Guidelines

Financial Information of Universities

Canadian Association of University Business Officers (CAUBO)

2024/2025

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I. Preamble

Financial Information of Universities is an annual publication prepared by Statistics Canada for the Canadian Association of University Business Officers (CAUBO). CAUBO obtains the financial data for the publication by undertaking an annual survey of its degree granting member institutions. Users have indicated that the publication is a comprehensive reference source for the financial data of universities and colleges in Canada.

The financial data in the publication is based on an annual return completed and submitted by each member institution. The hard copy of the publication reports the financial data individually, by institution, and in aggregate, by province, region and nationally.

A. General

These Guidelines are intended to assist both users and preparers of the financial data reported in the annual return; specifically, these Guidelines will assist

- Users –
  - to understand the limitations of the financial data;
  - to understand the different and distinct purposes between an institution's audited financial statements, its internal management reports and its annual return; and,
  - to understand, in general terms, the prescribed reporting practices underlying the financial data in the annual return.
- Preparers –
  - to understand, in general terms, the users of the annual return and their information requirements;
  - to appreciate the differences between accounting principles for audited financial statements, internal management reports and prescribed reporting practices; and,
  - to appreciate that the financial data in the annual return must be **consistent** from one year to the next, and **comparable** between institutions.

The Guidelines are organized as follows:

Section II provides general information for both users and preparers of the annual return. This section discusses financial reporting by institutions and identifies the users of the annual return and their needs, as well as the relationship of generally accepted accounting principles to the financial data and the prescribed reporting practices underlying that data.

This section will assist users and preparers of the annual return to appreciate the differences between accounting principles for audited financial statements and prescribed reporting practices for the annual return. In addition, by understanding the information requirements of the users of the annual return, preparers should be better able to complete the annual return form in a manner that encourages **consistency** in reported data for each institution over time and, in accordance with the Guidelines, facilitates **comparability** between institutions.

Section III provides detailed instructions for institutions reporting financial data. This is the "how-to" section for preparers to refer to when completing the annual return, and will be of interest to users who seek additional information on specific terms or particular line items used in the annual return.

B. Limitations

While users require financial data that are **consistent** from one year to the next and **comparable** between institutions, users must also appreciate that notwithstanding the use of detailed Guidelines to assist preparers, there are limitations in the comparability of the data. The data is most useful when aggregated and used for trend analysis. As users move from aggregated data to data that directly compares institutions, either individually or even between provinces or regions, the comparability of the data has limitations.

Limitations in the comparability of the data can result because of differences in the underlying accounting practices followed by institutions. Even the most stringent of reporting guidelines cannot eliminate differences resulting from different underlying accounting practices. Limitations can also result from other inherent differences. Institutional comparisons are subject to interpretation and clarification because of differences such as size, academic programs, structure, physical environment, management philosophy, and budgetary and accounting procedures. Interregional comparisons must also recognize differences such as various sources of funding, fiscal year-end dates varying from March 31st to June 30th, and variations in provincial policies and provincial funding responsibilities.

Specific examples where differences between institutions result in limitations in the comparability of financial data include:

- Definition of research – The definition of research used by an institution will determine the income and expenditures that are reported in the Sponsored research fund. For example, clinical trials may or may not be defined as research and therefore may or may not be reported as sponsored research expenditures.
- Hospitals and hospital based medical research – The amount and level of detail reported by institutions for hospitals and for hospital based medical research varies depending upon the corporate relationship between the institution and the hospital.
- Canada Foundation for Innovation (CFI) – Provincial matching grants – while an institution separately reports certain specific provincial government grants that are earmarked as CFI matching grants, not all provincial CFI matching grants are separately reported because not all are specific and earmarked.
- Internal sales and cost recoveries – Depending upon particular management information systems and business practices, an institution may report amounts by reducing offsetting expenditures or as internal cost recoveries.
- Computing and communication costs – The amount reported by institutions for computing and for communication costs will vary depending upon whether an institution has a centralized or decentralized structure for computing and for communications.

In addition, comparisons of financial data over multiple years should be done with caution because of changes in generally accepted accounting principles that could alter the underlying data and changes in the Guidelines that govern the reporting of the data.

II. General Information

This section provides general information for both users and preparers of the annual return. It discusses financial reporting by institutions and identifies the users of the annual return and their needs, as well as the relationship of generally accepted accounting principles to the financial data and the prescribed reporting practices underlying that data.

This section will assist users and preparers of the annual return to appreciate the differences between accounting principles for audited financial statements and prescribed reporting practices for the annual return. In addition, by understanding the information requirements of the users of the annual return, preparers should be better able to complete the annual return in a manner that encourages **consistency** in reported data for each institution over time and, in accordance with the Guidelines, facilitates **comparability** between institutions.

A. Financial Reporting by Institutions

As previously stated, the CAUBO annual return is a comprehensive reference source for the financial data of universities and colleges in Canada. The annual return, however, is not the only source for financial information for individual institutions. An institution's primary financial report is its annual financial statements.

An institution's financial statements are prepared in accordance with generally accepted accounting principles and are subject to audit by external auditors. The financial statements are a public document and represent an accounting by the institution's Board of its financial stewardship of the institution as a whole.

An institution's annual return is prepared in accordance with prescribed reporting practices. An institution's annual return is not subject to audit, but is reconciled to its audited financial statements. The annual return is also available to the public, but rather than representing an accounting of financial stewardship, the annual return provides financial data for statistical comparisons among institutions and for trend analysis.

These two reports serve different and distinct purposes. Using audited financial statements, detailed comparisons of financial data between institutions are difficult, if not impossible. For statistical comparisons between institutions and for trend analysis, users of the financial data should refer to the CAUBO annual return. While the CAUBO annual return reports financial data that is more comparable between institutions and lends itself to validation, users should be aware of the limitations in the comparability of the data (see Section I.B).

B. Users of the Annual Return

Participating institutions submit the completed annual return to CAUBO for data verification and compilation by Statistics Canada. Once compiled and published, comparative statistics can be calculated and analyzed either for all institutions combined or for a group of institutions based on one or more characteristics common to the group. Examples of common characteristics include size, location, graduate programs and medicine.

The financial data is used for many and varied purposes. For example, at the aggregate level, the annual return is the principal source of financial data for the estimates of higher education research and development expenditures that are reported in Canada, and reported internationally, for Canada. At the institutional level, the financial data is used to establish the eligibility levels for funding under programs such as the Canada Foundation for Innovation (CFI).

The financial data is available to many and varied users. Common users include Statistics Canada and clients of Statistics Canada, associations such as AUCC (Association of Universities and Colleges of Canada), granting councils, other Federal and Provincial government departments and agencies, university analysts and other internal university constituencies, and the external research community.

By identifying users of the annual return and understanding their information requirements, reporting practices that best meet user needs can be determined. A point that cannot be overemphasized, however, is that the financial data reported by each institution will only be useful to users of the annual return when the data has been prepared **consistently** over time and has been prepared in accordance with the Guidelines to facilitate **comparability** between institutions.

C. Prescribed Reporting Practices

The audited financial statements of reporting institutions are prepared in accordance with generally accepted accounting principles (GAAP). For individual institutions, adherence to GAAP results in **consistency** of reported financial results from one year to the next.

In certain situations, however, GAAP permits individual institutions to choose between equally acceptable alternatives. To the extent institutions make different choices, the financial data, while **consistent** for one institution from one year to the next, may not be **comparable** between institutions. As an example, institutions can choose either the deferral or restricted fund method of revenue recognition, and reporting nuances of each method may make comparisons between institutions difficult.

In addition to the differences that exist between the financial data of institutions when they choose different practices from equally acceptable alternatives, the users of the annual return may require, in certain situations, financial data based on an accounting practice that deviates from GAAP. For example, users of capital expenditure data generally require line item reporting of income and expenditures based on the flow of funds, rather than on capitalized and amortized amounts.

By way of highlights, users and preparers of the financial data should note the following points that apply to the annual return, even though they may represent differences from the practices normally followed by individual institutions in reporting financial information:

- Restricted funds include both external and internal restrictions, rather than external only.
- Certain restricted income not expended in the year, such as income in the Sponsored research fund, is reported on the funds flow approach, rather than deferred (see Section II.E.4).
- Capital expenditures are reported on the funds flow approach, rather than capitalized and amortized (see Section II.E.6).
- Certain expenditures, such as vacation pay, pension costs and future benefits, are reported on the cash basis, rather than accrued (see Section II.E.7).
- Institutions are encouraged to minimize interfund transfers by reporting income and the corresponding expenditures in the same fund (see Section II.E.9).
- Users require income and expenditure data, only; therefore, a complete set of financial statements is not reported.

These Guidelines are not intended to conform an institution's annual return to its financial statements or its internal management reports. The prescribed practices, including the uniform reporting practices that follow, may or may not be in accordance with generally

accepted accounting principles. These Guidelines are intended to promote **comparability** of financial data between institutions, while maintaining **consistency**.

D. Reconciliation to Audited Financial Statements

By following prescribed reporting practices, each institution will have one or more differences between its annual return and its audited financial statements. To ensure credibility of the financial data reported by an institution, each is required to reconcile the data in its annual return to its audited financial statements.

The reconciliation is reported in the Statement of Changes in Net Assets by Fund (Section III.C.4). While the types of items causing the differences between the two reports may vary among institutions, the number of such items is relatively few. The common reconciling items have been identified and can be reported on specified lines in the Statement of Changes in Net Assets by Fund.

