



**ROYAL ROADS  
UNIVERSITY**

**Audited Financial Statements  
for the Year Ended March 31, 2010**

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## **AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF ROYAL ROADS UNIVERSITY**

We have audited the statement of financial position of Royal Roads University as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for March 31, 2009 were reported on by another firm of chartered accountants.

Chartered Accountants

Victoria, Canada  
April 30, 2010



ROYAL ROADS  
UNIVERSITY

**STATEMENT OF MANAGEMENT RESPONSIBILITY**

The University is responsible for the preparation of the financial statements and has prepared them in accordance with generally accepted accounting principles prescribed for not-for-profit organizations by the Canadian Institute of Chartered Accountants. These financial statements present fairly the financial position of the University as at March 31, 2010, and the results of its operations and changes in net assets for the year then ended.

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

The Board of Governors carries out its responsibility for review of the financial statements. The Board of Governors may meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Board of Governors with and without the presence of management.

The financial statements for the year ended March 31, 2010 have been reported on by KPMG LLP, Chartered Accountants. The auditors' report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information in the financial statements.

  
\_\_\_\_\_  
Allan Cahoon  
President  
\_\_\_\_\_  
Dan Tulip  
Vice President & Chief Financial Officer

May 20, 2010

**Royal Roads University**  
**Statement of Financial Position**  
**as at March 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current		
<i>Cash and cash equivalents</i>	\$ 10,882,656	\$ 7,273,033
<i>Short term investments</i>	499,761	19,467,170
<i>Accounts receivable</i>	2,227,942	3,182,124
<i>Inventory</i>	279,364	224,399
<i>Prepaid expenses</i>	262,687	364,036
	<u>14,152,410</u>	<u>30,510,762</u>
Long term		
<i>Capital assets, note 4</i>	24,344,650	19,778,896
<i>Long term investments, note 5</i>	19,100,168	-
<i>Due from related party, note 7</i>	484,428	2,083,213
	<u>\$ 58,081,656</u>	<u>\$ 52,372,871</u>
<b>Liabilities</b>		
Current		
<i>Accounts payable and accrued liabilities</i>	\$ 6,399,163	\$ 6,348,631
<i>Deferred revenue, note 8</i>	9,692,306	10,369,351
	<u>16,091,469</u>	<u>16,717,982</u>
Long term		
<i>Deferred contributions, note 9</i>	2,222,077	3,149,829
<i>Unamortized deferred capital contributions, note 10</i>	17,527,047	10,029,095
	<u>19,749,124</u>	<u>13,178,924</u>
	<u>35,840,593</u>	<u>29,896,906</u>
<b>Net Assets</b>		
<i>Internally restricted, note 13</i>	6,379,973	6,708,822
<i>Unrestricted</i>	15,861,090	15,767,143
	<u>22,241,063</u>	<u>22,475,965</u>
	<u>\$ 58,081,656</u>	<u>\$ 52,372,871</u>

The accompanying notes to the financial statements form an integral part of the financial statements  
 Commitments (note 11)



Peter Robinson  
 Chair, Board of Governors



Allan Cahoon  
 President

**Royal Roads University**  
**Statement of Changes in Net Assets**  
**For the year ending March 31, 2010**

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	<u>Internally Restricted Net Assets</u> <i>(note 13)</i>	<u>Unrestricted Net Assets</u>	<u>2010</u>	<u>2009</u>
<i>Balance, beginning of year</i>	\$ 6,708,822	\$ 15,767,143	\$ 22,475,965	\$ 22,428,044
<i>Excess of revenues over expenses</i>	-	60,993	60,993	47,921
<i>Transfer to unrestricted net assets, note 13 ( c )</i>	(328,849)	328,849	-	
<i>Change in fair value of investments classified as available for sale</i>		(295,895)	(295,895)	
<i>Balance, end of year</i>	<u>\$ 6,379,973</u>	<u>\$ 15,861,090</u>	<u>\$ 22,241,063</u>	<u>\$ 22,475,965</u>

