consolidated Statement of Operations for analysis.

### 2.4.1 Plant Income and Expenses

The Plant income and expenses represent those for non-capital and renovation projects, which are specifically funded from external sources, as well as those non-capital expenditures being funded from operations (e.g. general, ancillary, research) over a period of time. The following summarizes the activity for 2008-2009:

|                                | <i>2008-2009</i><br><i>Actual</i><br><i>\$000</i> | <i>2007-2008</i><br><i>Actual</i><br><i>\$000</i> | <i>Increase</i><br><i>(Decrease)</i><br><i>\$000</i> |
|--------------------------------|---|---|--|
| <u>Income and Transfers</u>    |   |   |  |
| Government grants              | 4,780   | 1,363   | 3,417  |
| Transfers from ancillary       | 610   | 26  | 584  |
| Transfers from research        | 503   | 19,405  | (18,902)   |
| Transfers from operating       | 5,922   | 1,240   | 4,682  |
| Net income                     | 11,815  | 22,034  | (10,219)   |
| <u>Expenses</u>                |   |   |  |
| Additions                      | 11,872  | 21,102  | (9,230)  |
| Surplus (deficit)              | (57)  | 932   | (989)  |
| Opening fund balance (deficit) | 906   | (26)  | 932  |
| Closing fund balance (deficit) | 849   | 906   | (57)   |

The accumulated surplus of \$849,000 represents committed unrestricted funding provided to non-capital projects in advance of the expenditures.

## 2.4.2 Research Funding and Expenditures

The following provides an analysis of Research receipts and disbursements by Funding Agency. In 2008–2009 there was a net decrease of \$2,210,000 in the Research Fund, from \$40,727,000 to \$38,517,000. Research receipts total \$73,150,000. Disbursements and net transfers out total \$75,360,000. Following Generally Accepted Accounting Principles, all restricted receipts in excess of restricted expenditures are deferred for use in future years. Deferred research revenue for 2008–2009 is \$23,605,000. (Key to acronyms is on the next page).

| <u>Funding Source</u>                | <i>Balance<br/>April 30,<br/>2008<br/>\$000</i> | <i>2008-2009<br/>Funding<br/>\$000</i> | <i>2008-2009<br/>Expenditure<br/>\$000</i> | <i>Balance<br/>April 30,<br/>2009<br/>\$000</i> |
|--------------------------------------|---|--|--|---|
| <u>Canadian Government</u>           |   |  |  |   |
| <u>Departments and Agencies</u>      |   |  |  |   |
| CIDA                                 | 192   | 441                                    | 364  | 269   |
| Citizenship                          | 0   | 392                                    | 383  | 9   |
| National Defence                     | 55  | 459                                    | 441  | 73  |
| Energy, Mines and Resources          | 182   | 725                                    | 626  | 281   |
| Environment Canada                   | 72  | 141                                    | 54   | 159   |
| FAIT                                 | 23  | 0                                      | 10   | 13  |
| HRDC                                 | (5)   | 486                                    | 484  | (3)   |
| Indian & Northern Affairs            | 69  | 127                                    | 156  | 40  |
| Industry Canada                      | 25  | 224                                    | 211  | 38  |
| IDRC                                 | 293   | 466                                    | 556  | 203   |
| Health and Welfare                   | 204   | 275                                    | 380  | 99  |
| NRC                                  | 87  | 161                                    | 172  | 76  |
| Canada Customs & Revenue             | 2   | 477                                    | 473  | 6   |
| Canadian Heritage                    | 2   | (6)                                    | (5)  | 1   |
| Other Federal                        | 136   | 606                                    | 506  | 236   |
| <u>Tri-Agency Sponsored</u>          |   |  |  |   |
| <u>Research</u>                      |   |  |  |   |
| CIHR                                 | 437   | 1,132                                  | 896  | 673   |
| NSERC                                | 8,931   | 13,922                                 | 13,843                                     | 9,010   |
| SSHRC                                | 3,460   | 5,469                                  | 5,260                                      | 3,669   |
| Canada Research Chairs               | 525   | 3,128                                  | 3,051                                      | 602   |
| Indirect Cost Program                | 0   | 4,336                                  | 4,336                                      | 0   |
| <u>Other Sponsored Research</u>      |   |  |  |   |
| COE                                  | 330   | 1,196                                  | 1,470                                      | 56  |
| Provincial and Municipal Governments | 428   | 664                                    | 543  | 549   |
| CFI                                  | 3,054   | 11,829                                 | 14,203                                     | 680   |
| Ontario Research Fund                | 468   | 1,603                                  | 2,424                                      | (353)   |
| Ontario ERAP                         | 576   | 132                                    | 626  | 82  |
| OIT                                  | 1,048   | 3,446                                  | 3,229                                      | 1,265   |
| ORDCF                                | 441   | 3,055                                  | 2,983                                      | 513   |
| NOHFC                                | 1   | 1,618                                  | 1,618                                      | 1   |
| Businesses and Foundations           | 5,208   | 3,970                                  | 4,899                                      | 4,279   |
| Foreign Governments                  | 31  | 158                                    | 169  | 20  |
| Research Partnership Agreements      | 751   | 1,988                                  | 1,680                                      | 1,059   |
| <u>Total Sponsored Research</u>      | <u>27,026</u>                                   | <u>62,620</u>                          | <u>66,041</u>                              | <u>23,605</u>                                   |