E. Uniform Reporting Practices

For **comparability** of financial data between institutions, while maintaining **consistency,** reporting institutions and the preparers of the annual return within those institutions must comply with the Guidelines in general, and specifically with the uniform reporting practices. The uniform reporting practices, and the detailed instructions that follow in Section III, have been developed recognizing that balance is required between the information requirements of the users of the annual return and the response burden that is placed on the preparers. The uniform reporting practices are as follows:

1. Basis of Consolidation

For related and affiliated entities and except for certain research activities as noted below, each institution is to report financial data in the annual return on the same basis as that used for its consolidated financial statements. If the financial data for the entity is only reported in the notes to the consolidated financial statements, then the financial data is not reported in the annual return. To allow users to better understand the contents of the annual return and its limitations, each reporting institution is required to complete an affiliation report providing information for each legal entity that is consolidated with the annual return (see Section III.C.6 – Part I).

Sponsored research data are sometimes used for allocation purposes and users often look to the sponsored research reported by institutions as the main source of data for total funding of research activities of academic staff in Canada. As a result, institutions may wish to report separately certain additional research activities of their academic staff. Therefore, as an exception to the above practice whereby financial data in the annual return is reported on the same basis as that used for the consolidated financial statements, institutions are permitted, under certain conditions, to report separately sponsored research that is granted to academic staff of the reporting institution, but conducted in entities that are not consolidated (see Section III.C.1 – Sponsored research). Institutions that report sponsored research data that is conducted in entities that are not consolidated are required to complete an affiliation report identifying each non-consolidated entity and the amount included in the annual return (see Section III.C.6 – Part II).

Given the different relationships existing across Canada between institutions and their affiliated hospitals, for example, this exception will also increase the comparability of research data across institutions.

For clarity, the financial data for a Charitable Foundation will only be included in the annual return if the Charitable Foundation is consolidated in the financial statements of the institution.

2. Funds

The financial data will be reported following a form of fund accounting. Fund accounting classifies resources for accounting and reporting purposes in accordance with activities or objectives as specified by donors, in accordance with regulations, restrictions, or limitations imposed by sources outside the institution, or in accordance with directions issued by the governing body of the institution.

A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, a fund balance, and changes in the fund balance. Funds have been identified as either unrestricted or restricted. Restricted funds, other than Endowment, account for resources that may be used for current purposes, but with some limitations imposed by external or internal sources.

For accounting and reporting purposes, institutions combine the funds with similar characteristics into distinct fund groups. The fund groups reported in the annual return, with a brief explanation of each, are as follows:

General operating is an unrestricted fund that accounts for the institution's primary operating activities of instruction and research, other than sponsored research.

Special purpose and trust is a restricted fund. The funds, including donations, may be restricted by external sources, or internally restricted by the institution's governing body, for purposes other than sponsored research (Sponsored research fund), or capital (Capital fund).

Sponsored research is a restricted fund that accounts for income and expenditures for all sponsored research. Amounts are separately reported for entities consolidated and entities not consolidated (see Section II.E.1).

Ancillary is an unrestricted fund that separately accounts for all "sales-producing" operations or "self-supporting" activities that are supplementary to the institution's primary operating activities of instruction and research.

Capital is a restricted fund that accounts for resources provided to the institution for capital purposes and not reported in any other fund.

Endowment is a restricted fund that accounts for the capitalization of externally or internally restricted amounts, primarily donations, which cannot be spent.

Section III.C.1 provides additional information and explanatory comments on each of the above funds.

3. Accrual Concept

As a general reporting practice, institutions follow the accrual, rather than the cash basis of accounting. The accrual concept refers to the method of recording transactions where income is reported in the period in which the income is considered to have been earned, rather than received; and expenditures, in the period in which the expenditures are considered to have been incurred, rather than disbursed. An example of the application of this concept to an income item is the accrual for interest earned, but not received; and, to an expenditure item, is the accrual for retroactive salary costs earned, but not paid.

Exceptions in the annual return to the accrual concept include –

- the funds flow approach for reporting income in the Special purpose and trust, and Sponsored research funds (see Section II.E.4),
- the funds flow approach for reporting income and expenditures for capital asset transactions (see Section II.E.4), and
- the cash basis for reporting vacation pay, pension costs and future benefits (see Section II.E.7).

4. Funds Flow Approach

For specific types of activities, income will be reported in the annual return following a funds flow approach; that is, for both Special purpose and trust, and Sponsored research (see Section III.C.1), the funds are reported as income in the period in which the funds are received or receivable. The corresponding expenditures, on the other hand, are reported consistent with the accrual concept; that is, in the period in which the expenditures are incurred. For example, when an institution is awarded a research contract, the income is reported when the funds are received or receivable under the terms of the contract.

For CAUBO reporting purposes, income and the corresponding expenditures are to be reported in the same fund (see Section II.E.9).

Where an institution defers the income noted above in its audited financial statements, the difference between the funds flow approach and the deferral method must be a reconciling item in the Statement of Changes in Net Assets by Fund between the institution's annual return and its audited financial statements (see Section III.C.4 – line 11).

5. Guidance on Use of the Correct Fund

For all funds the matching principle applies; that is the revenue and related expenditure should be recorded in the same fund. it is not as straightforward to decide whether the revenue or expenditure source should dictate the fund where they are recorded. Depending upon the fund, there is not one method that says that expenditures should be recorded in the same fund as the revenue (expenditures follow revenues) or vice versa (revenues follow expenditures). Other reporting considerations have taken precedence over this consideration. However, while the applicable method may not be consistent across all funds, it is consistent within a given fund. The following shows the method to follow for each fund:

Operating Fund – expenditures follow revenues; Special Purpose & Trust Fund – expenditures follow revenues; Sponsored Research Fund – expenditures follow revenues; Ancillary Fund – expenditures follow revenues; Endowment Fund – revenues follow expenditures; Capital Fund – expenditures follow revenues.

6. Capital Assets

The uniform reporting practice in the annual return for capital expenditures is to follow the funds flow approach, rather than to capitalize and amortize. Funds received to acquire capital assets are reported as income in the period in which the funds are received or receivable. Funds used to acquire capital assets are reported as expenditures in the period in which the funds are paid or payable.

For CAUBO reporting purposes, capital expenditures are to be reported in the same fund as the corresponding income. Specifically, capital expenditures are only reported in the Capital fund when the corresponding income is reported in the Capital fund.

The difference between the funds flow approach and capitalized and amortized expenditures must be a reconciling item in the Statement of Changes in Net Assets by Fund between the institution's annual return and its audited financial statements (see Section III.C.4 – lines 9 and 10).

7. Vacation Pay, Pension Costs and Future Benefits

Vacation pay, pension costs and future benefits, including benefits arising as a result of early retirement, are to be reported on the cash basis. The cash basis refers to the method of recording transactions where expenditures are reported in the period in which cash is disbursed.

Where an institution accrues the expenditures noted above in its audited financial statements, the difference between the cash basis and the accrual basis must be a reconciling item in the Statement of Changes in Net Assets by Fund between the institution's annual return and its audited financial statements (see Section III.C.4 – lines 12 and 13).

8. Sales and Cost Recoveries

The practices followed by institutions in reporting sales and cost recoveries in their financial records vary significantly and, for the most part, are dependent upon the particular management information systems and business practices of the respective institutions.

For the annual return, as a general practice, sales and cost recovery amounts are to be reported at "gross", rather than "net". "Gross" means that the sales and the corresponding cost are reported as separate items. "Net" means that the sales and corresponding cost are combined, and the difference is reported as a separate item. Reporting amounts at "gross" provides users of the financial data with better information than reporting at "net".

Sales and cost recovery transactions can generally be classified as external sales, internal sales, external cost recoveries and internal cost recoveries.

(a) External sales and external cost recoveries – "third party" transactions, where the price to the external party is determined based on either the commercial value of the services or product, or the cost of the services or product. The price may or may not include a profit component.

(b) Internal sales – transactions between funds or functions, where the price to the internal party is determined based on either the commercial value of the services or product, or the cost of the services or product. The price includes a profit component. Internal sales exclude transactions based specifically on indirect or overhead costs. For the purposes of the annual return, internal sales will be categorized by those sales originating from ancillary services (see Section III.C.1 – Ancillary) and those sales originating from other funds or functions.

(c) Internal cost recoveries – the recovery, allocation, charge-out or transfer of costs between funds or functions. Internal cost recoveries refers specifically to indirect or overhead costs.

External sales, external cost recoveries and internal sales originating from ancillary services are to be reported as sale of services and products (see Section III.C.2 – line 25).

As an exception to reporting amounts at "gross", and also to avoid double counting of income and expenditures, the preferred method of reporting internal sales, other than those originating from ancillary services, is to report the amounts at "net". To report at "net", income in the fund or function selling the services or product is netted against the expenditures in that same fund or function. The fund or function purchasing the services or product reports the expenditure. Alternatively, where "netting" is not possible or feasible within a fund or function, the internal sales can be reported separately under an expenditure line item (a recovery) in both the fund or function selling the services or product and the fund or function purchasing the services or product (see Section III.C.3 – line 20).

Internal cost recoveries are also to be reported in such a manner as to avoid double counting of expenditures. The preferred method is direct allocation – that is, by reducing the expenditure types in the fund or function from which the costs are allocated, offset with a corresponding increase in the same expenditure types in the fund or function to which the costs are allocated. This approach provides users with better functional comparisons of individual expenditure line items. Alternatively, where direct allocation is not possible or feasible, the internal cost recoveries can be reported separately under an expenditure line item (a recovery) in the fund or function from and to which the costs are allocated (see Section III.C.3 – line 20).

9. Interfund Transfers

Situations arise where in the normal course of operations, an institution reports income in one fund, but reports the corresponding expenditure in another fund. In such situations, the institution records a transfer from the fund in which the income was received, to the fund in which it is expended. This transfer is referred to as an interfund transfer.

These Guidelines encourage institutions to report, to the extent possible, income and the corresponding expenditure in the same fund. For example, capital expenditures are to be reported in the same fund as the corresponding income and investment income earned on trust and endowment funds is to be reported in the same fund as the corresponding expenditures. This approach provides users with better financial data to calculate statistics such as the relationship between income and expenditures, by fund.