**Royal Roads University**  
**Statement of Revenues and Expenses**  
**For the year ending March 31, 2010**

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	<u>2010</u>	<u>2009</u> <i>(note 17)</i>
<b>Revenues</b>		
<i>Tuition fees</i>	\$ 23,890,313	\$ 24,854,765
<i>Other learner fees</i>	1,386,231	1,394,967
<i>Provincial grants</i>	17,601,164	16,789,875
<i>Federal grants</i>	1,053,638	603,972
<i>Other grants</i>	871,922	1,211,425
<i>Ancillary revenue</i>	2,967,532	3,195,381
<i>Interest income</i>	727,627	1,240,369
<i>Amortization of deferred capital contributions, note 10</i>	830,840	902,631
<i>Other revenue</i>	380,079	378,212
	<u><b>49,709,346</b></u>	<u><b>50,571,597</b></u>
<b>Expenses</b>		
<i>Salaries &amp; benefits, note 12</i>	27,467,497	25,714,731
<i>Contracted services</i>	7,817,944	9,636,759
<i>Instructional &amp; program delivery</i>	1,306,124	1,620,560
<i>Computing &amp; technology</i>	1,214,969	1,434,278
<i>Marketing &amp; business development</i>	1,729,169	2,185,535
<i>Awards &amp; scholarships</i>	627,027	663,989
<i>Supplies &amp; services</i>	3,357,295	3,447,793
<i>Professional development</i>	192,076	388,251
<i>Grounds, facilities &amp; equipment</i>	766,930	1,004,143
<i>Telephone &amp; utilities</i>	846,465	871,441
<i>Amortization</i>	1,916,416	2,106,822
<i>Capital campaign contributions, note 14</i>	2,406,441	1,449,374
	<u><b>49,648,353</b></u>	<u><b>50,523,676</b></u>
<b>Excess or revenues over expenses</b>	<u><b>\$ 60,993</b></u>	<u><b>\$ 47,921</b></u>

**Royal Roads University**  
**Statement of Cash Flow**  
**For the year ending March 31, 2010**

**Increase (decrease) in cash and cash equivalents from:**

	<u>2010</u>	<u>2009</u>
<b>Operating activities</b>		
<i>Excess of revenues over expenses</i>	\$ 60,993	\$ 47,921
<i>Items not affecting cash</i>		
<i>Amortization of deferred capital contributions</i>	(830,840)	(902,631)
<i>Amortization of capital assets</i>	1,916,416	2,106,822
<i>Change in fair value of investments classified as available for sale</i>	(295,895)	-
<i>Decrease in deferred contributions related to operations</i>	(130,072)	(552,088)
<i>Changes in non-cash working capital</i>		
<i>Net increase in non-cash current assets</i>	1,000,566	41,859
<i>Net (decrease) increase in accounts payable, accruals and deferred revenue</i>	(626,513)	870,384
<b>Cash provided by operating activities</b>	<u>1,094,655</u>	<u>1,612,267</u>
<b>Investing activities</b>		
<i>Net decrease in short-term investments</i>	18,967,409	(823,387)
<i>Net increase in long-term investments</i>	(19,100,168)	-
<i>Net capital asset acquisitions</i>	(6,482,170)	(3,153,783)
<b>Cash used in investing activities</b>	<u>(6,614,929)</u>	<u>(3,977,170)</u>
<b>Financing activities</b>		
<i>Principal repayments on bank loan</i>	-	(182,436)
<i>Federal and Provincial capital contributions</i>	7,530,426	1,966,837
<i>Contributions received from other sources</i>	685	2,894
<i>Decrease in due from related party - operating</i>	16,289	148,455
<i>Decrease in due from related party - capital campaign</i>	1,582,497	-
<b>Cash provided from financing activities</b>	<u>9,129,897</u>	<u>1,935,750</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	3,609,623	(429,153)
<b>Cash and cash equivalents, beginning of year</b>	<u>7,273,033</u>	<u>7,702,186</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 10,882,656</u>	<u>\$ 7,273,033</u>

**Note 1 – Authority and purpose**

Royal Roads University operates under the authority of the *Royal Roads University Act*, Province of British Columbia. The University is a Board-governed undergraduate and graduate degree granting institution dedicated solely to studies and research activities that support the applied and professional fields. The University is a registered charity and exempt from income taxes under section 149 of the *Income Tax Act*.

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**Note 2 – Significant accounting policies**

**a) General**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the not-for-profit organization reporting standards recommended by the Canadian Institute of Chartered Accountants (CICA).

**b) Recognition of revenue**

The University follows the deferral method of accounting for contributions.

Under this method, externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts are used for the purposes designated by the contributors.

Externally restricted capital contributions for the acquisition of capital assets are recorded as deferred contributions until the amount is invested in capital assets (see note 9). Once the amount is invested, it is transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned revenue over the remaining useful life of the related capital assets (see note 10).

Operating government grants that are not restricted as to their use are recognized as revenue when receivable. Such grants, if contributed for future periods, are reported as deferred contributions until that future period. Other unrestricted revenues include tuition fees and sales of products and services. Tuition revenues are recognized on a pro rata basis, based on course credits completed by the year-end. Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services are rendered.