| <u>Funding Source – continued</u>                   | <i>Balance<br/>April 30,<br/>2008</i> | <i>2008-2009<br/>Funding</i> | <i>2008-2009<br/>Expenditure</i> | <i>Balance<br/>April 30,<br/>2009</i> |
|---|---------------------------------------|------------------------------|----------------------------------|---------------------------------------|
| SNO and TRIUMF<br>Internally Restricted<br>Research | 0                                     | 9,336                        | 9,336                            | 0                                     |
|   | 13,701                                | 1,194                        | (17)                             | 14,912                                |
| <u>Total Restricted Research</u>                    | <u>40,727</u>                         | <u>73,150</u>                | <u>75,360</u>                    | <u>38,517</u>                         |

Notes: Key to acronyms

|        |  |
|--------|--|
| CFI    | Canadian Foundation for Innovation                   |
| CIDA   | Canadian International Development Agency            |
| CIHR   | Canadian Institutes for Health Research              |
| COE    | Federal/Provincial Centres of Excellence             |
| ERAP   | Early Research Award Program (Ontario)               |
| FAIT   | Foreign Affairs and International Trade              |
| HRDC   | Human Resources and Development Canada               |
| IDRC   | International Development Research Centre            |
| NOHFC  | Northern Heritage Research Fund Corporation          |
| NRC    | National Research Council                            |
| NSERC  | Natural Science and Engineering Research Council     |
| OIT    | Ontario Innovation Trust                             |
| ORDCF  | Ontario Research Development Challenge Fund          |
| SNO    | Sudbury Neutrino Observatory Institute               |
| SSHRC  | Social Science and Humanities Research Council       |
| TRIUMF | National Laboratory for Particle and Nuclear Physics |

## 2.5 Reconciliation of Operating Results

The accumulated deficits for the operating, ancillary and plant funds described in the above sections match those shown on the Consolidated Statement of Changes in Net Assets. The operating results discussed above do not, however, coincide with those shown on the Consolidated Statement of Operations. The following explains the differences in presentation:

|  | <u>\$000</u> |
|--|--------------|
| <u>Operating result per Consolidated Statement of Operations</u> | 11,333       |
| Adjustments:   |              |
| a) Capital purchases in excess of amortization                   | (6,372)      |
| b) Increase in operating appropriations (2.2.2)                  | (2,525)      |
| c) Research surplus (internally restricted) increase (2.4.2)     | (1,211)      |
| d) Enterprise surplus (internally restricted) increase           | (439)        |
| e) Scholarship surplus (internally restricted) change            | -            |
| f) Vacation pay increase   | 119          |
| g) Loss on unrestricted endowment                                | 164          |
| h) Employee future benefit expense in excess of cash payment     | 6,546        |
|  | <u>7,615</u> |
| Total  | <u>7,615</u> |
| Represented by:  |              |
| Operating surplus (section 1.1)                                  | 1,947        |
| Ancillary surplus (section 2.3)                                  | 5,725        |
| Plant surplus decrease (section 2.4.1)                           | (57)         |
|  | <u>7,615</u> |
| Total  | <u>7,615</u> |

## Notes:

- a) Capital purchases in excess of amortization: Under the Canadian Institute of Chartered Accountants (CICA) accounting guidelines, fixed asset additions are capitalized and amortized, as are the funds received to pay for the assets. The result of this change is that expenditures incurred during the year for capital assets are removed from the statements of operations and a calculated amount for amortization expenditure is recognized. Any restricted funds received during the year for capital purchases in excess of the amortization expense, are deferred and brought into income as the expense is recognized. The net result of these manipulations will depend on whether the calculated amortization expense is greater than the sum of the current year expenses and the amortization of deferred contributions (i.e. revenue recognized). During 2008-2009 the following entries were made:

|  | <u>\$000</u>    |
|--|-----------------|
| Amortization of capital assets               | 21,186          |
| Less: Amortization of deferred contributions | (9,253)         |
| 2008-2009 capital assets additions           | (42,779)        |
| Increase in financing of capital assets      | <u>24,474</u>   |
|  | <u>(27,558)</u> |
| Difference                                   | <u>(6,372)</u>  |

The \$6,372,000 difference increases the deficit shown on the Consolidated Statement of Operations, but does not affect the accumulated deficits of various activities as it is shown on the Consolidated Statement of Changes in Net Assets. The \$6,372,000 is shown as an increase to the investment in capital assets on this statement.

