ANNUAL REPORT 2022-23

UNIVERSITY OF ALBERTA

TABLE OF CONTENTS

TREATY ACKNOWLEDGEMENT

The University of Alberta respectfully acknowledges that we are located on Treaty 6 territory, a traditional gathering place for diverse Indigenous peoples including the Cree, Blackfoot, Métis, Nakota Sioux, Iroquois, Dene, Ojibway/ Saulteaux/Anishinaabe, Inuit, and many others whose histories, languages, and cultures continue to influence our vibrant community.

ACCOUNTABILITY STATEMENT

The University of Alberta's Annual Report for the year ended March 31, 2023 was prepared under the Board's direction in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to the *Post-Secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by

Kate Chisholm, KC
Chair, Board of Governors

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The University of Alberta's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the Annual Report including the financial statements, performance results and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the *Fiscal Planning and Transparency Act and the Post-Secondary Learning Act*.

The Auditor General of Alberta, the institution's external auditor appointed under the *Post-Secondary Learning Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

Original signed by

Bill Flanagan
President and Vice-Chancellor

Original signed by

Todd Gilchrist
Vice-President (University Services and Finance)

PUBLIC INTEREST DISCLOSURE

There were no disclosures reported this past year.

MESSAGE FROM THE President

For more than a century, the University of Alberta has been the premier post-secondary institution in the province. We have built a strong tradition of educating leaders and inspiring entrepreneurs and big thinkers, and we have a well-deserved reputation for using innovation and creativity to enact economic, social and cultural change.

I'm proud to say this tradition of success continues today. We are a world-class post-secondary institution with known excellence in research, education and teaching, and we continue to be a destination of choice for students and world-renowned researchers. At the University of Alberta, we are always looking for ways to harness our collective, deep and varied expertise to work collaboratively to solve the world's most pressing problems. Together, we meet challenges head on as we look to build a better world for the good of everyone.

Although this past year has not been without its challenges, it has also been a year of growth, transformation and revitalization for our institution.

This fall, we welcomed students back to our campuses, as we saw a return to full in-person learning due to the easing of health restrictions related to COVID-19. We welcomed over 44,000 students – a new record – including over 1,900 Indigenous students. In partnership with the Government of Alberta, by 2026 we will add 2,600 students in high-demand areas, including health care, business, engineering and science.

Our ambitious plans for growth continue. We're aiming to grow our enrolment to more than 60,000 students by 2030 to meet the demographic boom and so that even more young Albertans can get a world-class education right here at home. As we grow, we remain focused on areas of student and industry demand so that we can help ensure Alberta has the talented leaders it needs to succeed, now and in the future.

To sustain the high-quality education Albertans have come to expect from the U of A, we continue to transform our institution so that we can focus our resources where they matter most – on our students. The ongoing institutional transformation continues to be guided by the University of Alberta for Tomorrow (UAT) initiative. Launched in 2020, this bold five-year plan addresses the successive major reductions in government funding while reaffirming our commitment to excellence and student success. We are finalizing a new strategic plan that will boldly guide the institution's enrolment growth and teaching and research excellence, landing the University of Alberta in the top 50 internationally recognized post-secondary institutions.

As this 2022-23 Annual Report demonstrates, the U of A is continuing to forge a bold path forward – one where we lead with purpose. As we reflect on this past year and look ahead to the next, one thing remains certain: we continue to be the province's partner in prosperity. We will continue driving discovery and innovation, forging strong collaborative partnerships in the community and with industry, educating tomorrow's workforce, and meeting the challenge of building a better future for all.

Original signed by

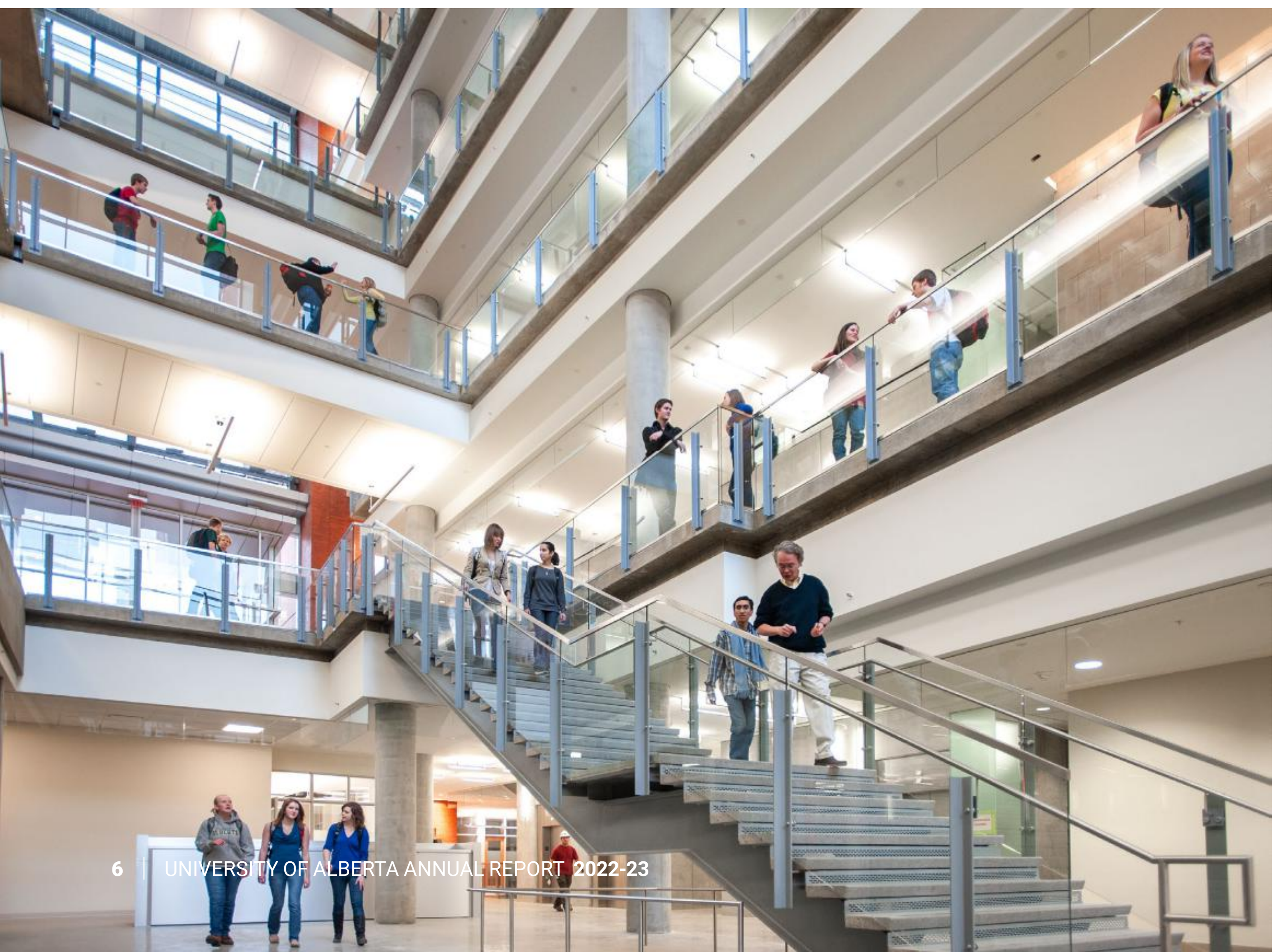
Bill Flanagan
President and Vice-Chancellor