Donations of materials and services that would have otherwise been purchased are recorded at their fair market value. Other gifts-in-kind are not recorded in these financial statements.

**c) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand and in the bank, and instruments with maturity dates of three months or less when purchased.

**d) Short-term investments**

Short-term investments are all highly liquid marketable securities that have a term to maturity of three months to one year when purchased.

**Note 2 – Significant accounting policies (continued)**

**e) Inventory**

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

**f) Capital assets**

Capital assets are recorded at cost less accumulated depreciation. Amortization is provided on a declining basis over the estimated useful life of the assets as shown in the schedule below. Amortization is not provided on projects in progress until the assets are in use. Works of art are not depreciated as they are deemed to have permanent value.

Automotive equipment	20%
Computer equipment & systems	20% - 33.3%
Furnishings & equipment	10%
Library acquisitions	10%
Leasehold improvements	3.33% - 10%

**g) Asset retirement obligations**

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

**h) Use of estimates**

In preparing the University's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Items subject to such estimates and assumptions include the carrying amount of capital assets, valuation for receivables and inventories, and the valuation of financial instruments. Actual results could differ from these estimates.

**i) Financial instruments**

The financial instruments of the university have been classified as follows:

- i. Cash and cash equivalents, held-for-trading and measured at fair value.
- ii. Accounts receivable, measured at amortized cost.
- iii. Accounts payable and accrued liabilities, measured at amortized cost.
- iv. Long-term investments (consisting of bonds), available-for-sale and measured at fair value.

**Note 2 – Significant accounting policies (continued)**

Changes in fair value will depend on their initial classification. Changes in fair value of held-for-trading financial instruments are recognized in net earnings. Changes in fair value of available-for-sale financial instruments are recorded in the statement of changes in net assets, until the financial instrument is disposed of or becomes impaired.

The University has elected to defer applying Sections 3862, *Financial Instruments – Disclosure* and 3863, *Financial Instruments – Presentation*. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The University has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

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**Note 3 – Change in accounting standards**

**Revisions to not-for-profit accounting standards**

Effective April 1, 2009, the University adopted the amendments to CICA Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments removed the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, and added requirements for disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and a requirement to follow Handbook Section 1540, *Cash Flow Statements*. The implementation of these amendments has resulted in a transfer of invested in capital assets to unrestricted net assets. This change has been recorded in net assets on the University's financial statements.

**Financial statement concepts**

Effective April 1, 2009, the University adopted the amendments in CICA Handbook Section 1000 *Financial Statement Concepts*. The amendments clarify the relationship between incurring expenditures and creating assets and clarifies that items which do not meet the definition of assets or liabilities, are not eligible for recognition. The implementation of the amendments did not have an impact on the financial statements.

**Future changes in accounting standards**

The University is currently classified as a government not-for-profit organization. Under the direction of the Public Sector Accounting Standards Board ("PSAB"), the University adheres to the standards for not-for-profit ("NPO") organizations in the Canadian Institute of Chartered Accountants ("CICA") Handbook.

PSAB proposes to incorporate into the PSA Handbook, the current NPO Sections (4400 Standards) of the CICA Handbook to deal with areas not currently addressed by the PSAB framework. PSAB has decided not to make any further substantive changes to the Sections at this time. The exposure draft proposes to amend the introduction so that the PSAB standards will be applicable to all government NPOs, for fiscal periods beginning on or after January 1, 2012.

The University intends to continue applying the existing NPO standards and is awaiting the finalization of the new standards. Once the new standards are finalized, the University will determine the impact to the financial statements.

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**Note 4 – Capital assets**

	Cost	Accumulated Amortization	2010 Net Book Value	2009
Automotive equipment	\$ 554,586	\$ 378,643	<b>175,943</b>	\$ 226,730
Computer equipment & systems	7,417,524	5,676,705	<b>1,740,819</b>	2,207,366
Furnishings & equipment	7,390,221	3,764,005	<b>3,626,216</b>	3,892,039
Library acquisitions	858,054	503,406	<b>354,648</b>	394,053
Artwork	11,608	-	<b>11,608</b>	11,608
Leasehold improvements	24,842,004	15,548,679	<b>9,293,325</b>	10,266,268
Work in progress	9,142,091	-	<b>9,142,091</b>	2,780,832
	<u>\$ 50,216,088</u>	<u>\$ 25,871,438</u>	<u><b>24,344,650</b></u>	<u>19,778,896</u>

**Note 5 – Long-term investments**

Long-term investments include high grade corporate and government bonds. Average maturity dates for long-term investments is seven years, with an average yield of 3% to 4%. Management's opinion is that long-term investments are not exposed to significant interest rate, currency or credit risk. Market price risk is managed through investment portfolio diversification and includes financial instruments from different industries traded across a number of financial markets. All long-term investments are carried at fair value with changes in fair value recorded as an increase or decrease in net assets.