- b) Increase in appropriations: Under CICA accounting guidelines, appropriations are not accounted for on the face of the Statement of Operations, but are shown as a change in internally restricted net assets on the Consolidated Statement of Changes in Net Assets.
- c) Research surplus: As shown in section 2.4.2 above, internally restricted research balances increased by \$1,211,000 during 2008-2009. As these funds are earmarked for the continuation of the research activity being funded, this \$1,211,000 (\$14,912,000 - \$13,701,000) is shown as an addition to the internally restricted amounts on the Consolidated Statement of Changes in Net Assets.
- d) Enterprise deficit: As shown on the Consolidated Statement of Changes in Net Assets, enterprise balances have increased by \$439,000 (\$2,920,000 - \$2,481,000) during 2008-2009. As these funds are earmarked for the continual development of such entrepreneurial activities such as professional development and language assessment, this increase is shown as a reduction to the internally restricted amounts on the Consolidated Statement of Changes in Net Assets.
- e) Scholarship surplus: As shown on the Consolidated Statement of Changes in Net Assets, internally restricted scholarship balances have remained unchanged during 2008-2009. Although these scholarships do not have donor placed restrictions on them, the funds have been earmarked for student support in future years.
- f) Vacation pay increase: As explained in section 3.2.4, a liability for accrued vacation pay must be recognized in the University's financial statements. The change in the liability during 2008-2009 resulted in a increase of \$119,000, thus decreasing the surplus on the financial statements by this amount.



- g) Loss on unrestricted endowment: The undistributed portion of the loss on the unrestricted endowment is recognized as a loss in the unrestricted fund, thus decreasing the surplus. As this amount does not actually reduce the amount available for spending, it does not affect the operating result as reported on Schedule 1.
- h) Employee future benefits: As explained in section 3.2.5, a liability for future benefits owing to employees must be recognized in the University's financial statements. Actuarial assumptions are used to calculate the accrual-based expense to be recognized in the statement of operations and the related contributions that must be removed. During 2008-2009 the following entries were made:

|  | <u>\$000</u>   |
|--|----------------|
| Employee future benefits                               | 9,868          |
| Less: 2008-2009 contributions removed from expenditure | <u>(3,322)</u> |
| Difference   | <u>6,546</u>   |

### 3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Some items in the Consolidated Statement of Financial Position do not require further analysis or explanation. The notes that follow provide detail, or highlight situations where it is thought necessary or useful.

#### 3.1 Source and Application of University Resources

The source and application of University resources at April 30, 2009 were as follows:

|                                   | <i>2009<br/>Actual<br/>\$000</i> | <i>2008<br/>Actual<br/>\$000</i> | <i>Increase<br/>(Decrease)<br/>\$000</i> |
|-----------------------------------|----------------------------------|----------------------------------|--|
| <u>Sources</u>                    |                                  |                                  |  |
| Short term liabilities:           |                                  |                                  |  |
| Accounts payable                  | 20,022                           | 26,838                           | (6,816)                                  |
| Deferred revenue                  | 51,270                           | 58,198                           | (6,928)                                  |
| Current portion of long term debt | 13,611                           | 1,528                            | 12,083                                   |
| Long term liabilities:            |                                  |                                  |  |
| Accrued vacation pay              | 7,342                            | 7,223                            | 119                                      |
| Employee future benefits          | 92,008                           | 85,462                           | 6,546                                    |
| Long term debt                    | 62,570                           | 61,588                           | 982                                      |
| Net assets:                       |                                  |                                  |  |
| Ancillary and plant funds         | 1,181                            | -                                | 1,181                                    |
| Endowment fund                    | 179,881                          | 231,335                          | (51,454)                                 |
| Internally restricted funds       | 116,856                          | 108,625                          | 8,231                                    |
|                                   | <u>297,918</u>                   | <u>339,960</u>                   | <u>(42,042)</u>                          |
| Total – Sources                   | <u>544,741</u>                   | <u>580,797</u>                   | <u>(36,056)</u>                          |

|  | 2009<br><i>Actual</i><br>\$000 | 2008<br><i>Actual</i><br>\$000 | <i>Increase</i><br><i>(Decrease)</i><br>\$000 |
|--|--------------------------------|--------------------------------|---|
| <u>Applications</u>                        |                                |                                |   |
| Short term assets:                         |                                |                                |   |
| Cash and short-term investments            | 116,971                        | 96,976                         | 19,995  |
| Accounts receivable                        | 23,690                         | 39,517                         | (15,827)                                      |
| Prepaid expenses                           | 2,816                          | 2,738                          | 78  |
| Current portion of new investment in lease | 425                            | 398                            | 27  |
| Long term assets:                          |                                |                                |   |
| Net investment in lease                    | 13,765                         | 14,190                         | (425)   |
| Investments                                | 190,242                        | 241,446                        | (51,204)                                      |
| Capital assets:                            |                                |                                |   |
|  | 369,938                        | 348,345                        | 21,593  |
| Less: Investment in capital assets         | (140,612)                      | (133,895)                      | (6,717)                                       |
| Deferred capital contributions             | (139,754)                      | (131,891)                      | (7,863)                                       |
| Net assets:                                |                                |                                |   |
| General operating fund (deficit)           | 7,910                          | 9,857                          | (1,947)                                       |
| Other funds                                | -                              | 431                            | (431)   |
| Provision for employee future benefits     | 92,008                         | 85,462                         | 6,546   |
| Provision for vacation pay                 | 7,342                          | 7,223                          | 119   |
|  | 107,260                        | 102,973                        | 4,287   |
| Total - Applications                       | 544,741                        | 580,797                        | (36,056)                                      |