The transfer of an operating surplus from the Ancillary fund to the General operating fund is an example of an interfund transfer. Other examples include interfund transfers approved by the institution's governing body. Interfund transfers are reported in the Statement of Changes in Net Assets by Fund (see Section III.C.4 – lines 5 and 8).

10. Gifts-In-Kind

Gifts-in-kind that are recorded in an institution's audited financial statements will be reported in the annual return as both an income and expenditure item. As an income and expenditure item, gifts-in-

kind must be reported consistent with the CAUBO uniform reporting practices.

11. Internally Restricted Net Assets

Internally restricted net assets or fund balances are commonly referred to as appropriations or reserves. Changes in fund balances reported in an institution's financial statements occur in part as a result of approved transfers or the appropriation of funds for specific future purposes. For the annual return, an increase or transfer to appropriations should not be recorded as an expenditure, nor should a decrease or transfer from appropriations be recorded as income (see Section III.C.4 – line 19).

12. Borrowing and Principal Repayment

The borrowing and repayment of principal will not be reported as income or expenditure. Any such amounts, however, will be separately reported in the Statement of Changes in Net Assets by Fund (see Section III.C.4 – lines 6 and 7). However, interest payments will be reported as expenditures in the appropriate fund.

13. Full Costing of Ancillary Services

Ancillary services (see Section III.C.1 – Ancillary) should include all direct expenditures and cost allocations related to ancillary operations. Cost allocations, for example, should include a reasonable allocation for utility (unless the utility is an ancillary service) and plant maintenance, and for the institution's management and administrative support. Cost allocations to ancillary services are internal cost recoveries (see Section II.E.8) in the fund or function from which the costs are allocated.

14. Use of Estimates

To complete the annual return in accordance with these uniform reporting practices, costs may have to be allocated among funds and functions. Where cost allocations are required, the allocations can be based on best estimates.

15. Double Counting

In certain situations, an institution receives funds and subsequently disburses or transfers all or part of the funds to one or more related or affiliated entities that are included in the annual return. These entities could be included in the annual return for either reason noted in the uniform reporting practice on "Basis of Consolidation" (see Section II.E.1). In such situations, the institution submitting the annual return must ensure that total income and total expenditures are only reported once. The types of income to be reported should correspond to the original source of the funds. The types of expenditures to be reported should correspond to the final use of the funds. The intervening disbursements or transfers of funds between related or affiliated entities should not be reported. Furthermore, the institution must ensure that the income and expenditures are reported in the same fund (see Section II.E.9).

Also, care should be exercised in situations where a reporting institution receives funds and subsequently disburses or transfers all or part of the funds to other reporting member institutions of CAUBO. This is particularly important in the case of large research grants such as Networks of Centres of Excellence, where one institution, the administrative centre, is responsible for disbursing funds to other participating institutions. In such situations, the reporting institution should report the funds received "net" of the funds disbursed or transferred. This practice avoids double counting of income and expenditures when annual return data is aggregated for provincial, regional and national totals.

III. Detailed Instructions for Institutions Reporting Financial Data

This section provides detailed instructions for institutions reporting financial data. This is the "how-to" section for preparers to refer to when completing the annual return, and will be of interest to users who seek additional information on specific terms or particular line items used in the annual return. Preparers of the financial data should review the previous sections of the Guidelines before proceeding.

A. Comparable Financial Data

Normally, the criteria for placement of a particular income or expenditure item within a fund or function in the annual return is the same as that used by an institution in its financial statements or internal management reports. However, where the Guidelines specifically designate the placement of an item, the item must be shown under the designated heading regardless of the institution's practice. Consequently, the classification of activities or items of income and expenditure in the annual return may differ from the classification used by an institution in its financial statements or internal management reports. For example, health services and athletics are to be reported in the Student services function in the annual return (see Section III.C.5 – Student services) although they may be reported as ancillary services in the institution's financial statements or internal management reports.

The financial data reported by each institution will only be useful to users of the annual return when the data has been prepared **consistently** over time and is **comparable** to other institutions. In order to satisfy user information needs, preparers must comply with these Guidelines.

B. Annual Return

The detailed financial data requested in the annual return is reported in Tables 1 to 7. The contents of the annual return are as follows:

- General Information and Instructions
- Table 1. Income by Fund

- Table 2. Expenditures by Fund
- Table 3. Statement of Changes in Net Assets by Fund
- Table 4. General Operating Expenditures by Function
- Table 5. Affiliation Report
  - Part I: Separate Legal Entities Consolidated
  - Part II: Separate Legal Entities not Consolidated
- Table 6. Other Federal Government Departments and Agencies – Grants and Contracts
- Table 7. Provincial Government Departments and Agencies – Grants and Contracts

In certain situations, an institution may determine that while it has complied with the Guidelines, it has provided financial data that may not be comparable to other institutions. In such situations, the institution can provide either accompanying notes of explanation, or observations and comments in the space provided at the bottom of each Table. This additional information would be useful for Statistics Canada in its review of the annual return for reasonableness. Examples could be any "material" extraordinary or non-recurring income or expenditure item included in a fund and/or functional area.

An institution may also use the space provided at the bottom of each Table for any observations and comments that the institution wishes to make regarding items not covered in the annual return.

Preparers should recognize that users of the annual return are prepared to accept reasonable allocations where exact numbers are not available (see Section II.E.14).

C. Definitions, Explanations and Examples

The funds are discussed first to assist the preparer to segregate the various income and expenditure items for reporting purposes. The financial data should be reported by fund in Tables 1, 2, 3, 6 and 7 of the annual return. Following the discussion of funds, the financial data to be reported on the applicable lines in each Table is discussed.

1. Funds

Fund accounting (see Section II.E.2) classifies resources for accounting and reporting purposes in accordance with activities or objectives as specified by donors, in accordance with regulations, restrictions, or limitations imposed by sources outside the institution (external restrictions) or in accordance with directions issued by the governing body (internal restrictions). Funds have been identified as either unrestricted or restricted. Restricted funds, other than Endowment, account for resources that may be used for current purposes, but with some limitations imposed by external or internal sources.

For accounting and reporting purposes, institutions combine the funds with similar characteristics into distinct fund groups. For the annual return, the fund groups are General operating, Special purpose and trust, Sponsored research, Ancillary, Capital, and Endowment.

Preparers should note the following:

- restricted funds include both external and internal restrictions,
- income and expenditure within Sponsored research is separately reported for entities consolidated and entities not consolidated (see Section II.E.1),
- interfund transfers should be minimized by reporting income and the corresponding expenditure in the same fund (see Section II.E.9),
- differences resulting from compliance with the uniform reporting practices in these Guidelines (see Section II.E) and the principles followed in the institution's financial statements will be reconciling items in the Statement of Changes in Net Assets by Fund (see Section III.C.4).

General operating is an unrestricted fund that accounts for the institution's primary operating activities of instruction and research, other than sponsored research. The general operating fund includes the costs of privately funded and non-credit programs.

Fund income includes provincial government grants (including research other than sponsored research), student tuition and other fees (for credit and non-credit courses), and income from private and other unrestricted sources. Fund income also includes investment income, if the corresponding expenditures are reported in the General operating fund.

Fund expenditures are for the general operating costs of the institution including instruction and research (other than sponsored research), academic support services, library, student services, administrative services, plant maintenance, external relations and other operating expenditures of the institution. Fund expenditures also include the purchase of capital assets, if the corresponding income is reported in the General operating fund.

Special purpose and trust is a restricted fund. The funds, including donations, may be restricted by external sources, or internally restricted by the institution's governing body, for purposes other than sponsored research (Sponsored research fund), or capital (Capital fund). Income is to be reported following the funds flow approach (see Section II.E.4).

Fund income includes designated gifts, benefactions and grants. Fund income also includes investment income, if the corresponding expenditures are reported in the Special purpose and trust fund.

Fund expenditures include the purchase of capital assets, if the corresponding income is reported in the Special purpose and trust fund.

Sponsored research is a restricted fund that accounts for income and expenditures for all sponsored research. Amounts are separately reported for entities consolidated and entities not consolidated (see Section II.E.1). Income is to be reported following the funds flow approach (see Section II.E.4).

Fund income includes funds to support research paid either in the form of a grant or by means of a contract from a source external to the institution. Income sources include government, private industry and donors. The federal grant allocation for **Indirect Costs of Research** would be included here. The corresponding expenditures should be reported as an internal cost recovery between the Operating and Sponsored Research Funds, similar to the treatment of overheads. Fund income also includes investment income, if the corresponding expenditures are reported in the Sponsored research fund.

Fund expenditures include activity funded from Sponsored research income and exclude activity funded from the General operating fund. Fund expenditures include the purchase of capital assets, if the corresponding income is reported in the Sponsored research fund. Fund expenditures also include internal cost recoveries (see Section II.E.8).

Funds from **Canada Foundation for Innovation**, along with applicable matching funds, are to be reported as Sponsored research income. The corresponding expenditures, including the purchase of capital assets, are to be reported as Sponsored research expenditures.

Funding related to **Canada Research Chairs** are to be reported as Sponsored Research income. The corresponding expenditures, including the purchase of capital assets, are to be reported as Sponsored Research expenditures.

Within the Sponsored research fund, the first column in the applicable Tables is used to report income and expenditures for entities consolidated, and the second column, for entities not consolidated. Both columns combined represent the total Sponsored research reported by the institution. For the first column, "Entities Consolidated", reported amounts are based on the financial data of entities included in the consolidated financial statements of the institution.