**Note 6 – Capital assets lease**

The University leases the Royal Roads University campus and related assets from the Government of Canada for \$1 per annum. This lease covers approximately 59.5 hectares and is for a term of 50 years, commencing December 1, 2000 and terminating November 30, 2050, plus two renewal options of 25 years and 24 years respectively, for a total of 99 years. The University also leases the adjacent lands from the Government of Canada for \$1 per annum. This lease covers approximately 169.34 hectares, and is for a term of 25 years to November 30, 2035, plus options for subsequent 5 year terms. The fair value of the campus and related assets could not be reasonably estimated at the inception of the lease.

**Note 7 – Due from related party**

The University exercises influence over the Royal Roads Foundation by virtue of appointments to the board and common purpose.

The University financed pre-operating costs relating to capital campaign fundraising of the Foundation to September 30, 2008. The balance due from the Foundation is as follows:

	2010	2009
Royal Roads University Foundation		
Capital campaign	\$ 358,974	\$ 1,941,470
Accounts receivable	<u>125,454</u>	<u>141,743</u>
	<u>\$ 484,428</u>	<u>\$ 2,083,213</u>

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**Note 8 – Deferred revenue**

	2010	2009
Deferred tuition	\$ 6,924,541	\$ 7,330,318
Other deferred revenue	1,937,616	2,213,795
Prepaid tuition	<u>830,149</u>	<u>825,238</u>
	<u>\$ 9,692,306</u>	<u>\$ 10,369,351</u>

- Deferred tuition relates to tuition fees for the period April 1 to June 30, 2010 that were charged to students' Accounts Receivable as at March 31, 2010.
  - Other deferred revenue relates to non-credit tuition for executive development, continuous learning programs, other student fees, conference and event deposits, and deferred research grants.
  - Prepaid tuition relates to tuition deposits received for programs commencing in fiscal 2010/11 and tuition fees received for courses commencing after June 30, 2010.
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**Note 9 – Deferred contributions**

Deferred contributions represent externally restricted contributions that will be used in future years for capital acquisitions and academic program requirements.

	2010	2009
Balance, beginning of year	\$ 3,149,829	\$ 2,994,356
Provincial capital grants received during the year	504,045	704,667
Other capital and fundraising grants received during the year	685	2,894
Funds used during the year for capital, maintenance and related expenses	<u>(1,432,482)</u>	<u>(552,088)</u>
Balance, end of year	<u>\$ 2,222,077</u>	<u>\$ 3,149,829</u>

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**Note 10 – Unamortized deferred capital contributions**

Unamortized deferred capital contributions represent the portion of externally restricted contributions used to acquire capital assets that will be recognized as revenue in future periods over the remaining useful life of the assets.

	2010	2009
Balance, beginning of year	\$ 10,029,095	\$ 9,669,556
Current year's acquisitions funded by provincial and federal capital contributions	8,328,792	1,262,170
Amortization of deferred capital contributions	<u>(830,840)</u>	<u>(902,631)</u>
Balance, end of year	<u>\$ 17,527,047</u>	<u>\$ 10,029,095</u>

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**Note 11 – Commitments**

The University has operating lease commitments for computers and office space.

Computers:

2011	\$ 664,943
2012	340,696
2013	156,418
2014	25,302

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**Note 11 – Commitments (continued)**

Office space:

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2011	\$	150,975
2012		163,053
2013		81,527

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The university also has capital commitments for the Learning and Innovation Centre:

Included in work-in-progress (see note 4) is \$7,557,656 of construction costs for the Learning and Innovation Centre (LIC) that is scheduled for completion in spring 2011. Total project costs for the LIC are estimated at \$19.881 million. Funding for the project is provided by the Province of British Columbia (\$15.000 million) and Industry Canada (\$3.045 million).

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**Note 12 – Employee benefits**

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has about 12,000 active members from college senior administration and instructional staff and approximately 3,900 retired members. The Municipal Pension Plan has about 158,000 active members, with approximately 5,400 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2006 indicated an unfunded liability of \$54 million for basic pension benefits. The next valuation will be as at August 31, 2009 with results available in 2010. The most recent valuation for the Municipal Pension Plan as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. The University expensed its contributions of \$1,570,128 (2008/09: \$1,443,434) to the plans in the current year.