OPERATIONAL Overview

Alberta has witnessed a remarkable economic rebound and recovery over the last 12 months, thanks to broad-based economic growth and stronger-than-expected energy prices. In 2022, the province's real GDP grew by 4.8 per cent – the highest rate in Canada. With this growth, the economy has surpassed the 2014 peak, and has fully recovered from the worldwide economic recession caused by COVID-19. This growth is expected to continue at a more modest pace, with real GDP growth forecast to rise 2.8 per cent, once again leading the country in 2023.

After successive years of fiscal restraint designed to get per capita spending in line with other jurisdictions, the Government of Alberta was able to present a balanced budget in 2022-23 – only the second such budget in more than a decade. With the provincial books in order, the government continued on its focus to build a talented workforce with the skills and knowledge to succeed in today's economy, as well as the changing economy of tomorrow. As the province's flagship research-intensive post-secondary institution, the University of Alberta will be an integral partner in achieving these lofty provincial goals.

As this annual report demonstrates, the U of A is positioned for growth, attracting and educating the province's talented and skilled workforce, increasing innovation and commercialization activities, and expanding national and international partnership and investment. In addition to educating the next generation of leaders and forward-thinkers, the U of A continues to be a gateway through which Albertans and Alberta industry can access the world. With every innovation, every discovery, every global partnership formed, every alumnus working in the international market, the U of A advances the province's global brand in a marked and meaningful way.



COVID-19 RECOVERY

In September 2022, the University of Alberta embarked on a safe and measured return to full in-person classes on all its campuses. Following the easing of provincial health directives, students, faculty and staff returned to all campuses, resuming normal operations.

INFLATIONARY PRESSURES

Since early 2021, higher prices for gasoline, shelter, food and consumer goods have put upward pressure on consumer inflation. By mid-2022, consumer inflation had accelerated to its fastest pace in 40 years, peaking at 8.1 per cent in June; while the inflation rate eased in late 2022 as gasoline prices fell, prices for food and shelter remained high.

As inflation ramped up throughout the year, many Albertans — and many students — reported they were affected by rising food prices, transportation costs and housing. Similarly, institutional costs have increased, adding additional budgetary pressures.

In September 2022, the University of Alberta embarked on a safe and measured return to full in-person classes on all its campuses.

ENROLMENT GROWTH

Although Alberta saw strong economic growth and a decline in the provincial unemployment rate, the province's continued success is dependent on all Albertans finding opportunities to build their skills, pursue their passions and support themselves and their families. It's estimated that over the next decade, two-thirds of Canadian jobs will require post-secondary education.

In Alberta, this need for additional post-secondary spaces was exacerbated in the last year, as the province continued to face a tight labour market. In October 2022, the Government of Canada's Labour Market Bulletin for Alberta warned: "While the province has been experiencing an economic windfall recently, labour shortages in key sectors, especially the health-care sector, continue to threaten growth." In addition to the known shortage of health-care workers, by 2030 experts predict an acute need for more engineering, science and business professionals, too. The Government of Alberta also anticipates a need for more teachers, information systems analysts and consultants, accounting technicians, and graphic designers.

In total, the government forecasts that we will need more than 34,000 new post-secondary seats by 2030 to meet demands and to ensure that Albertans have the skills and education needed to prosper.

Due to demographic growth, Alberta will have the young people to fill all these new seats. Statistics Canada reports that Alberta is home to a young population, and that population is growing. By 2030, the number of people between 18 and 24 in Alberta is expected to grow by more than 20 per cent. We need to ensure these young Albertans see their future in our province. We must support them with access to the educational opportunities they seek and provide them with the opportunity to stay in Alberta to raise their families, start a business or work in the many areas of our economy facing labour shortages.

The U of A has an integral role to play to ensure this growing number of young people have access to post-secondary opportunities. As a destination of choice for students across the province, the U of A currently teaches and trains approximately one in every four students within the province's post-secondary system, and interest in studying at the U of A is growing. In the last five years, applications have gone up by 22 per cent; in 2022-23 alone, applications were up 8 per cent over the previous year.