### 3.2 Source of University Resources

#### 3.2.1 Accounts Payable: \$20,022,000

The accounts payable as at April 30, 2009 comprised:

|  | 2009<br>\$000 | 2008<br>\$000 | <i>Increase</i><br><i>(Decrease)</i><br>\$000 |
|--|---------------|---------------|---|
| Due to suppliers                       | 4,610         | 4,471         | 139   |
| Construction accruals and holdbacks    | 1,766         | 7,989         | (6,223)                                       |
| Payroll taxes and pension              | 8,120         | 7,751         | 369   |
| Amounts held on deposit                | 1,246         | 1,458         | (212)   |
| Other taxes payable                    | 573           | 550           | 23  |
| Other payables and accrued liabilities | 3,707         | 4,619         | (912)   |
| Total                                  | 20,022        | 26,838        | (6,816)                                       |

**3.2.2 Deferred Revenue:  
\$51,270,000**

Deferred revenue as at April 30, 2009 comprised:

|                      | 2009<br>\$000 | 2008<br>\$000 | <i>Increase<br/>(Decrease)<br/>\$000</i> |
|----------------------|---------------|---------------|--|
| a) Government grants | 13,887        | 15,658        | (1,771)                                  |
| b) Research          | 23,605        | 27,026        | (3,421)                                  |
| c) Scholarships      | 4,873         | 6,459         | (1,586)                                  |
| d) Parker loans      | 1,035         | 1,035         | -  |
| e) Donations         | 4,167         | 4,663         | (496)                                    |
| f) Other items       | 3,703         | 3,357         | 346                                      |
| Total                | <u>51,270</u> | <u>58,198</u> | <u>(6,928)</u>                           |

Notes:

- a) Of the \$13,887,000 in deferred grant revenue, \$11,315,000 relates to Facility and Campus Renewal funds and \$1,249,000 relates to graduate expansion grants.
- b) Research funds are the unexpended restricted grants and contracts to be spent in the future. The detailed composition of the balance is shown in section 2.5.2.
- c) Represents restricted scholarship accounts.
- d) Represents funds available to loan to students in need of financial aid.
- e) Donations are the unexpended portion of donor restricted gifts.
- f) Other deferred revenue relates mainly to advance payments received for projects earmarked for future years and summer programs in the Recreation and Athletics operation and Housing and Conference Services operation.

**3.2.3 Current Portion of Long Term Debt:  
\$13,611,000**

The current portion of long-term debt is defined as the amount coming due within the next fiscal year. This totalled \$13,611,000 as at April 30, 2009, an increase of \$12,083,000 over last year, of which \$11,800,000 relates to the mortgage for the Stormont-Dundas residence. The full amount due has been set aside in guaranteed investments to fully extinguish the debt on April 1, 2010.

**3.2.4 Accrued Vacation Pay:  
\$7,342,000**

The \$7,342,000 compares to \$7,223,000 one year earlier for an increase of \$119,000. Generally Accepted Accounting Principles require that accumulated, but unpaid vacation, must be recognized as an expense and an amount payable at each year end. The University's resource management policies are such that any payments of accrued vacation, upon a staff member's departure, must be funded by existing departmental resources in the year the event occurs. The strategic impact of the payable and the deficit created by the expense recognition is therefore not highly significant.

**3.2.5 Employee Future Benefits Liability:  
\$92,008,000**

During 2001, the University adopted the recommendations of the CICA Handbook Section 3461, Employee Future Benefits. Under these recommendations, the University accrues its obligations under employee benefits plans as the employees render the services necessary to earn post-retirement and post-employment benefits. Prior to the adoption of these recommendations, these non-pension costs were recognized on a "pay as you go" basis. While this represents a large, unfunded obligation, the ongoing cash demands of these benefits remain unchanged. As such, the deficit created by this accounting policy change does not have a significant impact on the operations of the University. Refer to note 15 of the audited financial statements at the beginning of this report for further information.

**3.2.6 Long Term Debt:  
\$62,570,000**

The loans and mortgages payable are described in some detail in note 10 of the audited financial statements at the beginning of this report.