For the second column, "Entities not Consolidated", institutions are permitted to separately report sponsored research, including hospital based medical research funding, that is granted to academic staff of the reporting institution, but conducted in entities that are not consolidated. Reporting of the sponsored research is permitted if all the following four conditions are met:

- the entity not consolidated must be an affiliated institution as established by an affiliation agreement with the reporting institution. The term affiliated institution refers to all federated, affiliated and associated entities (see Section III.C.6).
- academic staff from the reporting institution lead the sponsored research project and conduct the research at the non-consolidated affiliated institution,
- the financial data (income and expenditure) for the sponsored research are reported in the financial statements of the non-consolidated affiliated institution, and
- the sponsored research would be reported in the Sponsored research fund had the research been conducted at the reporting institution, rather than at the affiliated institution.

In addition, for "Entities not Consolidated", the amounts reported as income (Table 1, line 27, column 4) must equal the amounts reported as expenditures (Table 2, line 24, column 4).

To provide financial data that is **consistent** and **comparable**, the income and expenditure items for sponsored research for entities not consolidated are to be reported in accordance with these Guidelines. Although this financial data has not been subject to audit by the reporting institution, there is an expectation that the data has adequately documented support.

Institutions that report sponsored research for such entities are required to

- acknowledge and represent in the Transmittal Letter that the four conditions above have been met, and
- complete Part II of Table 5 identifying each entity and the amounts reported in the annual return (see Section III.C.6).

Ancillary is an unrestricted fund that separately accounts for all "sales-producing" operations or "self-supporting" activities that are supplementary to the institution's primary operating activities of instruction and research. Ancillary services exist to provide goods and services to students, faculty, staff, and others. Ancillary services charge a fee directly related to, although not necessarily equal to, the cost of the goods or services.

Ancillary services typically include bookstores, food services (dining hall, cafeterias, vending machines), residences and housing, parking, university press,

publishing, laundry services, property rentals, university facility rentals, theaters, and conference centers.

All sales, external and internal, from ancillary services are reported as income (see Section II.E.8).

To report expenditures, full costing of ancillary services is required (see Section II.E.13). The preferred method of reporting internal cost recoveries or cost allocations is direct allocation, but where direct allocation is not possible or feasible, the internal cost recoveries can be reported under a separate expenditure line item (see Section II.E.8). Any capital items purchased directly from Ancillary income are to be reported in the Ancillary fund on the appropriate expenditure line.

Capital is a restricted fund that accounts for resources provided to the institution for capital purposes and not reported in any other fund. Income and expenditures are to be reported following the funds flow approach for capital assets (see Section II.E.6).

Fund income includes grants and related investment income, donations, and other resources made available to the institution by external funding sources, such as government and donors, specifically for capital purposes.

Fund expenditures include building programs, acquisitions of major equipment and furniture, major renovations and alterations, space rental and buildings, land and land improvements.

Because capital expenditures are to be reported in the same fund as the corresponding income, not all capital expenditures will be reported in the Capital fund. For example, funds from **Canada Foundation for Innovation**, along with applicable matching funds, are to be reported as Sponsored research income. The corresponding expenditures, including the purchase of capital assets, are to be reported as Sponsored research expenditures.

Endowment is a restricted fund that accounts for the capitalization of externally or internally restricted amounts, primarily donations, which cannot be spent.

Investment income generated by endowments may be used for various purposes, with these purposes often restricted by donors. Investment income should be reported in the same fund as the corresponding expenditures. Expenditures, excluding those incurred to earn investment income, are to be reported in an appropriate fund other than the Endowment fund.

Expenditures incurred to earn investment income are to be reported "net" of the investment income. Investment income that is used to preserve the capital value of the Endowment fund is reported as income in the Endowment fund.

2. Income by Fund (Table 1)

The funds described in Section III.C.1 are reported in columns 1, 2, 5, 6, 7 and 8 in Table 1, with the total of the funds reported in column 9. Column 5 reports the sub-total for the Sponsored research fund. Within Sponsored research, column 3 reports "Entities Consolidated" and column 4 reports "Entities not Consolidated".

The types of income to be reported in Table 1 are identified on the left-hand side of the Table. If there is uncertainty as to which line to use to report a type of income, report the income on the line best describing the activity. For example, government funds to pay tuition fees for participants in a non-credit program should be reported on line 13 (Non-credit tuition), rather than under government grants and contracts. Furthermore, where the designation of a particular type of income in this Table differs from that used by an institution in its financial statements or its internal management reports, the type of income must be shown per the Guideline instructions regardless of the institution's practice.

As a general reporting practice, institutions follow the accrual, rather than the cash basis of accounting (see Section II.E.3). For reporting income, exceptions to the accrual concept in the annual return include the funds flow approach for reporting funds received to acquire capital assets (see Section II.E.6) and for reporting income in the Special purpose and trust, and Sponsored research funds (see Section II.E.4).

Income includes gifts-in-kind that are recorded in an institution's audited financial statements (see Section II.E.10).

Borrowings will not be reported as income (see Section II.E.12). Any such amounts, however, will be separately reported on the Statement of Changes in Net Assets by Fund (see Section III.C.4 – line 6).

The six major categories of income are –

- government departments and agencies – grants and contracts,
- tuition and other fees,
- donations, including bequests
- non-government grants and contracts,
- investment, and
- other (including sale of services and products, and miscellaneous).

(i) Government departments and agencies – grants and contracts

Lines 1 to 11 include grants from, and contracts with, federal government departments and agencies, provincial government departments and agencies, and municipal governments. Grants and

contracts from other provincial governments and from foreign governments are also reported in this category.

Government grants provide financial support to institutions and the grants may or may not be restricted.

Government contracts provide financial support to institutions under certain stipulations and conditions, including the provision of a deliverable product, such as a piece of equipment, a service, or a report. A contract normally includes provisions for institutions to recover certain indirect or overhead costs, with the contract specifying or documenting the basis for the calculation of the recoverable costs.

To avoid double counting of government grants and contracts, income must only be reported once. In other words, where an institution receives funds and subsequently disburses or transfers all or part of the funds to one or more related or affiliated entities that are included in the annual return, the transfers must be eliminated (see Section II.E.15).

Furthermore, and again to avoid double counting, where a reporting institution receives funds and subsequently disburses or transfers all or part of the funds to other reporting institutions of CAUBO, the funds received should be reported "net" of the funds disbursed or transferred (see Section II.E.15).

Federal

Lines 1 to 7 include all research grants, research contracts, grants and contributions from the Government of Canada and its departments and agencies, including the federal portion of capital and other grants that flow through a provincial government. Income received from the six major federal government agencies is reported on lines 1 to 6, as applicable.

The line items under "federal" are as follows:

Line 1 Social Sciences and Humanities Research Council (SSHRC)

Line 2 Health Canada

- Income from Health Canada not reported under line 4 – Canadian Institutes of Health Research (CIHR) – should be reported in this line.

Line 3 Natural Sciences and Engineering Research Council (NSERC)

Line 4 Canadian Institutes of Health Research (CIHR)

Line 5 Canada Foundation for Innovation (CFI)

- CFI income is reported under the Sponsored Research fund.

Line 6 Canada Research Chairs

- Funding for Canada Research Chairs is reported under the Sponsored Research Fund.

Line 7 Other federal (see Table 6)

- Income from all other federal government departments and agencies is reported on this line with the details provided in Table 6 (see Section III.C.7). This would include grant allocations for the **Indirect Costs of Research**. A separate line is provided in Table 6 for Indirect Costs of Research.

Other

Lines 8 to 11 include all grants from, and contracts with, the province and its departments and agencies, municipal governments, other provinces, and foreign governments.

The line items under "other" are as follows:

Line 8 Provincial (see Table 7)

- Income from provincial government departments and agencies, including provincial CFI matching grants, is reported on this line with the details provided in Table 7 (see Section III.C.8).
- Provincial CFI matching income from the Ministry responsible for the institution is reported under the Sponsored research fund.

Line 9 Municipal

- Examples of income to be reported on this line include grants from urban transit, communication and parking authorities.

Line 10 Other provinces

- This line includes grants from, and contracts with, provinces other than the province with jurisdiction.

Line 11 Foreign

- Examples of income to be reported on this line include grants from the National Endowment for Humanities, National Institutes of Health, and the National Science Foundation.

(ii) Tuition and other fees

The types of revenue (Lines 12 to 14) include credit course tuition, non-credit tuition and other fees.

Line 12 Credit course tuition

- Credit courses are courses of instruction or programmed learning that are offered within a degree program; or, that may be granted status equivalent to a credit course within a degree program.
- Credit courses are offered during the fall and winter sessions of a semester type operation, all three terms of a trimester operation and the year round operation of graduate schools and include intersession, spring session and summer session credit courses and credit extension.
- Credit course tuition includes tuition and other mandatory fees related to the instruction of the courses, such as computer and laboratory fees.

- Credit course tuition also includes fees for "make-up" or special courses that are related to the credit offerings of the institution, and fees for auditing in credit courses.
- Credit course tuition should be reported on this line whether the cost of the credit course is subsidized or fully recoverable.

Line 13 Non-credit tuition

- Non-credit programs are courses of instruction or programmed learning that are not credit courses (see line 12).
- Non-credit tuition includes fees for lectures, courses and similar activities that are not recognized by the institution for the purpose of granting credit. Non-credit programs are usually offered through continuing education units.
- Government funds to pay tuition for participants in a non-credit program should be reported as non-credit tuition, rather than as government grants and contracts.

Line 14 Other fees

- Other fees include all compulsory and non-compulsory fees charged to students such as health services, athletics, library, applications, late registrations, lockers and transcripts. These fees would be reported under the General operating fund.
- Other fees exclude fees collected by the institution acting in an agency capacity. An example would be student fees collected on behalf of student controlled and administered activities such as student councils or federations.

(iii) Donations, including bequests

Donations are a voluntary transfer of cash or negotiable instruments made without expectation of return or benefits of any kind to the donor. Bequests flow from wills. Donations, including bequests, are considered to be gifts for tax purposes. Amounts received that are eligible to be receipted as charitable donations for federal income tax purposes are to be reported on lines 15 to 17, as applicable.