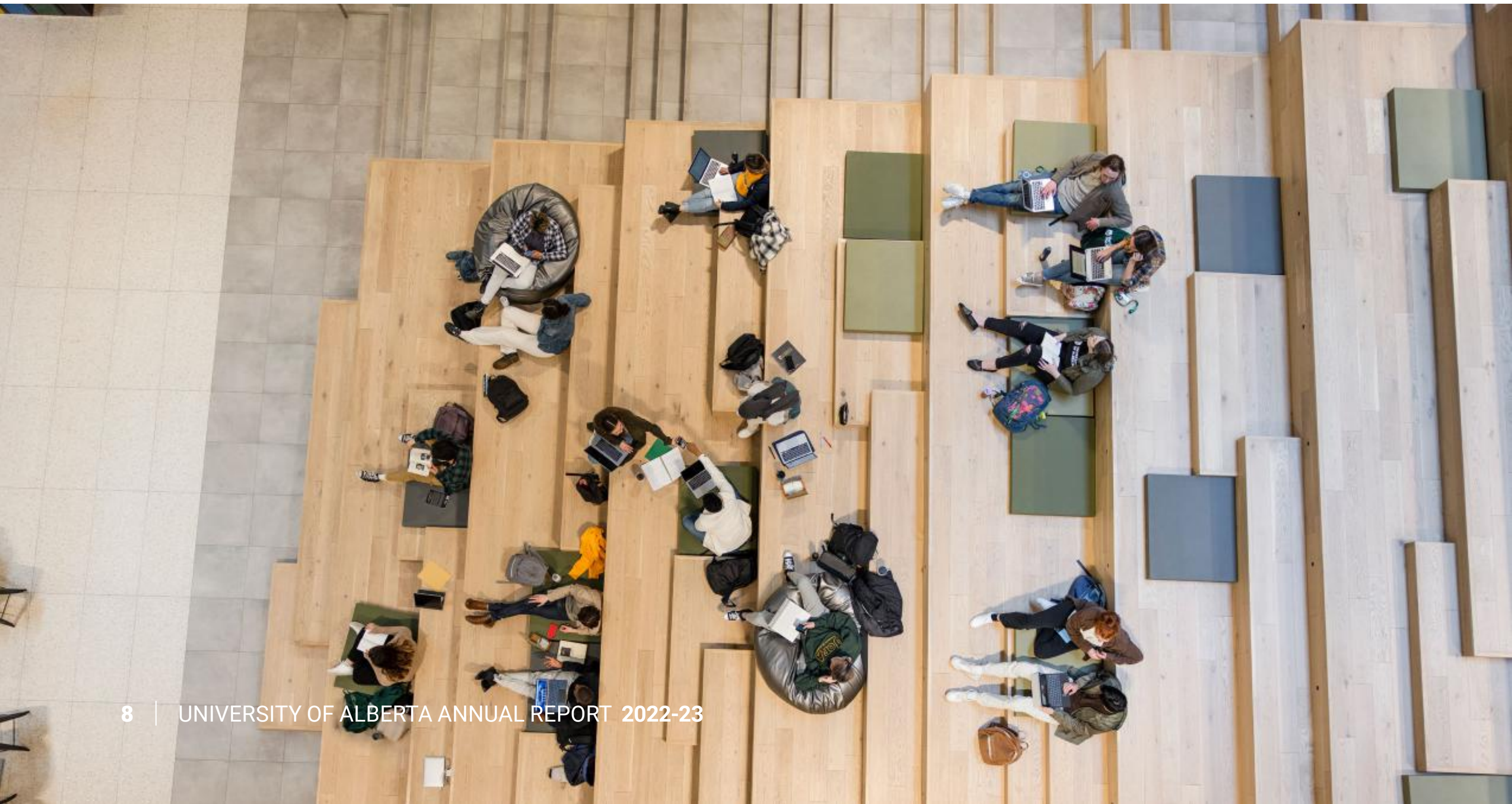
To ensure the future success of this demographic boom – and of the province – the University of Alberta has responded by increasing enrolment. In partnership with the province, we've been actively investing in enrolment growth to support these areas of greatest demand. As of the record-high enrolment, with over 44,000 students, including over 1,900 Indigenous students. The institution's ambitious plans for growth continue, with an aim to grow enrolment to more than 60,000 students by 2030 so that even more young Albertans can get a world-class education.

The university's enrolment growth strategy targets programs in high demand by both students and industry, which will ensure graduates have the competencies to support Alberta's plans for a stronger, more diverse economy. Enrolment growth will be achieved through a variety of approaches:

- Domestic undergraduate enrolment
- International undergraduate enrolment
- Online program delivery
- Continuing and professional education (non-credit)
- Professional graduate education (grad certificates, course-based master's)
- Thesis-based graduate enrolment

Through the Targeted Enrolment Expansion program, originally announced in February 2022, the U of A received $48.3 million over three years, which funded an additional 2,600 students in five undergraduate and graduate programs in the Faculties of Science, Engineering, Business and Nursing over this past year. To support this increase, 74 faculty members were hired, along with additional administrative staff.

In February 2023, the Government of Alberta announced an additional $111 million in enrolment funding; of this amount, $87 million is directed to continued funding to support the enrolment growth already announced in last year's budget, including funding for year four of degree programs and year two of diploma programs across the province. Only $24 million will be directed in support of new enrolment growth for the province, funding a total of 1,400 new seats for students province wide. To support our growth goals, the University of Alberta is applying for a share of this amount.



ALBERTA 2022-23 POST-SECONDARY FINANCIAL AND GOVERNANCE CONTEXT

With global markets beginning to recover following two years of pandemic slow down, in 2022 the Alberta economy continued to gain momentum, in part due to a stronger labour market and rising commodity prices. Budget 2022-23, entitled Moving Forward, predicted not only a return to balanced budgets beginning in 2022, but also a small surplus for each of the following three years. Specifying a focus on health care investments, support for labour market expansion, and fiscal responsibility, Budget 2022 predicted strong economic growth for the province, mirrored by the Conference Board of Canada, Desjardins, and TD, whose projections showed Alberta leading the nation in economic growth in 2022.