**3.2.7 Net Assets, providing a source of resources:  
\$297,918,000**

The net assets that constitute a source of resources are:

|                             | 2009<br>\$000 | 2008<br>\$000 | Increase<br>(Decrease)<br>\$000 |
|-----------------------------|---------------|---------------|---------------------------------|
| Ancillary and plant funds   | 1,181         | -             | 1,181                           |
| Internally restricted funds | 116,856       | 108,625       | 8,231                           |
| Endowment fund              | 179,881       | 231,335       | (51,454)                        |
| Total                       | 297,918       | 339,960       | (42,042)                        |

Notes:

a) The internally restricted net assets as at April 30, 2009, consist of the following:

|   |                |
|---|----------------|
|   | <u>\$000</u>   |
| Appropriated operating funds (section 2.2.2)            | 90,141         |
| Appropriated ancillary funds (section 2.3)              | 8,877          |
| Internally restricted research balances (section 2.5.2) | 14,912         |
| Enterprise funds  | 2,920          |
| Scholarship funds                                       | 6              |
|   | <u>116,856</u> |

b) An analysis of the Endowment Fund is as follows:

|                                |                 |
|--------------------------------|-----------------|
|                                | <u>\$000</u>    |
| Market Value at April 30, 2009 | 179,881         |
| Market Value at April 30, 2008 | 231,335         |
| Decrease in Value              | <u>(51,454)</u> |

The \$51,454,000 decrease is calculated as follows:

|   | <u>\$000</u>    |
|---|-----------------|
| Unrealized gain (loss) on sale of investment    | (60,776)        |
| Gifts, bequests and other additions (per below) | 8,415           |
| Gain on sale of investments                     | 6,543           |
| Investment income                               | 5,808           |
|   | <u>(40,010)</u> |
| Less: Distributed for endowed spending          | (8,558)         |
| Direct and indirect operating costs             | (909)           |
| Investment management fees                      | (1,977)         |
| Increase in nominal value                       | <u>(51,454)</u> |

The additions, by endowment fund, are composed of the following:

|  | <u>\$000</u> |
|--|--------------|
| Azrieli School of Architecture and Urbanism Endowment            | 3,500        |
| C.U. Engineering Students Equipment Fund                         | 107          |
| Ina Hutchison Memorial Bursary                                   | 100          |
| Kroeger College Endowment  | 150          |
| Martha Hazel Coughlin Memorial Bursary                           | 200          |
| Mona and Bert Patterson Endowment                                | 981          |
| Ontario Graduate Fellowship                                      | 595          |
| Ontario Trust for Student Support                                | 744          |
| Pauline Jewett Institute of Women's and Gender Studies Endowment | 705          |
| Willoughby and Marquerite Snaith Endowment                       | 250          |
| Other additions (<\$100,000)                                     | 1,083        |
| Total additions  | <u>8,415</u> |

The realized investment returns for the year totalled \$12,351,000. The amount distributed for endowed spending in 2008-2009 was \$8,558,000. This represents a distribution of \$4.20 per unit held in the investment pool. In addition, \$1,977,000 was paid to investment managers during the year and \$909,000 in direct and indirect expenditures were charged to the fund.

A more complete analysis of the University's endowment investments is provided in the quarterly report to the Board on investment performance.

### 3.3 Application of University Resources

#### 3.3.1 Cash and Short Term Investments: \$116,971,000

The cash and short term investment balance is as follows:

|                        | 2009<br>\$000 | 2008<br>\$000 | Increase<br>(Decrease)<br>\$000 |
|------------------------|---------------|---------------|---------------------------------|
| Cash balance           | (3,353)       | (7,255)       | 3,902                           |
| Short term investments | 120,324       | 104,231       | 16,093                          |
| Total                  | 116,971       | 96,976        | 19,995                          |

#### 3.3.2 Accounts Receivable: \$23,690,000

|  | 2009<br>\$000 | 2008<br>\$000 | Increase<br>(Decrease)<br>\$000 |
|--|---------------|---------------|---------------------------------|
| a) Student accounts                      | 6,228         | 5,940         | 288                             |
| b) Student associations                  | 189           | 115           | 74                              |
| c) General accounts receivable           | 1,363         | 1,338         | 25                              |
| d) Staff computer loans                  | 33            | 20            | 13                              |
| e) G.S.T. receivable                     | 537           | 1,337         | (800)                           |
| f) Municipal taxes                       | 485           | 480           | 5                               |
| g) Bookstore                             | 30            | 46            | (16)                            |
| h) Union groups                          | 139           | 96            | 43                              |
| i) Research funds                        | 14,037        | 26,586        | (12,549)                        |
| j) Student loans                         | 14            | 14            | -                               |
| k) Food service provider                 | 332           | 422           | (90)                            |
| Other receivables                        | 1,367         | 4,205         | (2,838)                         |
| Sub-total                                | 24,754        | 40,599        | (15,845)                        |
| l) Less: Allowance for doubtful accounts | (1,064)       | (1,082)       | 18                              |
| Total                                    | 23,690        | 39,517        | (15,827)                        |

#### Notes:

a) Student accounts: These accounts record activity relating to tuition fees, residence fees and other miscellaneous charges. The elimination, during 2004-2005, of the process whereby students are automatically de-registered if fees are owed has led to greater flexibility for payments by the students, but it also leads to a higher accounts receivable balance. Students cannot, however, register for additional courses if a balance is outstanding. As at August 12, 2009, the student accounts receivable balance had been reduced to \$3,438,000 from the \$6,228,000 as at April 30, 2009. The \$6,228,000 represents 2.74% (2008 – 4.15%) of the 2008-2009 fee assessments.

b) Student associations: The various student groups use University services on a recovery basis.