Lines 15 to 17 categorize "donations, including bequests" by individuals, business enterprises, foundations and not-for-profit organizations.

In addition, donations designated for specific purposes and donations that cannot be spent are reported in the Endowment fund (see Section III.C.1 – Endowment). Donations also include gifts-in-kind that are recorded in an institution's audited financial statements (see Section II.E.10).

With the exception of circumstances outlined in the preceding paragraph, donations are to be reported in the same fund as the corresponding expenditures (see Section II.E.9).

Line 15 Individuals

- This line includes families.

Line 16 Business enterprises

- Business enterprises include unincorporated businesses as well as privately or publicly incorporated companies that are operated for profit and derive revenue mainly from the sale of goods and services. The common forms of unincorporated businesses are sole proprietorships and partnerships, and examples include farmers and professional practitioners.

Line 17 Not-for-profit organizations

This includes foundations and other not-for-profit organizations.

- A foundation is an entity that can either be a corporation or a trust constituted and operated exclusively for charitable purposes. Funds contributed to an institution by a non-consolidated charitable foundation would be reported here.
- Not-for-profit organizations include associations or societies, and examples include religious organizations, labour unions, professional organizations and fraternal societies.

(iv) Non-government grants and contracts

Non-government grants and contracts provide financial support under certain specific stipulations and conditions, including the provision of a deliverable product, such as a piece of equipment, a service, or a report. The amounts received by an institution are not considered as charitable donations for tax purposes and therefore are ineligible to be receipted as charitable donations for federal income tax purposes.

Lines 18 to 20 categorize "non-government grants and contracts" by individuals, business enterprises, foundations and not-for-profit organizations.

Line 18 Individuals

- This line includes families.

Line 19 Business enterprises

- Business enterprises include unincorporated businesses as well as privately or publicly incorporated companies that are operated for profit and derive revenue mainly from the sale of goods and services. The common forms of unincorporated businesses are sole proprietorships and partnerships, and examples include farmers and professional practitioners.

Line 20 Not-for-profit organizations

This includes foundations and other not-for-profit organizations.

- A foundation is an entity that can either be a corporation or a trust constituted and operated exclusively for charitable purposes.

- Not-for-profit organizations include associations or societies, and examples include religious organizations, labour unions, professional organizations and fraternal societies.

(v) Investment income

Investment income includes income from dividends, bonds, mortgages, short-term notes and bank interest. Bond interest would include an accrual for stripped bonds (see Section II.E.3). Investment income also includes realized and unrealized gains and losses on investment transactions, if the gains and losses are reported in the audited financial statements, regardless of how investments have been designated by the institution (held for trading or not).

Investment income excludes income from a non-consolidated charitable foundation. Income from a non-consolidated charitable foundation should be reported on line 17 (Not-for-profit organizations).

Included in this section are endowment and other investment income (Lines 21 and 22).

Line 21 Endowment

- Investment income earned on endowment funds is reported on this line under the same fund as the corresponding expenditures.
- Investment income earned on endowment funds and used to preserve the capital value of the Endowment fund is reported on this line under the Endowment fund.
- Expenditures incurred to earn investment income, such as the cost of an investment manager(s) to manage the endowment funds, are to be reported "net" of the investment income.

Line 22 Other investment

- Investment income earned on all funds other than endowment funds is reported on this line under the same fund as the corresponding expenditures.
- Other investment income also includes charges for deferred or installment payments and for unpaid student tuition and other fees.
- Any significant non-recurring items should be explained by way of accompanying notes or in the observations and comments section at the bottom of Table 1.

(vi) Other

Other income (Lines 23 and 24) includes sale of services and products, and miscellaneous.

Line 23 Sale of services and products

- This line includes external sales and external cost recoveries (see Section II.E.8).
- External sales and external cost recoveries include sales to outside organizations, such as those for laboratory tests, space rental, utilities and incidental income (including athletic gate receipts, parking fees, conferences and various medical clinics).
- This line also includes rental income from residences and parking.
- Payments received from non-consolidated federated or affiliated entities for the provision of instructional, administrative or other services are reported as sale of services and products.
- For ancillary services (see Section III.C.1 – Ancillary), this line includes both external and internal sales (see Section II.E.8).
- Internal sales, other than those originating from ancillary services, and internal cost recoveries are not reported as income.

Line 24 Miscellaneous

- Miscellaneous income includes commissions, royalties and fees from the use of institution owned rights or properties, or fees for services rendered. Miscellaneous also includes library and other similar fines, rentals, net gain or loss on sale of fixed assets and any type of income not identified in the other categories of income.
- Payments received from non-consolidated federated or affiliated entities for the provision of instructional, administrative or other services are reported as sale of services and products (line 23).

3. Expenditures by Fund (Table 2)

The funds described in Section III.C.1 are reported in columns 1, 2, 5, 6, 7 and 8 in Table 2, with the total of the funds reported in column 9. Column 5 reports the sub-total for the Sponsored research fund. Within Sponsored research, column 3 reports "Entities Consolidated" and column 4 reports "Entities not Consolidated".

The types of expenditures to be reported in Table 2 are identified on the left-hand side of the Table. Where the designation of a particular expenditure in this Table differs from that used by an institution in its financial statements or its internal management reports, the expenditure must be shown under the designated Table heading regardless of the institution's practice.

As a general reporting practice, institutions follow the accrual, rather than the cash basis of accounting (see Section II.E.3). For reporting expenditures, exceptions to the accrual concept in the annual return include the funds flow approach for reporting funds used to acquire capital assets (see Section II.E.6) and the cash basis for reporting vacation pay, pension costs and future benefits (see Section II.E.7).

Expenditures include gifts-in-kind that are recorded in an institution's audited financial statements (see Section II.E.10).

The repayment of principal will not be reported as an expenditure (see Section II.E.12). Any such amounts, however, will be separately reported in the Statement of Changes in Net Assets by Fund (see Section III.C.4 – line 7).

Lines 1 to 20 report expenditures that are generally recurring, with a sub-total for lines 1 to 20 reported on line 21. Lines 22 and 23 report significant periodic expenditures such as those for buildings, land and land improvements (line 22) and unusual or non-recurring expenditures, referred to as lump sum payments (line 23), such as those for special assisted early retirement programs. The total of all expenditures is reported on line 24.

The types of expenditures to be reported in Table 2, by line, are as follows:

Salaries and wages

Salaries and wages are categorized as academic salaries (lines 1 and 2) and other salaries and wages (line 3). Academic salaries are reported by academic ranks (line 1) and by other instruction and research (line 2).

The following types of payments are to be reported as salary and wage expenditures:

- compensation payments, such as payments for salary continuance during sick leave or maternity leave,
- severance payments as a result of terminations in the normal course of business, and
- vacation pay (see Section II.E.7).

Certain lump sum payments for current and future fiscal periods to employees who have terminated employment with the institution are reported on an accrual basis as lump sum payments (line 23).

With the exception of vacation pay, the amounts to be reported as salaries and wages in the annual return are to be calculated following the same practices as those used by the institution for its audited financial statements.

Academic salaries

Academic salaries are reported by academic ranks and by other instruction and research.

Line 1 Academic ranks

- This line includes payments to both full and part time staff members who hold an academic rank at the reporting institution and are engaged in instruction and research activities.
- The academic ranks include deans, professors, associate professors, assistant professors and lecturers.
- Academic salaries also include payments to staff members in the academic ranks for various types of leave such as administrative, academic or sabbatical.

Line 2 Other instruction and research

- This line includes payments to both full and part time staff and non-staff members without academic rank at the reporting institution, but who are engaged in instruction and research activities.
- The staff and non-staff members include instructors, tutors, markers, laboratory demonstrators, teaching assistants, research assistants, invigilators, clinical assistants, post-doctoral fellows, and others.
- Other instruction and research salaries also include payments made to graduate and undergraduate students undertaking instruction and research activities.

Line 3 Other salaries and wages

- This line includes salaries and wages not reported on lines 1 and 2. Specifically, other salaries and wages includes payments to all full and part time non-instructional (support) staff including among others, technicians, teaching and research laboratory technicians, clerical and secretarial, professional and managerial, janitorial, trades and maintenance.
- Other salaries and wages also includes payments to individuals who may hold an academic rank, or equivalent thereto, but are engaged in activities other than instruction and research. Examples of such individuals include the president, vice-presidents, certain professional librarians and computing center personnel.

Line 4 Benefits

- Pension costs and future benefits, including benefits arising as a result of early retirement, are to be reported on the cash basis (see Section II.E.7). Otherwise, the amounts to be reported as benefits in the annual return are to be calculated following the same practices as those used by the institution for its audited financial statements.
- Benefits include the cost of an institution's contributions (with respect to salaries) for pensions (including payments for actuarial deficiencies and past service liability), group life insurance, salary continuance insurance, dental plans, workers' compensation, health taxes, tuition remission, employment insurance and other costs of an employee benefit programs.
- Benefits also include the cost of benefits paid during early retirement periods, as well as the cost of post retirement benefits.
- Whenever an institution pays a premium or sets aside a negotiated amount for an employee, these amounts should be included as Benefits.

- Memberships or other perquisites of employment are not reported as Benefits.

Line 5 Travel

- Travel includes expenditures on recruitment, travel, moving and relocation of staff, field trips and all other types of travel necessary for the operation of the institution.

Line 6 Library acquisitions

- Library acquisitions include all purchases of, and access to (including electronic access), books, periodicals and other reference materials for the institution's main, branch and faculty or departmental libraries.
- Cost of binding may also be included if normally considered part of the acquisition cost.

Line 7 Printing and duplicating

- This line includes expenditures that would normally be consumed in the fiscal year such as printing, duplicating, photocopying, reproductions, illustrations, publishing and the related supplies.