Points of continuity in Budget 2022-23 with previous years included a focus on health care investments as well as the fiscal restraint in other government expenditures recommended in the 2019 MacKinnon Report. In line with the report, beginning in Budget 2020-21, base operating grants for institutions were decreased by an average of 6 per cent. The University of Alberta, specifically, faced a total reduction of $222 million over four years. 2022 marked the third of three years of these budgetary reductions in base operating funding for the university. $54 million, or 10.7 per cent, was cut from the University of Alberta's Campus Alberta Grant. This remained a significant challenge for the institution, however the reduction was anticipated and the university had planned for the cut. Budget 2022-23 also saw the introduction of Targeted Enrolment Expansion funding, which made $171 million available to Alberta post-secondary institutions to create 10,000 additional spaces in high-demand programs in key economic areas.

Other changes in funding included the development of performance measures and metrics for each institution's Investment Management Agreement (IMA). The three-year IMA ties a growing proportion of the institution's Base Operating Grant to these performance metrics. The intention is to identify and incentivize progress towards the vision and goals of Alberta 2030: Building Skills for Jobs, which continues to guide the government's vision for post-secondary education in the province. Metrics include growing work integrated learning opportunities for students, highly relevant employment post-graduation, and others, over the 2022-2025 period.

Looking to address funding shortfalls and create new revenue streams, as per the MacKinnon Report, together with its peer institutions, the University of Alberta continued to advocate for deconsolidating research intensive institutions' finances from the province's ledger. Sustained advocacy from the sector had resulted in a strong understanding within government of the numerous advantages in providing institutions with greater ability to become more entrepreneurial and pursue revenue generating opportunities. Legislative and regulatory amendments required across departments to enable this were being examined, with an eye to necessary changes being introduced in a legislative session sometime in 2022. Political developments, including the resignation of Premier Jason Kenney and the subsequent leadership race, had the net effect of shortening legislative sessions, and limiting their scope. Despite a strong understanding within government of the fiscal flexibility that deconsolidation from the government's ledger would provide Alberta's research-intensive institutions, there was not sufficient space in constrained legislative agendas to enact deconsolidation. This will remain a key advocacy objective for the institution following the May 2023 general election.

NATIONAL ENVIRONMENT

Throughout much of 2022, the federal government was focused on addressing the ongoing impacts of COVID-19, as well as international events that contributed to significant economic and inflationary pressures. Affordavbility for Canadians was the central concern and focus of the governing party, as well as opposition.

The Russian invasion of Ukraine sent ripples throughout the international community, with the Government of Canada denouncing these actions and implementing a series of sanctions. The University of Alberta acted quickly in support of Ukraine – prioritizing support for Ukrainian students and scholars in need of assistance, including waiving tuition and establishing an emergency fund to support areas of greatest need for those impacted.

The Government of Canada's Budget 2022 was entitled, A Plan to Grow Our Economy and Make Life More Affordable, and was focused on economic recovery and affordability for Canadians. The Budget plan focused on the following themes:

1. Making Housing More Affordable
2. A Strong, Growing, and Resilient Economy
3. Clean Air and a Strong Economy
4. Creating Good Middle Class Jobs
5. Canada's Leadership in the World
6. Strong Public Health Care
7. Moving Forward on Reconciliation
8. Safe and Inclusive Communities
9. Tax Fairness and Effective Government

Budget 2022 contained a number of investments for universities, including a commitment to waiving interest on Canada Student Loans, funding for additional Canada Excellence Research Chairs (CERCs) and for the implementation of federal research security measures. Despite these important targeted investments, the federal Granting Councils did not receive an increase to their base grant funding in line with inflation.

There was a continued federal focus on funding initiatives in pursuit of achieving net-zero by 2050. In December 2022, the Government of Canada released the Canadian Critical Minerals Strategy, supported by $3.8 billion in federal funding allocated in Budget 2022, containing a relevant commitment to partnering with academic and research institutions as key to developing a sustainable pipeline of innovative mineral development projects in Canada.

The Government of Canada also continued to set up a series of Regional Energy and Resource Tables (Regional Tables) in pursuit of tailored federal-provincial collaboration to develop region-specific action plans to achieve a net-zero economy. With the goal of having the regional tables established with every province and territory by early 2023.

In direct alignment with these goals, the University of Alberta gathered together a Pan-Canadian consortium with other post-secondary institutions and industry partners that will build on and advance energy and environment research across the country, seeking solutions to these global energy challenges. This initiative is currently being reprofiled in order to meet the urgent emerging needs of our energy industry partners.

The Government of Canada also continued to implement Canada's Biomanufacturing and Life Sciences Strategy, to grow a strong, competitive domestic life sciences sector, with cutting-edge biomanufacturing capabilities and ensure Canada is prepared for future pandemics. In alignment with this, the University of Alberta made significant progress in advocating for the Canadian Critical Drug Initiative, or CCDI, an important research, development and manufacturing cluster that will serve as Canada's first line of defence for small molecule drug development, and support securing future Canadian drug supply resilience.

The proposal, jointly developed by Applied Pharmaceutical Innovation and the University of Alberta's Li Ka Shing Applied Virology Institute, went on to secure $80.5 million in federal funding in 2023, in addition to previous support of both the Government of Alberta and the Edmonton region.

This advocacy was also couched in a larger advocacy effort to secure support for an overarching Prairies research hub for pandemic preparedness (called the 'PRAIRIE' Hub), led by the University of Alberta — bringing together experts, research facilities and training programs from Major Partners across the prairie region — all in a coordinated effort to accelerate the development and commercialization of vaccines, antivirals and diagnostics. This hub also later went on in 2023 to be named one of the five hubs funded by the Canada Biomedical Research Fund.

PARTNERS IN PROSPERITY

Since its founding in 1908, the University of Alberta and the province have had a strong, symbiotic relationship: they have always grown and succeeded together. From launching an energy industry and the development of global leadership in artificial intelligence to a 2020 Nobel Prize in Medicine and the strengthening of the domestic pharmaceutical supply chain, the U of A community has been integral to Alberta's prosperity and achievements. Together, we have pushed forward discoveries that have changed the world, created opportunities and opened up industries. For more than a century, the University of Alberta has been an engine of innovation, driving social, cultural and economic prosperity within the province and across the country.