- c) General accounts receivable: These amounts relate to services rendered by certain departments (e.g. Science Technology Centre, Graphic Services) to external clients. The receivables are generally current, and no specific problems exist.
- d) Staff computer loans: During 1996-1997, the University introduced a program whereby staff could acquire computers from the Computer Store on a credit basis. The loans bear interest and are recovered through payroll deduction.
- e) G.S.T. receivable: The balance typically represents the amount due from the government for the April GST return. The decrease from the prior year relates to the collection of GST receivable from partner universities on the Sudbury Neutrino Observatory Institute.
- f) Municipal taxes: The University receives reimbursement from the Provincial Government for Municipal Taxes. The balance represents unpaid claims at year end.
- g) Bookstore: The 2008-2009 amount receivable is due from Follett Books and represents commission income related to 2008-2009 operations.
- h) Union groups: The various union groups use the University services on a recovery basis. The accounts are generally kept up to date.
- i) Research funds: The receivables related to research funds consist of two different types of balances, contract research and grants receivable. The nature of contractual research is such that expenditures must be incurred before progress billings can be made and income received. Most granting agencies make multi-year research awards with payment being spread over the period (usually three years). In many cases however, the nature of the project is such that a greater proportion of the expenses must be incurred in the earlier periods of the grant. For the sake of continuity, and given that research activity as a whole is in a net cash surplus position, the University allows reasonable advanced spending on multi-year research grants. The decrease in the current year's balance relates mostly to the collection of the receivables on the SNO Lab and VSIM projects in June 2008.
- j) Student loans: Student loans outstanding are issued under the Parker Loan fund, which funds the interest and guarantees the principal of the loans.
- k) Food services provider: The 2008-2009 amount receivable from Aramark represents commission and profit share income related to the 2008-2009 operations.
- l) Allowance for doubtful accounts: The allowance includes \$663,000 for student fees, while the balance is for items written off in the normal course of University business.

**3.3.3 Prepaid Expenses:**  
**\$2,816,000**

Prepaid Expenses as at April 30, 2009 comprised:

|                         | 2009<br>\$000 | 2008<br>\$000 | Increase<br>(Decrease)<br>\$000 |
|-------------------------|---------------|---------------|---------------------------------|
| Insurance               | 591           | 567           | 24                              |
| Licences                | 1,158         | 1,067         | 91                              |
| Physical Plant supplies | 502           | 509           | (7)                             |
| Other                   | 565           | 595           | (30)                            |
| Total                   | 2,816         | 2,738         | 78                              |

Prepaid expenses represent payments to third parties for services to be provided in future periods (e.g. insurance, licenses), as well as any significant stock of materials and supplies for internal use (e.g. Physical Plant supplies).

**3.3.4 Current Portion of Net Investment in Lease:  
\$425,000**

The current portion of net investment in lease is defined as the amount collectible within the next fiscal year. This totalled \$425,000 at April 30, 2009 and represents the non-financing income portion of the \$1,300,000 annual National Wildlife Research Centre (NWRC) lease payment. Further detail is provided in section 3.3.5 and in note 6 of the audited financial statements.

**3.3.5 Net Investment in Lease:  
\$13,765,000**

In 2002-2003, Carleton University entered into an agreement with Environment Canada under which the University constructed the National Wildlife Research Centre (NWRC) building on its property, which was then leased to Environment Canada. The lease term is for 99 years starting May 1, 2002, which exceeds 75% of the estimated useful life of the building. Under the guidance of CICA Handbook Section 3065: Lease, this fact indicates that the NWRC lease should be accounted for as a direct-financing lease.

The accounting treatment for the direct-financing lease began in fiscal 2003 when the building became operational. The University removed the building's construction cost from capital assets and the difference between the cost of the capital asset and the long-term receivable for the future lease payments was recorded as unearned financing income, and is presented as Net Investment in Lease on the consolidated financial statements.

The calculation of this amount is presented in detail in note 6 of the audited financial statements.

**3.3.6 Investments:  
\$190,242,000**

The nature of most investments has been detailed in preceding sections. They are summarized below:

|                        | 2009<br>\$000  | 2008<br>\$000  | <i>Increase<br/>(Decrease)</i><br>\$000 |
|------------------------|----------------|----------------|---|
| Investments held for:  |                |                |   |
| Endowment              | 182,965        | 234,086        | (51,121)                                |
| Residence sinking fund | 5,642          | 5,157          | 485                                     |
| Parker Loan fund       | 970            | 1,318          | (348)                                   |
| CRPP fund              | 165            | 277            | (112)                                   |
| NWRC capital reserve   | 450            | 556            | (106)                                   |
| Sprott Student fund    | 50             | 52             | (2)                                     |
| <b>Total</b>           | <b>190,242</b> | <b>241,446</b> | <b>(51,204)</b>                         |

As indicated in note 2(a) of the audited financial statements, the majority of the investments are shown at fair market value. The exception is the bonds held until maturity for the Stormont-Dundas resident sinking fund, which are shown at amortized cost. The fair value of these bonds at April 30, 2009 is \$5,924,000 (2008 - \$5,678,000). Additional information on the investments can be found in note 5 of the audited financial statements.