Line 8 Materials and supplies

- Materials and supplies include expenditures that would normally be consumed in the fiscal year such as sports supplies, stationery, computer and other office supplies.
- Also included are material and supplies for teaching and laboratories. Laboratory supplies include chemicals, instruments, animals, feed and seed.
- Small dollar value equipment and computer software items should be reported under furniture and equipment purchase (line 18).

Line 9 Communications

- Communications includes telephone, data communications, mailing and courier, but excludes expenditures reported as equipment rental and maintenance (line 19).
- Telephone includes watts lines, line services, long distance and other charges.

Line 10 Other operational expenditures

- This line includes space rental, property taxes, institutional membership fees, insurance, meals, advertising and promotion, and doubtful accounts.
- Space rental includes the cost of renting space and land on a long-term basis.
- Property taxes include all taxes paid directly to municipalities by the institution, whether assessed on property values or based on student population.
- Institutional membership fees include fees paid by the institution to organizations such as AUCC and CAUBO.
- This line includes all other expenditures that are not reported elsewhere.

Line 11 Utilities

- Utilities include expenditures for items such as electricity, water, natural gas, fuel and sewer.
- Utilities also include the generating costs for electricity, steam, water, and natural gas.

Line 12 Renovations and alterations

- This line includes expenditures for renovations and alterations to the existing space of the institution, whether the expenditures are internally performed or external contracted.

Line 13 Scholarships, bursaries and prizes

- This line includes payments to students (except those for which the student is required to perform service for the payment) such as those for fee remission, prizes and awards.
- Payments for which the student is required to perform service for the payment are reported as other instruction and research (line 2), and include payments to graduate and undergraduate students who are instructors, tutors, markers, laboratory demonstrators, teaching assistants, research assistants, invigilators, clinical assistants, postdoctoral fellows, and others.

Line 14 Externally contracted services

- This line includes all expenditures for services contracted to external agencies except for renovations and alterations (line 12), professional fees (line 15), equipment rental and maintenance (line 19), and buildings, land and land improvements (line 22).
- Examples of expenditures to be included are cleaning contracts, security services, snow removal and similar time and material contracts, and food services.
- Where food services are contracted, the contract amount in total should be shown on this line and not as cost of goods sold (line 16) or any other expenditure types, even though the contractor may provide a breakdown of costs.

Line 15 Professional fees

- Professional fees include all fees paid to legal counselors (including retainers for the negotiations of collective agreements), auditors, and computer, human resource and other consultants.
- This line excludes consulting fees for renovations and alterations (line 12), equipment rental and

maintenance (line 19), and buildings, land and land improvements (line 22).

Line 16 Cost of goods sold

- Cost of goods sold is to be used where an inventory method of accounting is normally employed, (e.g. bookstore, food services) and should include the laid down cost of goods purchased for resale only. The remaining costs of operating the service, such as salaries and supplies, are to be shown in their respective expenditure types.
- Where a service is externally contracted, particularly for ancillary services, the total costs of the contract should be included in externally contracted services (line 14). For example, contracted food services are to be reported on line 14, under the Ancillary fund.
- The cost of goods sold is to be reported under the same fund as the income from the sale of the product (see Section III.C.2 – line 25).

Line 17 Interest

- This line includes all interest expenditures to service debts of the institution. Examples include bank interest, mortgage or debenture interest and related charges, and the interest component of installment or lease payments.
- Repayments of principal such as principal reductions on loans, mortgages, debentures or repayable grants are not reported as expenditures (see Section II.E.12).

Line 18 Furniture and equipment purchase

- This line includes laboratory equipment (other than consumables), computing equipment and computer software packages, administrative equipment and furnishings (including carpets and drapery), copying and duplicating equipment, and maintenance equipment. Installation expenditures for the above items are to be included as part of their cost.
- This line also includes installment payments and payments under lease purchase contracts, where the lease is a capital lease for accounting purposes. The interest component of any such payments should be reported on line 17.
- This line includes small dollar equipment and computer software items that would normally be expensed in the accounting records of the institution.
- Furniture and equipment purchases are reported under the same fund as the corresponding income (see Section II.E.6). For example, purchases made from CFI grants are reported under Sponsored research (see Section III.C.1 – Sponsored research). Purchases made or to be made from current or future ancillary services income are to be reported under Ancillary (see Section III.C.1 – Ancillary).
- Amortization is not reported as an expenditure, but is included as a reconciling item in the Statement of Changes in Net Assets by Fund (see Section III.C.4 – line 10).
- Provisions for the replacement of furniture and equipment are considered to be transfers to appropriation or reserve accounts; consequently, such provisions are not to be reported as expenditures (see Section II.E.11).

Line 19 Equipment rental and maintenance

- This line includes all rental and maintenance expenditures for furniture and equipment including laboratory equipment (other than consumables), administrative equipment and furnishings (including carpets and drapery), copying and duplicating equipment, computing equipment, maintenance equipment and telephone equipment.
- This line also includes lease purchase contracts, where the lease is an operating lease for accounting purposes.
- This line also includes expenditures for equipment repairs and maintenance contracted to external agencies.

Line 20 Internal sales and cost recoveries

- The preferred method of reporting internal sales, other than those originating from ancillary services, is to report the amounts at “net” (see Section II.E.8). The preferred method of reporting internal cost recoveries is direct allocation (see Section II.E.8). Where the preferred method is not possible or feasible, this expenditure type can be used, but when it is used, the internal sales and cost recoveries for all funds, when added together, must equal zero.
- This line includes internal sales, other than those originating from ancillary services, and internal cost recoveries (see Section II.E.8).
- Internal sales originating from ancillary services are to be reported as sale of services and product (see Section III.C.2 – line 25).
- Common examples of internal cost recoveries include the overhead recovery of administrative costs and the indirect costs of research between the General Operating fund and the Ancillary and Sponsored research funds, and the overhead recovery of utility (unless the utility is an ancillary service) and maintenance costs between the General operating fund and the Ancillary fund.
- To provide better functional comparisons of types of expenditures, institutions are asked to minimize the use of this line to the extent possible.

Line 21 Sub-total

- This line is the sub-total of all expenditures reported on lines 1 to 20.

Line 22 Buildings, land and land improvements

- Buildings include all expenditures that are normally considered part of the construction cost as well as costs incurred during the construction period such as utilities. Land and land improvements include acquisition costs and site preparation such as landscaping, sewers, tunnels and roads. All fees and planning costs related to buildings, land and land improvements are also included.
- Furniture and equipment purchases are reported on line 18.
- The expenditures for buildings, land and land improvements are reported under the same fund as the corresponding income (see Section II.E.6). For example, purchases made from CFI grants are reported under Sponsored research (see Section III.C.1 – Sponsored research). Purchases made or to be made from current or future ancillary services income are to be reported under Ancillary (see Section III.C.1 – Ancillary).
- Amortization is not reported as an expenditure, but is included as a reconciling item in the Statement of Changes in Net Assets by Fund (see Section III.C.4 – line 10).
- Provisions for the replacement of buildings are considered to be transfers to appropriation or reserve accounts; consequently, such provisions are not to be reported as expenditures (see Section II.E.11).

Line 23 Lump sum payments

- This line includes certain lump sum payments for current and future fiscal periods to employees who have terminated employment with the institution. The characteristics of the payments are such that similar transactions or events are not expected to occur frequently over several years, or do not typify normal business activities of the institution.
- Lump sum payments are reported on an accrual basis.
- Examples of lump sum payments include payments under downsizing or special assisted early retirement programs.
- Severance payments as a result of terminations in the normal course of business are reported as salary and wage expenditures (lines 1 to 3).

4. Statement of Changes in Net Assets by Fund (Table 3)

The Statement of Changes in Net Assets by Fund identifies, for each fund in the annual return, the changes between the net asset balances at the beginning of the year and the net asset balances at the end of the year. The changes between the beginning and ending net asset balances are more than the difference between total income (Table 1, line 27) and total expenditures (Table 2, line 24). The changes also result from the addition and deduction of transactions that are neither income nor expenditures. These transactions are reported on lines 4 to 7 and include prior year adjustments, interfund transfers, borrowings, and the principal portion of debt repayments.

In addition, the statement identifies the uniform reporting practices that cause differences between the institution's annual return and its audited financial statements (see Section II.D). While the specific types of items causing the differences may vary among institutions, the number of such items is relatively few. These items are reported on lines 8 to 15. The uniform reporting practices that cause the differences include funds flow (see Section II.E.4), capital assets (see Section II.E.6), and vacation pay, pension costs and future benefits (see Section II.E.7).

The Statement of Changes in Net Assets by Fund, then, reconciles the net asset balances at the beginning of the year with the net asset balances at the end of the year. As more clearly indicated in the details for lines 16 to 21, both the beginning and ending net asset balances are based on information reported in the institution's audited financial statements.

The details of each line in the statement are as follows:

Line 1 Net asset balances, beginning of year

- The net asset balances, by fund, at the beginning of the year must equal line 16 of the prior year's return.

Line 2 Income (Table 1, line 27)

- This line must equal the total reported in Table 1 (Income by Fund), line 27.

Line 3 Expenditures (Table 2, line 24)

- This line must equal the total reported in Table 2 (Expenditures by Fund), line 24.

Line 4 Prior year adjustments

- This line should be used infrequently and generally only when the net asset balances reported in the audited financial statements at the end of the prior year have been subsequently adjusted.
- An example of a prior year adjustment includes a retroactive change in accounting policies.

Line 5 Interfund transfers

- Institutions have been encouraged to minimize interfund transfers in the annual return by

reporting income and the corresponding expenditures under the same fund (see Section II.E.9). For example, capital expenditures are to be reported under the same fund as the corresponding income. Investment income earned on trust and endowment funds is to be reported under the same fund as the corresponding expenditures.