Through bold action, we are forging a new direction for the University of Alberta. We are strengthening our core teaching, research and community engagement mission and enriching the student experience while addressing fiscal challenges. We are unleashing innovation by creating new knowledge, products and partnerships. We are training the workforce – and leaders – of tomorrow and we are creating and strengthening the industries that will propel the province's economy for generations. We are, and have always been, a ready partner in building Alberta's future prosperity.

GOALS AND Performance Measures

In June 2020, the University of Alberta embarked on a period of major transformation, proactively responding to significant reductions in government funding by building on its long history of leadership in the province and in Canada's post-secondary sector. Called the U of A for Tomorrow initiative (UAT), the university's goal is to strengthen its core teaching, research, and community engagement mission and enhance student experience, while ensuring financial sustainability and administrative efficiency.

UNIVERSITY OF ALBERTA FOR Tomorrow

UAT is a five-year initiative. This report reviews progress from April 1, 2022 to March 31, 2023, focusing on the achievement of the following short-term strategic UAT goals:

- **Successful transformation**
- **Financial sustainability**
- **Enhanced student experience**
- **Enhanced staff engagement**
- **Increased innovation and entrepreneurship**

GOAL: SUCCESSFUL TRANSFORMATION

UAT is the largest restructuring effort in the university's history, involving transformational change to both academic and administrative structures. The transformation and associated savings achieved in the last three years are larger in scope and speed than that achieved by any other post-secondary institute in Alberta or Canada. The strategic goals of UAT align with key Government of Alberta expectations as outlined in the MacKinnon Report and Alberta 2030. Of particular note is the decrease in administrative costs per student. By the end of fiscal year 2022-23, the U of A's provincial funding per student (full load equivalent) was $10,392 representing a 42 per cent reduction from 2019 levels. This places the U of A below the U15 average, and this funding is considerably lower than other universities in western Canada.

LEADING WITH PURPOSE: NEW UNIVERSITY STRATEGIC PLAN

Throughout the 2022-23 academic year, the University of Alberta engaged with the community in a planning process to develop a new university strategic plan (USP) that will guide the institution' continued transformation and lead to sustained long-term success. The strategic plan will articulate the collective ambition of the university, and will summarize priorities and broad actions while still allowing the University of Alberta the flexibility to adapt and respond to significant emerging opportunities and a changing provincial and global landscape.

Over the last 12 months, the University of Alberta conducted a series of strategic planning consultations to gain feedback and additional insight for the USP. To obtain this important feedback, key informant interviews with U of A community members, external stakeholders, community and industry, U of A staff and student roundtable sessions, student and staff surveys, U of A Board of Governors, General Faculties Council, Senior Leadership retreats and a joint GFC-Senate-Board of Governors session were held throughout the year.

In March 2023, an updated *What We Heard* report was published reflecting feedback obtained from the U of A community. The consultations on the USP continued throughout the remainder of the fiscal year, as the report continued to be refined.

COLLEGE MODEL REVIEW

Another core element of the UAT transformation was the creation of the College Model, which brought together 13 of 16 faculties into three colleges: the College of Health Sciences, the College of Natural and Applied Sciences, and the College of Social Sciences and Humanities.

The establishment of these three colleges was an integral part of the U of A's revised operating model. Under this new structure, the colleges act as important integrators and accelerators, creating economies of scale and providing high-quality administrative services at a much lower cost. As important, the college model has led to increased university-wide collaboration, facilitating the development and growth of interdisciplinary and multidisciplinary teaching and research programs that benefit students and work towards the greater public good.

Upon the request of the Board of Governors, the U of A conducted an 18-month review of the college model during the 2022-23 academic year. Led by former faculty member and Deputy Provost Dr. Dru Marshall, the review highlights the success of the transformation, which is especially impressive given its scope and the necessary speed at which it took place.

The review also notes that the college model holds major opportunities for research, teaching and learning, promoting interdisciplinarity and breaking down silos. Realizing this potential will now become a key part of the university's focus moving forward.

NEW COLLEGE DEANS

Another integral part of the U of A's transformation during the 2022-23 academic year was the appointment of college deans, who have the authority and decision-making power to implement all aspects of their respective college. This includes providing common administrative, professional and academic services and driving the alignment of resources, such as budget, space, strategic hiring, research and education program planning, and enrolment planning.

Key to the success of the college model is the expanded responsibility of the faculty dean to seek opportunities to synergize faculty-level initiatives and priorities with those of the other faculties within the college. At each college, the dean supports the success of the faculties by coordinating cross-faculty services and by ensuring that resources are appropriately aligned across the college to support both the common and unique needs of the faculties.

On January 31, 2023, the University of Alberta announced the appointment of permanent new leadership for each of the three colleges:

- Dr. Brenda Hemmelgarn will take on the position of College Dean and Vice-Provost of the College of Health Sciences for a five-year term effective July 1, 2023. Dr. Hemmelgarn will also retain her role as Dean of the Faculty of Medicine & Dentistry.
- Dr. Matina Kalcounis-Rueppell extended her leadership role as College Dean and
- Vice-Provost of the College of Natural and Applied Sciences (CNAS) for a five-year term effective February 1, 2023.
- Dr. Marvin Washington is returning to the University of Alberta as College Dean and Vice-Provost of the College of Social Sciences and Humanities (CSSH) for a five-year term effective July 1, 2023.