**3.3.7 Capital Assets: \$369,938,000**  
**Investment in Capital Assets: \$140,612,000**  
**Deferred Capital Contributions: \$139,754,000**

The net value of capital assets as at April 30, 2009 comprised:

|                                | 2009<br>\$000  | 2008<br>\$000  | Increase<br>(Decrease)<br>\$000 |
|--------------------------------|----------------|----------------|---------------------------------|
| <b>Capital Assets:</b>         |                |                |                                 |
| Land and buildings             | 358,323        | 348,210        | 10,113                          |
| Building improvements          | 45,775         | 30,359         | 15,416                          |
| Equipment and furnishings      | 96,291         | 83,301         | 12,990                          |
| Computers and software         | 24,699         | 23,106         | 1,593                           |
| Automobile                     | 471            | 456            | 15                              |
| Library and art collections    | 56,641         | 53,989         | 2,652                           |
|                                | <u>582,200</u> | <u>539,421</u> | <u>42,779</u>                   |
| Less: Accumulated depreciation | (212,262)      | (191,076)      | (21,186)                        |
| Net capital assets             | <u>369,938</u> | <u>348,345</u> | <u>21,593</u>                   |
| <b>Funding:</b>                |                |                |                                 |
| Investment in capital assets   | 140,612        | 133,895        | 6,717                           |
| Deferred capital contributions | 139,754        | 131,891        | 7,863                           |
| Total funding                  | <u>280,366</u> | <u>265,786</u> | <u>14,580</u>                   |
| Unfunded assets                | <u>89,572</u>  | <u>82,559</u>  | <u>7,013</u>                    |
| <b>Financed by:</b>            |                |                |                                 |
| Mortgages payable              | 13,941         | 14,148         | (207)                           |
| Less: Sinking fund             | (11,582)       | (11,097)       | (485)                           |
|                                | <u>2,359</u>   | <u>3,051</u>   | <u>(692)</u>                    |
| Bank borrowing                 | 87,213         | 79,508         | 7,705                           |
| Total                          | <u>89,572</u>  | <u>82,559</u>  | <u>7,013</u>                    |

The specific capital assets funded through financing are as follows:

|  | 2009<br>\$000 | 2008<br>\$000 | Increase<br>(Decrease)<br>\$000 |
|--|---------------|---------------|---------------------------------|
| <b><u>Mortgage financing:</u></b>      |               |               |                                 |
| Glengarry residence                    | 1,363         | 1,450         | (87)                            |
| Stormont-Dundas residence              | 218           | 703           | (485)                           |
| Grenville and Russell residences       | 485           | 536           | (51)                            |
| Lanark and Renfrew residences          | 293           | 362           | (69)                            |
|  | <u>2,359</u>  | <u>3,051</u>  | <u>(692)</u>                    |
| <b><u>External loan financing:</u></b> |               |               |                                 |
| Prescott residence                     | 17,000        | 17,434        | (434)                           |
| Leeds residence                        | 16,418        | 16,945        | (527)                           |
| Frontenac residence                    | 14,634        | -             | 14,634                          |
|  | <u>48,052</u> | <u>34,379</u> | <u>13,673</u>                   |

|                                       | 2009<br>\$000     | 2008<br>\$000     | Increase<br>(Decrease)<br>\$000 |
|---------------------------------------|-------------------|-------------------|---------------------------------|
| <u>Internal loan financing:</u>       |                   |                   |                                 |
| Ice Arena                             | 10,350            | 11,020            | (670)                           |
| Housing and Food Services renovations | 10,511            | 6,969             | 3,542                           |
| Alumni Hall and Sports Centre         | 5,067             | 5,586             | (519)                           |
| University Centre                     | 2,958             | 4,667             | (1,709)                         |
| CTTC building                         | 3,399             | 3,399             | -                               |
| Field House                           | 2,988             | 3,148             | (160)                           |
| Graphic Services renovation           | 1,189             |                   | 1,189                           |
| Tory retrofit                         | 818               | 1,208             | (390)                           |
| Computing infrastructure              | 278               | 606               | (328)                           |
| Frontenac residence *                 | -                 | 7,524             | (7,524)                         |
| Other assets                          | 1,603             | 1,002             | 601                             |
|                                       | <u>39,161</u>     | <u>45,129</u>     | <u>(5,968)</u>                  |
| <br>Financed assets                   | <br><u>89,572</u> | <br><u>82,559</u> | <br><u>7,013</u>                |

\* The Frontenac residence was converted to external financing during the year.