- Where the amount of an interfund transfer is not material to an institution's reported financial data, the amount should be restated to an appropriate fund.
- After following the above guidelines, any remaining interfund transfers would be reported on this line. An example would be the transfer of an operating surplus from the Ancillary fund to the General operating fund. Other examples include transfers approved by the institution's governing body.
- The total in column 9 on line 5 must equal 0.

Line 6 Add: borrowings

- This line reports debt borrowings (see Section II.E.12).

Line 7 Deduct: principal portion of debt repayments

- This line reports repayment of principal (see Section II.E.12).
- Repayments of principal include principal reductions on loans, mortgages, debentures or repayable grants.
- Interest to service debts of the institution is reported as an expenditure (see Section III.C.3 – line 17).

Line 8 Interfund reallocations

- Normally, the criteria for placement of a particular income or expenditure item within a fund in the annual return is the same as that used by an institution in its financial statements or internal management reports. However, where the Guidelines specifically designate the placement of an item, the item must be shown under the designated heading regardless of the institution's practice. Consequently, items may be classified under one fund for the purposes of an institution's annual return, but a different fund in its audited financial statements or internal management reports (see Section III.A).
- In addition, institutions have been encouraged to minimize interfund transfers in the annual return by reporting income and the corresponding expenditures under the same fund (see Section II.E.9). For example, capital expenditures are to be reported under the same fund as the corresponding income. Investment income earned on trust and endowment funds is to be reported under the same fund as the corresponding expenditures. To the extent interfund transfers have been minimized, items may be classified under one fund for the purposes of the institution's annual return, but a different fund in its audited financial statements.
- Differences in ending net asset balances, by fund, between the annual return and audited financial statements resulting from the above guidelines, can be adjusted on line 8. Column 9, the total for all interfund reallocations reported on line 8, must equal 0.

Line 9 Add: capital expenditures

- Funds used to acquire capital assets have been reported as expenditures in the annual return based on the funds flow approach (see Section II.E.6). This line reports the difference between capital asset expenditures as reported in the annual return and the same amounts that have been capitalized during the year in the audited financial statements.
- This line also includes differences that result from installment payments and payments under lease purchase contracts where the lease is a capital lease for accounting purposes (see Section III.C.3 – line 18).
- The differences that result from amortizing capital assets are reported on line 10.

Line 10 Deduct: amortization

- Funds used to acquire capital assets have been capitalized in the audited financial statements and amortized on an annual basis (see Section II.E.6). This line reports the amortization expense that has been recorded in the audited financial statements.
- The differences that result upon the acquisition of capital assets are reported on line 9.

Line 11 Add or deduct: deferred income

- Certain restricted income not expended in the year is reported in the annual return following a funds flow approach (see Section II.E.4). This line reports the difference between amounts that have been reported as income in the annual return following a funds flow approach and the same amounts that have been reported as income in the audited financial statements following the deferral method.

Line 12 Add or deduct: pension costs and vacation pay accrual

- Vacation pay and pension costs are reported in the annual return on a cash basis (see Section II.E.7). This line reports the difference between amounts that have been reported as expenditures in the annual return on a cash basis and the same amounts that have been reported as expenditures in the audited financial statements on an accrual basis.

Line 13 Add or deduct: future cost of employee benefits

- Future cost of employee benefits are reported on this line and represent employee benefit costs not already reported in the annual return on a cash basis. An example would be the cost of future benefits on early retirement programs.

Line 14 Add or deduct: related or affiliated entities

- In certain situations, the reporting institution may report financial data for a related or affiliated entity in its audited financial statements, but not report the same data in its annual return (see Section III.C.6 – Part I). In such situations, the change in the net asset balances of the related or affiliated entity between the beginning of the year and the end of the year should be reported on this line.

Line 15 Add or deduct: other

- This line reports any other amounts such as the net book value of asset disposals where there are differences between the institution's annual return and its audited financial statements.
- For amounts reported on this line, provide details in the "Observations and Comments" space at the bottom of the Table.

Line 16 Net asset balances, end of year

- For a number of institutions, the audited financial statements may not specifically disclose net asset balances, by fund, in a format similar to the annual return. As a minimum, total net asset balances reported in column 9 should equal the total net assets reported in the institution's audited financial statements.
- In certain situations, the reporting institution will report sponsored research in Column 4 that is attributable to the institution, but conducted through entities that are not consolidated. In such situations, the amount reported for column 4, on line 16, must equal 0 (see Section III.C.1 – Sponsored research).
- The net asset balances, by fund, reported on this line, should equal the net asset balances, by fund, reported on line 21.
- The net asset balances, by fund, reported on this line, should also equal the net asset balances, by fund, at the beginning of the next year; that is, line 16 of the current year's annual return must equal line 1 of next year's annual return.

Net asset balances are comprised of:

The net asset balances reported on lines 17, 18, 19 and 20 agree with certain net asset balances in the institutions audited financial statements.

Line 17 Unrestricted net assets

- The net asset balance in column 9 should equal the accumulated surplus or deficit reported in the institution's audited financial statements.

Line 18 Investment in capital assets

- Investment in capital assets represents the funds expended to acquire capital assets, less accumulated amounts amortized over the estimated useful lives of the related capital assets. The funds expended are reduced by amounts financed by long term debt and, where applicable, deferred capital contributions. These funds are not available for other purposes since they have been invested in capital assets.
- The net asset balance in column 9 should equal the investment in capital assets reported in the institution's audited financial statements.

Line 19 Internally restricted net assets

- An increase or transfer to appropriations should not be recorded as an expenditure, nor should a decrease or transfer from appropriations be recorded as income (see Section II.E.11).
- The net asset balance in column 9 should equal the internally restricted appropriations, including internal endowments, reported in the institution's audited financial statements.

Line 20 Externally restricted net assets

- The net asset balance in column 9 should equal the externally restricted funds, including external endowments, reported in the institution's audited financial statements.

Line 21 Net asset balances, end of year

- The net asset balances, by fund, reported on this line, should equal the net asset balances, by fund, reported on line 16.

5. General Operating Expenditures by Function (Table 4)

Expenditures by Fund (see Section III.C.3) and this section of the Guidelines are very similar in that types of expenditures are identified on the left-hand side of both Tables. Table 2, however, is organized by fund, and Table 4 is organized by operational or functional areas, within the General operating fund, that represent the major areas of institutional activity. The functions are Instruction and non-sponsored research, Non-credit instruction, Library, Computing and communications, Administration and academic support, Student services, Physical plant and External relations. These functions are reported in columns 1 to 8, with the total of the functions reported in column 9. The amounts in Column 9 should be identical to the amounts in Table 2, Column 1 (General operating).

This section provides details to assist preparers to segregate, by function, the various activities and

types of expenditures under the General operating fund. Unless otherwise indicated, the definitions, explanations and examples presented in Section III.C.3 for types of expenditures also apply to this section. In addition, as noted previously, where the designation of a particular expenditure in this Table differs from that used by an institution in its financial statements or its internal management reports, the expenditure must be shown under the designated Table heading regardless of the institution's practice. For example, health services and intramural and intercollegiate athletics are to be reported under the Student services function although they may be reported as ancillary services in the institution's financial statements or its internal management reports.

In reporting General operating fund expenditures by function, preparers should be familiar with the uniform reporting practices (see Section II.E). In particular, preparers should be familiar with the practices on internal and external cost recoveries (see Section II.E.8) and use of estimates (see Section II.E.14).

The functions in the General operating fund are as follows:

(i) Instruction and non-sponsored research

The Instruction and non-sponsored research function in the General operating fund includes all direct costs of faculties, academic departments (including salaries of academic deans and their offices), graduate school, summer school, credit extension, and other academic functions and expenditures attributable to this function.

(ii) Non-credit instruction

The Non-credit instruction function in the General operating fund includes lectures, courses and similar activities that are not recognized by the institution for the purpose of granting credit. Non-credit programs are usually offered through continuing education units. Normally where there is non-credit tuition income reported on line 13 under the General operating fund in Table 1, the corresponding expenditures (not necessarily equal to the income) will be reported under this function.

(iii) Library

The Library function in the General operating fund includes the institution's Archives and other activities related to the institution's main, branch and faculty or departmental libraries. The expenditures include the salary and wage costs of providing the library services as well as the cost of books and periodicals.

(iv) Computing and communications

The Computing and communications function in the General operating fund includes only the activities of centralized computing and communication facilities. A centralized computing facility refers to computer related activities and resources that have been organized under the management of a central administration. The computing facility is usually seen as an institutional resource that is available on an institution-wide basis and is the most effective way of providing certain services supportive of the institution's research and administrative activities. Such a facility usually results from factors including economies of scale, a large number of users who require a wide variety of services, and a high degree of technical expertise required in computer operations.

This function does not include the activities of local or decentralized stand-alone computer installations that are under the management of, and were established for the main purpose of providing services to, a single division or department. The expenditures for decentralized computing facilities are to be included under the related functions and funds, as appropriate.

A centralized communications facility includes the costs of telephone equipment rental, service, acquisition and switchboard, including related personnel and other costs. The expenditures for decentralized communications facilities are to be included in the related functions and funds, as appropriate.

If an institution employs a charge-out system for central computing time or communications equipment usage, expenditures should be combined and reported under this function.

Any sales to, or recoveries from, other functional areas or funds, or outside users, are considered to be either an internal or external cost recovery and are to be reported according to the uniform reporting practice for internal and external cost recoveries (see Section II.E.8).

(v) Administration and academic support

The Administration and academic support function in the general operating fund covers expenditures in the two broad areas of academic support and other support services. Other support services include administration. These areas are combined and reported in Table 4 under Administration and academic support.