INDIGENOUS INITIATIVES AND EQUITY, DIVERSITY AND INCLUSIVITY

Throughout UAT, the university has maintained its focus on building an accessible, equitable, and inclusive community of students, faculty, and staff that supports a learning environment shaped

by curiosity, rigorous inquiry, evidence-based decision-making, respect for diversity and expression of ideas, and human rights. Highlights from the 2022-23 academic year include:

- In June 2022, The University of Alberta launched a strategic plan to respond to the calls to action in the Truth and Reconciliation Commission of Canada's Final Report. **Braiding Past, Present and Future: University of Alberta Indigenous Strategic Plan** aims to dismantle colonial structures in the university that have long "disenfranchised Indigenous Peoples of their legal, social, cultural, religious and ethnic rights." The plan includes concrete measures to reclaim Indigenous identity, languages, cultures and worldviews. Foregrounding the right to self-determination, the plan also makes clear that its goals — along with all Indigenous initiatives at the University of Alberta — must be Indigenous led. Under the direction of **Florence Glanfield**, vice-provost of Indigenous programming and research, and the Indigenous Advisory Council, the release of Braiding Past, Present and Future followed more than two years of broad dialogues with First Nations, Métis and Inuit communities and organizations, along with representatives from all university faculties and portfolios.
- On November 15, 2022, **Dr. Carrie Smith** began her five-year term as Vice-provost of Equity, Diversity and Inclusion. Reporting to the Deputy Provost (Academic), Dr. Smith's portfolio will include Helping Individuals At Risk, the Office of Safe Disclosure & Human Rights, the Sexual Violence Response Coordinator, and the Senior Advisor on Equity and Human Rights. Additional key priorities for Dr. Smith include: advancing racial justice initiatives in partnership with campus leaders; supporting well-being and inclusion of all students as the population grows; championing hiring and retention of faculty and staff from underrepresented equity-deserving groups; and addressing accessibility and universal design in built and virtual environments.
- In alignment with our institutional commitment to the Scarborough Charter on Anti-Black Racism and Black Inclusion in Canadian Higher Education, and continuing our work to champion equity, diversity and inclusion at the University of Alberta, the University of Alberta created a new position: Provost Fellow in Black Excellence and Leadership. On January 1, 2023, **Dr. W. Andy Knight** began a two-year term in this new and important role. Working in collaboration with Dr. Carrie Smith, Dr. Knight will work to address Anti-Black Racism in the academy. He will assist in a variety of projects, including developing a strategy and plan for Black excellence recruitment and retention, helping to identify and address inequities, and supporting the development of training and curriculum in Black Studies, the Black lived experience and countering anti-Black racism.

- As part of the U of A's response to the Scarborough Charter, a new faculty hiring initiative commenced to attract leading Black scholars to the U of A. The **Black Academic Excellence Cohort** increases the complement of Black scholars on campus as well as supports inclusive research excellence and promotes access and achievement among Black students. This year, the U of A welcomed the following 12 members of the Black Academic Excellence Cohort to the institution:

› **Dr. Josephine Godwyll**, Assistant Professor, Faculty of Kinesiology, Sport & Recreation

› **Dr. Elizabeth Onyango,** Assistant Professor, School of Public Health

› **Dr. Victor Ezeugwu**, Assistant Professor, Department of Physical Therapy, Rehabilitation Medicine

› **Dr. Oluwakemi (Kemi) Amodu**, Assistant Professor, Nursing

› **Dr. Osezua Ibhadode,** Assistant Professor, Department of Mechanical Engineering, Faculty of Engineering

› **Dr. Olubukola Alimi,** Assistant Professor, Faculty of Engineering

› **Dr. Domale Keys,** Assistant Professor, Department of Women's and Gender Studies, Faculty of Arts

› **Dr. Giselle Thompson,** Assistant Professor, Department of Educational Policy Studies, Faculty of Education

› **Dr. Faith Majekolagbe,** Assistant Professor, Faculty of Law

› **Dr. Godwin Dzah,** Assistant Professor, Faculty of Law

› **Dr. Michael Omoge,** Assistant Professor, Department of Fine Arts/Humanities, Augustana Campus

› **Dr. Charlie Mballa,** Assistant Professor, Faculté Saint-Jean

GOAL: FINANCIAL SUSTAINABILITY

A critical key to the ongoing success of the U of A is the unprecedented savings achieved by the university over the last three years. Due to a series of successive provincial budget cuts, the U of A has been faced with a 34 per cent reduction to its provincial grant, amounting to $222 million over three years. While tuition increases have mitigated the impact, the university faced the challenge of reducing spending by $131 million by March 31, 2023.

As a result of restructuring efforts of faculties and units across the university, we are on track to meet or exceed the financial challenge by the end of this fiscal year.

The breakdown of financial savings to March 31, 2023 includes:

- **$66.9 million in administrative restructuring:** This involved the implementation of a new operating model and the reduction of approximately 860 (headcount) administrative positions. The focus throughout was on preserving frontline services and staff.
- **$29.5 million in non-labour spend:** The university updated its approach to procurement in order to reduce expenditures and ensure consistency across the institution. By centralizing and redesigning guidelines and streamlining processes and procedures, the university reduced workarounds, corrected inefficiencies and improved the speed of communication and decision-making.
- **$5.5 million in space and facilities:** These savings were achieved largely through operational efficiencies such as reduced lease space, lower operating spend, reduced janitorial standards, etc.

BUDGET MODEL 2.0

The past few years have marked a seismic shift for the University of Alberta, in terms of funding mix and cost structure. The aforementioned provincial budget cuts (amounting to 34 per cent of the operating and program support grant) have made one thing apparent: the current budget model we are operating under no longer meets the needs of the post-secondary institution. Over the past 12 months we began creating a new operating budget model, **Budget Model 2.0**, to achieve our One University vision.

The design process for Budget Model 2.0 was launched in January 2023, and is expected to be completed in time for implementation in 2024-25. The new budgetary model will look to control costs in certain areas, reduce the U of A's exposure to external funding shocks, and provide increased transparency and clarity that will enable fully informed decision making at all levels.

To ensure that the new model meets the needs of all areas of the university community, an extensive engagement process has commenced.