The University also contributes to a health care benefit plan covering extended health, dental, life insurance, and long-term disability for regular employees. The plan is administered by the Manufacturers Life Insurance Company (Manulife). Manulife retains the ultimate liability for these health care benefits. The total amount expensed for the year in respect of these benefits amounts to \$1,476,425 (2008/09: \$1,364,444).

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**Note 13 – Internally restricted net assets**

The Board of Governors has internally restricted the following funds:

	<b>2010</b>	2009
Infrastructure Fund	<b>\$ 5,679,973</b>	\$ 5,679,973
Program Development and Market Research Fund	<b>700,000</b>	700,000
Human Resources Strategy Fund	<u>-</u>	<u>328,849</u>
	<b><u>\$ 6,379,973</u></b>	<b><u>\$ 6,708,822</u></b>

**a) Infrastructure Fund**

The purpose of this Fund is to create a reserve to help finance major capital improvements and is funded by Board-approved appropriations. Project expenditures from the fund are pre-approved by the Board.

**b) Program Development and Market Research Fund**

During 1998/99, the Board approved the appropriation of \$700,000 to be used in future years for program development and market research.

**c) Human Resources Strategy Fund**

The implementation of the human resources plan and strategy has been completed. The remaining fund balance of \$328,849 has been transferred to unrestricted net assets.

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**Note 14 – Royal Roads University Foundation**

Royal Roads University Foundation was incorporated November 25, 1998 under the Society Act, Province of British Columbia and commenced operations on April 1, 1999. The main purpose of the Foundation is fundraising in order to further the interests and objective of Royal Roads University.

Endowments to the Foundation are to be held in perpetuity. Income earned from these endowments is to be used for operating expenses of the Foundation, named scholarships and bursaries for Royal Roads University students, or other specific purposes as directed by the donors.

The Foundation also receives other restricted donations and contributions in support of the University. Periodically, the Foundation grants these amounts to the University for specific projects.

During the current year the University agreed to grant the Foundation \$2,406,441 (2008/2009: \$1,449,374) for operating costs related to the capital campaign.

During the current year the Foundation received \$90,506 in endowed, \$376,129 in restricted and \$267,237 in capital campaign contributions for total donations of \$730,872 (2008/2009: \$678,883).

**Note 14 – Royal Roads University Foundation (continued)**

During the current year the Foundation transferred \$372,286 (2008/09: \$330,233) to the University in support of learner bursaries, heritage capital projects, academic programs and gardens and grounds.

Key financial information for the Foundation is prepared using Canadian Generally Accepted Accounting Principles.

	2010	2009 (restated)
<b>Assets</b>		
Cash	\$ 289,701	\$ 102,515
Accounts receivable	420	569
Other assets	5,500	-
	<u>295,621</u>	<u>103,084</u>
Investments	5,667,854	4,972,078
Life insurance cash surrender value	13,673	19,199
	<u>5,681,527</u>	<u>4,991,277</u>
	<u>\$ 5,977,148</u>	<u>\$ 5,094,361</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,400	\$ 3,000
Due to related party	484,428	2,083,213
	<u>487,828</u>	<u>2,086,213</u>
<b>Fund balances</b>		
Endowment fund	4,602,036	4,294,906
Restricted fund	747,105	397,243
Capital campaign fund	140,179	(1,684,001)
	<u>5,489,320</u>	<u>3,008,148</u>
	<u>\$ 5,977,148</u>	<u>\$ 5,094,361</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 2,481,172</u>	<u>\$ (1,194,194)</u>

**Stated change in accounting policy:**

Effective April 1, 2009, the Royal Roads University Foundation adopted the amendments to CICA Handbook 1000, *Financial Statement Concepts*. The amendments included the removal of a reference to recognition of items as assets and liabilities solely on the basis of the matching principle and amended the definition of an asset and liability. On adoption of this amendment, previously deferred capital campaign costs are no longer deferred.

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**Note 15 – Assessing going concern**

Management has made its assessment of the University's ability to continue as a going concern and concluded there is no issue regarding continuing as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received. If there are significant declines in funding, expenditures will be adjusted to match committed funding.

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**Note 16 – Capital disclosures**

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

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**Note 17 – Comparative figures**

Certain March 31, 2009 figures have been restated to conform to current year presentation.

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