The academic support area of the Administration and academic support function includes all activities provided by an institution in direct support of Instruction and non-sponsored research. This area includes the following types of activities:

- the positions of vice-president academic and research (or their equivalents) and their offices
- faculty and instructional support services
- research administration (including grants and contracts administration)

- registrar's and graduate students office (including calendars, admissions, student records and related reporting)
- convocation and ceremonies
- co-op program administration
- central animal services
- central shops for instruction and research (machine shop, glass blowing, electronics shop)
- distance education support
- instructional technology and audio visual services
- academic class scheduling

The administration area of the Administration and academic support function includes the following activities:

- administration, planning and information costs and activities associated with the positions of president and vice-president (or their equivalents) and their offices, except for the positions of vice-president academic and research (or their equivalents) and their offices, which are included in the academic support area. Administrative costs for activities such as fundraising, development, alumni and external communications are included in the external relations area.
- finance, including investment management, internal audit and accounting
- human resources (personnel)
- institutional research
- board and senate secretariat
- printing and duplicating services

Specific types of expenditures in the administration area include the following:

- professional fees including legal, audit, human resource and other consulting fees that are not specifically attributable to another function. Computer consulting fees are included if the computing facilities are decentralized.
- general university memberships including AUCC and CAUBO
- liability and E & O insurance (fire, boiler and pressure vessel, and property insurance are reported under the Physical plant function).

The appropriate reporting for computing, communications, purchasing, receiving and stores will depend upon whether the institution operates with centralized or decentralized facilities. If the institution has centralized facilities for computing and communications, the activities should be reported under the Computing and communications function. If the institution has centralized facilities for purchasing, receiving and stores, the activities should be included in the administration area of the Administration and academic support function. If any of computing, communications, purchasing, receiving or stores is decentralized, then these activities should be included under the related functions and funds, as appropriate.

(vi) Student services

The Student services function in the General operating fund includes the cost of services (other than direct teaching, research and administrative services) provided to students by the institution. Generally, these services will include:

- the dean of students and the dean's office
- counseling and chaplaincy services
- career guidance and placement services
- intramural and intercollegiate athletics (not physical education)
- student health services
- student accommodation services (not residences)
- student transportation services
- student financial aid administration
- bursaries, scholarships and prizes
- grants to student organizations, including the student union
- student programs, including music, drama and student center
- student day care center
- any other student services, social or cultural activities funded by the institution

These services may be provided from General operating fund income in whole, or in part by a specific fee included in the student incidental fee structure. Where an institution acts in an agency capacity, however, and collects student fees on behalf of student controlled and administered activities such as student councils or federations, the fees collected by the institution are to be excluded from income of the institution. The amount turned over to the benefit of the student council or federation is to be excluded from expenditures of the institution.

(vii) Physical plant

The Physical plant function in the General operating fund includes expenditures related to the physical facilities of the institution. The expenditures include the physical plant office, space planning, maintenance of buildings and grounds, custodial services, utilities, vehicle operations, security and traffic, repairs and furnishings, renovations and alterations, mail delivery services, long-term space

and property rental, and municipal taxes (including those for which compensatory grants are received from government).

Physical plant also includes fire, boiler and pressure vessel, and property insurance. All other insurance is reported in the administration area of the Administration and academic support function.

(viii) External relations

The external relations area includes all activities provided by an institution in support of ongoing external relations. These activities include fundraising, development, alumni, public relations and public information or external communications. The related administrative costs from the office of the vice-president(s), or equivalent, responsible for one or more of these activities should be included in this area.

6. Affiliation Report (Table 5)

For each reporting institution, there could be one or more **separate legal entities** that are related or **affiliated** to the reporting institution and for which financial data is included in the annual return (see Section II.E.1).

To allow users to better understand the contents of the annual return and its limitations, each reporting institution is required to identify and provide additional information in Table 5 for each such entity.

Depending upon an institution's circumstances, two parts of the affiliation report may be required. The first part is for entities **consolidated** in the institution's audited financial statements; the second is for entities **not consolidated** in the institution's audited financial statements, but for which some data is nevertheless included in the annual return.

(i) Part I: Separate Legal Entities Consolidated

Normally, an institution will report financial data in the annual return on the same basis as that used for its consolidated financial statements. This means that the financial data for a separate legal entity that is consolidated in the audited financial statements will be included in the annual return.

As an exception, there could be financial data for an affiliated entity that is included in the institution's consolidated financial statements, but not reported in the annual return. This exception could arise where an affiliated entity is also submitting an annual return as a member institution of CAUBO.

Information to be provided in the affiliation report for "entities consolidated" is based on the separate legal entities consolidated in the institution's financial statements and includes –

- Legal name of affiliated institution
- Category of affiliation – columns 1 to 7. Indicate the category of affiliation with an "x" in the appropriate column. For further information see the section below on Categories of Affiliation.
- Basis of reporting – columns 8 and 9. Indicate with an "x" in the appropriate column whether the separate legal entity is included (I) in the annual return (the norm) or excluded (E) from the annual return (the exception).

(ii) Part II: Separate Legal Entities not Consolidated

Under certain conditions, institutions are permitted to report separately sponsored research that is granted to academic staff of the reporting institution, but conducted in entities that are not consolidated (see Section III.C.1 – Sponsored research). This sponsored research data must be reported under column 4 (Entities not Consolidated) in the applicable Tables in the annual return. Part II of the affiliation report requests additional information on this data.

For clarity, financial data for a Charitable Foundation is only included in the annual return if the Charitable Foundation is consolidated in the financial statements of the institution.

Separate legal "entities not consolidated" are individually identified on lines 11 to 18 in the affiliation report when the amount reported in the annual return is over $100,000. For the entities individually identified, information to be provided includes –

- Legal name of affiliated institution
- Category of affiliation – columns 1 to 7. Indicate the category of affiliation with an "x" in the appropriate column. For further information see the section below on Categories of Affiliation.
- Amount included in annual return – column 10. The amount for the separate legal entity must be over $100,000.

All other separate legal entities with amounts under $100,000 are to combined and reported on line 19.

The total amount reported on line 20 in column 10 must agree with the amount reported in Table 1, line 27, column 4 and with the amount reported in Table 2, line 24, column 4.

(iii) Categories of Affiliation

For the purposes of the affiliation report in Table 5, a **parent institution** is defined as a university with federated, affiliated or associated institutions, research institutes or hospitals. In the Guidelines and the affiliation report, the term **affiliates** and **affiliated institutions** are used to simplify the text and refer to all federated, affiliated and associated entities. For the same reason, the term institution may refer to universities, university-colleges, colleges, institutes and hospitals.

An **affiliated institution** is responsible for its own administration but does not have the power to grant degrees. **An associated institution** is a public or private education, health, or research oriented, legal

entity that is neither federated nor affiliated with the parent institution, yet has academic, research, or administrative ties to that parent institution. A **federated institution** is responsible for its own administration and has the power to grant degrees, but during the term of federation agreement it suspends some or all of its degree-granting powers.

Please note that in the cases of affiliated and federated institutions, the parent institution supervises instruction in the programs covered by the federation or affiliation agreement, and grants degrees to the students who successfully complete those programs.

7. Other Federal Government Departments and Agencies – Grants and Contracts (Table 6)

Table 6 reports grants and contracts by federal government departments and agencies, other than the grants and contracts reported on lines 1 to 6 in Table 1. In section A in Table 6, a separate line is provided for reporting the federal government allocation for the **Indirect Costs of Research**. The column totals in Table 6 must agree with the amounts reported on line 7 (Other federal) in Table 1.

In section B in Table 6, where the aggregate grants and contracts provided by a separate federal government department or agency is in excess of $100,000, identify the department or agency and report the amount, by fund.

On line C in Table 6, where the aggregate grants and contracts provided by a separate federal government department or agency is less than $100,000, combine the departments and agencies and report the total amount, by fund.

Please note that double counting of government grants and contracts is to be avoided and in certain situations grants or contracts received should be reported "net" of the funds disbursed or transferred (see Section II.E.15).

For additional information on the funds and on federal government grants and contracts, preparers should refer to Section III.C.1 (Funds) and Section III.C.2 (Income by Fund), with particular emphasis in Section III.C.2 on the details in the government departments and agencies – grants and contracts category.

8. Provincial Government Departments and Agencies – Grants and Contracts (Table 7)

Table 7 reports grants and contracts, including certain specific and earmarked provincial CFI matching grants, by provincial government departments and agencies. The column totals in Table 7 must agree with the amounts reported on line 8 in Table 1.

Grants and contracts from provincial government departments and agencies only include those from the province with jurisdiction. Grants and contracts from other provinces are reported on line 10 (Other provinces) in Table 1.

In section A (Ministry responsible) in Table 7, please report the following information on lines 1 and 2:

- Line 1: identify the primary provincial government department or agency responsible for the institution and report, by fund, the total of the grants and contracts received from that department or agency, excluding the CFI matching funds reported on line 2. The types of grants might include funding formula operating grants.
- Line 2: under column 3 or 4, as appropriate, for sponsored research, report the total of the specific grants received, if any, from the "Ministry responsible" that are earmarked as CFI matching funds.

In section B (Other) in Table 7, where the aggregate grants and contracts provided by a separate provincial government department or agency is in excess of $100,000, identify the department or agency and report the amount, by fund.

On line C in Table 7, where the aggregate grants and contracts provided by a separate provincial government department or agency is less than $100,000, combine the departments and agencies and report the total amount, by fund. These types of departments and agencies are primarily funded by the provincial government and include Councils, Grants Commissions, and commissions and boards that perform various functions delegated to them by public authorities

Please note that double counting of government grants and contracts is to be avoided and in certain situations grants or contracts received should be reported "net" of the funds disbursed or transferred (see Section II.E.15).

For additional information on the funds and on provincial government grants and contracts, preparers should refer to Section III.C.1 (Funds) and Section III.C.2 (Income by Fund), with particular emphasis in Section III.C.2 on the details in the government departments and agencies – grants and contracts category.