SPACE OPTIMIZATION

In 2021-22, the U of A started to implement a new Space Optimization Strategy (SoS) across its campuses to reduce its volume of buildings and leases, strategically invest in modernizations and renewals, and address the burgeoning deferred maintenance liability. These actions have eliminated $5.5 million in annual building operating costs. The U of A's 2022-25 Capital Plan (discussed in full in pages 33-35) is aligned with the SoS, as well as the university's overarching *Integrated Asset Management Strategy.*

FUNDRAISING

In 2022-23, the U of A raised a total of $137.2 million from individuals, corporations, foundations and organizations. These funds support the core mission and mandate of the university in the following areas:

- **$67.1 million** to advance research and discovery
- **$40.8 million** to enhance teaching, experiential learning and student research opportunities
- **$25.6 million** to reduce financial barriers for students and help them achieve their potential
- **$3.7 million** to build and enhance buildings, labs, libraries and learning spaces

GOAL: ENHANCED STUDENT EXPERIENCE

The University of Alberta prides itself on being a beacon of higher education and research, attracting the best and brightest students from across Alberta and around the world. We believe that our students are our most valuable resource, and as a key part of the institution's UAT transformation is to ensure our students receive a high-quality education that prepares them to be tomorrow's leaders, and to lead with purpose.

STUDENT EXPERIENCE ACTION PLAN

As part of UAT, student services leaders across the U of A worked collaboratively with students, faculty, staff and alumni throughout 2022-23 on the continued development of the Student Experience Action Plan.

Once completed, the action plan will :

1. Define what an exceptional student experience looks like for students
2. Identify and implement steps to deliver that student experience.
3. Track and report on specific metrics to monitor success.

Following a number of engagement sessions with staff and students in January and February 2023, a "What We Heard" summary was prepared. From this document, three major themes emerged.

Relationships, connection and belonging: Students highly value opportunities the university provides to connect with other students. There is an appreciation for a diversity of views and forging relationships through shared experiences, be it through classroom activities, clubs and events. Students value the university as being a place where they can show up as themselves and express and explore their identity, but loneliness and difficulty making friends is a prominent issue. Many students want to be heard, and they value opportunities to be participants in shaping the future of the university.

Beautiful and accessible campuses: Students appreciate having a variety of beautiful and accessible spaces to meet their diverse needs: quiet study spaces, loud study spaces, variety of food options, clean spaces, libraries, bright sunny windows, working elevators, reliable wifi, push button doors, gym access, and prayer spaces. Students report that key student areas in the university, such as dining locations and hallways are crowded, and that there is inconsistent care and attention to the renovation and maintenance of different spaces.

Academic success, agency and flexibility: Students value opportunities for experiential/hands-on learning like co-ops, apprenticeships and exchanges. There is also a push for flexibility and agency, be it scheduling breaks in their day or extending a program over a longer period of time.

Many students also stress the importance of hybrid options or components to classes where they can access materials when they are ill or have a need to participate in classes outside the regularly scheduled time.

STUDENT SUPPORT HIGHLIGHTS

- **Changes in Counselling and Clinical Services (CCS)**: In the past few years there has been an increased demand for a variety of mental health services at the university. As the U of A's enrolment grows, this demand is projected to increase. To ensure that students have access to the support services they need, the Office of the Provost provided additional operational funding so that CCS can add up to nine clinicians to its team to better meet the needs of the community. These changes will improve access to mental health support when and where students need it most.
- **Expansion of the Sexual Assault Centre education program**: In 2022-23, the U of A's Sexual Assault Centre has launched its latest initiative in the work of creating community-based approaches to end sexual violence. The programs help faculty, staff and students learn how they can address and prevent sexual violence. A new online course, Building a Culture of Consent on Campus: Addressing Sexual Violence in the University Context, was launched in 2022-23, and replaces the previous foundational workshops that were offered in in classrooms. Two new virtual workshops – *Consent in Practice* and *Supporting Survivors of Sexual Violence* – have also been added by the centre to help members of campus understand consent, preventing sexual violence, and how to support survivors.