**3.3.8 Net Assets, requiring an application of resources:  
\$107,260,000**

The net assets classified as an application of resources include:

|  | 2009<br>\$000    | 2008<br>\$000    | Increase<br>(Decrease)<br>\$000 |
|--|------------------|------------------|---------------------------------|
| Operating deficit                          | (7,910)          | (9,857)          | 1,947                           |
| Ancillary deficits                         | -                | (1,337)          | 1,337                           |
| Plant (deficit)/surplus                    | -                | 906              | (906)                           |
|  | <u>(7,910)</u>   | <u>(10,288)</u>  | <u>2,378</u>                    |
| <br>Provision for employee future benefits | <br>(92,008)     | <br>(85,462)     | <br>(6,546)                     |
| Provision for vacation pay                 | (7,342)          | (7,223)          | (119)                           |
| Total                                      | <u>(107,260)</u> | <u>(102,973)</u> | <u>(4,287)</u>                  |



D.R. Watt  
Vice-President (Finance and Administration)



J.T. Sullivan  
Director of Finance

**GENERAL OPERATING FUND 2008-2009  
INCOME, EXPENSES AND ACCUMULATED DEFICIT  
COMPARISON TO BUDGET (MAY 2008) AND 2007-08 ACTUAL**

| <b>INCOME</b>                            | 2008-09           | 2008-09           | Actual to Budget |            | 2007-08           | Actual to Prior Year |            |
|--|-------------------|-------------------|------------------|------------|-------------------|----------------------|------------|
|  | Actual<br>\$000's | Budget<br>\$000's | \$000's          | %          | Actual<br>\$000's | \$000's              | %          |
| Government Grant                         | 145,788           | 138,928           | 6,860            | 4.9        | 144,001           | 1,787                | 1.2        |
| Tuition Fees                             | 125,479           | 126,446           | (967)            | (0.8)      | 118,858           | 6,621                | 5.6        |
| Miscellaneous Income                     | 7,817             | 7,117             | 700              | 9.8        | 9,074             | (1,257)              | (13.9)     |
| Interest Income                          | 4,450             | 4,080             | 370              | 9.1        | 5,407             | (957)                | (17.7)     |
| Departmental Income                      | 3,834             | 3,414             | 420              | 12.3       | 3,287             | 547                  | 16.6       |
| <b>Total Operating Income</b>            | <b>287,368</b>    | <b>279,985</b>    | <b>7,383</b>     | <b>2.6</b> | <b>280,627</b>    | <b>6,741</b>         | <b>2.4</b> |
| <b>EXPENSES</b>                          |                   |                   |                  |            |                   |                      |            |
| Faculty of Arts & Social Sciences        | 38,813            | 39,001            | (188)            | (0.5)      | 37,071            | 1,742                | 4.7        |
| Faculty of Public Affairs and Management | 25,399            | 25,302            | 97               | 0.4        | 23,657            | 1,742                | 7.4        |
| Sprott School of Business                | 7,809             | 7,757             | 52               | 0.7        | 6,661             | 1,148                | 17.2       |
| Faculty of Science                       | 18,775            | 18,510            | 265              | 1.4        | 17,292            | 1,483                | 8.6        |
| Faculty of Engineering                   | 21,996            | 21,927            | 69               | 0.3        | 20,346            | 1,650                | 8.1        |
| Academic Admin. & Student Services       | 51,720            | 49,855            | 1,865            | 3.7        | 49,667            | 2,053                | 4.1        |
| Library                                  | 14,352            | 13,820            | 532              | 3.8        | 13,198            | 1,154                | 8.7        |
| Research                                 | 1,720             | 1,263             | 457              | 36.2       | 1,551             | 169                  | 10.9       |
| Finance & Administration                 | 31,061            | 29,336            | 1,725            | 5.9        | 28,096            | 2,965                | 10.6       |
| President                                | 3,841             | 3,366             | 475              | 14.1       | 3,420             | 421                  | 12.3       |
| Advancement                              | 4,189             | 3,836             | 353              | 9.2        | 3,115             | 1,074                | 34.5       |
| University Budgets                       | 55,740            | 60,232            | (4,492)          | (7.5)      | 49,307            | 6,433                | 13.0       |
| Interfund Transfers (net)                | 7,481             | 4,780             | 2,701            | 56.5       | 9,656             | (2,175)              | (22.5)     |
| <b>Sub-Total Operating Expenses</b>      | <b>282,896</b>    | <b>278,985</b>    | <b>3,911</b>     | <b>1.4</b> | <b>263,037</b>    | <b>19,859</b>        | <b>7.5</b> |
| Net Appropriations                       | 2,525             | 0                 | 2,525            |            | 15,303            | (12,778)             |            |
| <b>Total Expenses</b>                    | <b>285,421</b>    | <b>278,985</b>    | <b>6,436</b>     | <b>2.3</b> | <b>278,340</b>    | <b>7,081</b>         | <b>2.5</b> |
| <b>Deficit Reduction for the Year</b>    | <b>1,947</b>      | <b>1,000</b>      | <b>947</b>       |            | <b>2,287</b>      | <b>(340)</b>         |            |
| Opening Accumulated Deficit              | (9,857)           | (9,857)           | 0                |            | (12,144)          | 2,287                |            |
| Closing Accumulated Deficit              | (7,910)           | (8,857)           | 947              |            | (9,857)           | 1,947                |            |

*Note: 2008-2009 budget figures reflect the opening May 1, 2008 budget. Reallocations have been made to assist in comparison.*