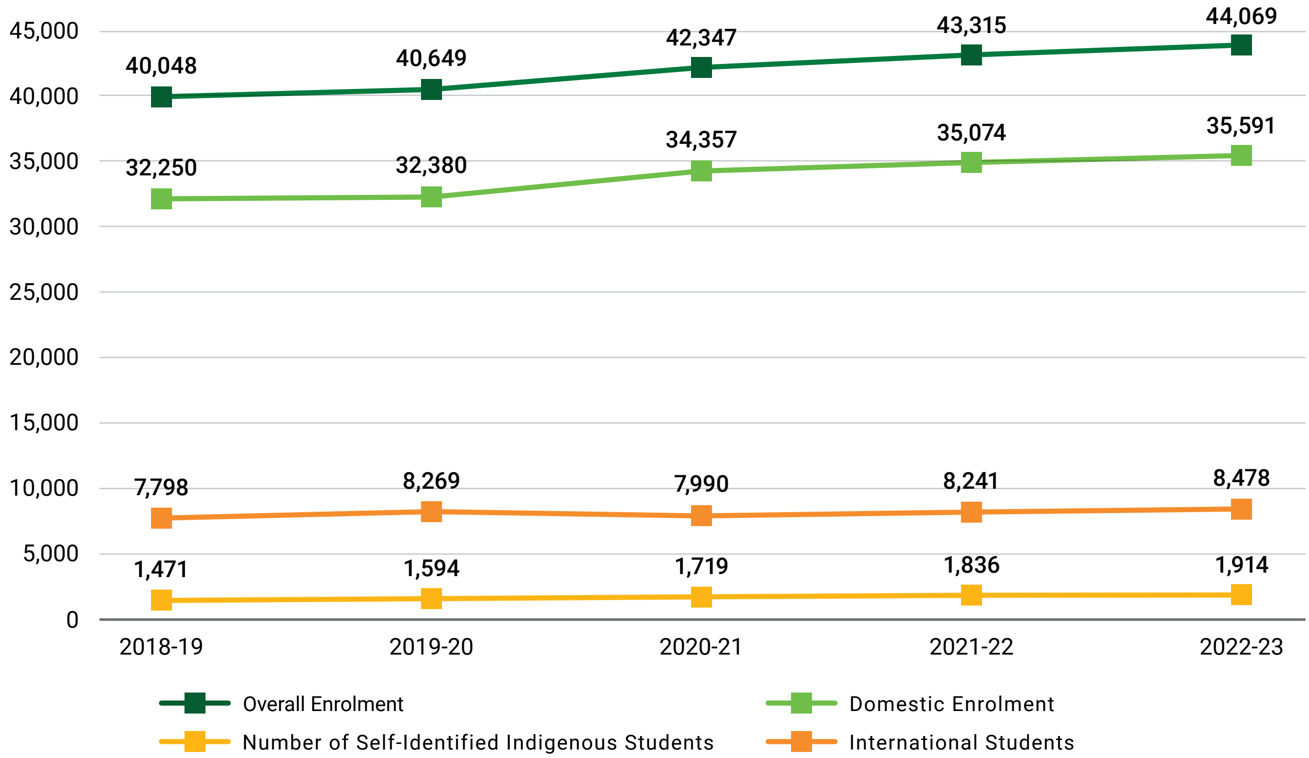
ENROLMENT, COMPLETION AND EMPLOYABILITY

At the U of A, students learn the skills, knowledge and competencies needed by businesses and industry within an inclusive, vibrant and supportive environment. Because of the quality learning experience at the U of A, an increasing number of undergraduate and graduate students are seeking admission to the university and more students are completing their degrees and finding employment relevant to their education.

ENROLMENT GROWTH

Total enrolment rose to 44,069 students, including 35,591 (or 80.8 per cent) domestic students and 8,478 (or 19.2 per cent) international students. Indigenous enrolment reached a historical high of 1,914 for 2022-23.

TABLE 01: STUDENT ENROLMENT GROWTH



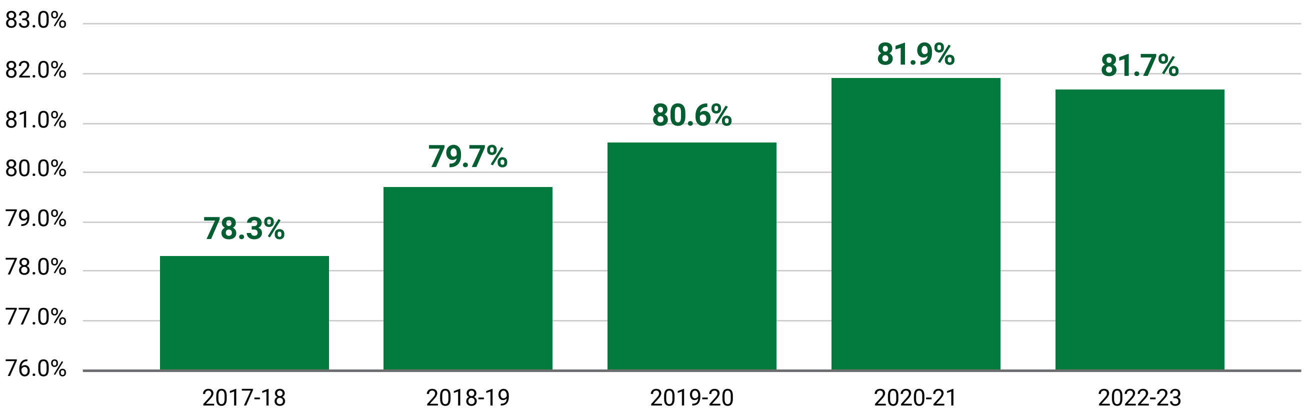
Source: Acorn Institutional Data Warehouse, Student Headcount and FLE, as of March 09, 2023

Notes: Overall Enrollment, Overall Domestic Enrollment, Indigenous and International data are reported in fall headcount and include Medical/ Dental Residents and all academic careers. Numbers of Indigenous students include those who have ever self-identified as Indigenous. Domestic is defined as Canadian Citizenship, Permanent Residency and students with a National Status of Not Reported.

COMPLETION

Completion rates experienced a slight decrease in 2022-23 compared to the previous year, after multiple years of increases. The completion rate in 2021-22 was 81.7 per cent, down from 81.9 per cent in 2020-21.

TABLE 02: STUDENT COMPLETION RATES



Source: Acorn Data Warehouse, Student Completion Rates, as of February 24, 2023

Notes: On-time is six years for direct entry high school admits, five years for post-secondary transfers, secondary programs, Master's and nine years for PhDs.

EMPLOYABILITY

The vast majority of U of A graduates – nearly 85 per cent – stay in the province and find employment in every sector. One in five Albertans work for businesses and organizations founded by U of A alumni.

HIGHLIGHTS

96% OF **U OF A STUDENTS**
ARE **EMPLOYED TWO YEARS** POST-GRADUATION

95.2% OF **U OF A GRADUATES**
ARE **WORKING** IN A **FIELD RELATED** TO GENERAL SKILLS AND ABILITIES ACQUIRED THROUGH THEIR EDUCATION

80% OF **PHD STUDENTS**
FIND EMPLOYMENT BEFORE GRADUATION

5th AMONG **CANADIAN UNIVERSITIES**
FOR **EMPLOYABILITY**
*2022 QS Graduate Employability Rankings

WORK INTEGRATED LEARNING AND OTHER FORMS OF EXPERIENTIAL LEARNING

Students and graduates need to be equipped with the skills and experiences to succeed in a rapidly changing labour market. To ensure students build these skills and have experiences that increase their employability, the U of A offers a range of experiential learning opportunities including work-integrated learning (WIL), community service-learning, co-ops and internships. These innovative learning opportunities are available in every one of the U of A's faculties.

WORLD RANKINGS

U of A's ranking in the world is on the rise and students benefit from studying at one of very few universities in the world with the excellence and breadth to play a lead role in solving the full range of global challenges and helping to create a more sustainable, just and equitable world.

For example, in the 2023 QS World Rankings by Subject, 18 subjects were in the top 100 worldwide – an increase of three more subjects than in the previous rankings. The University of Alberta remains the best place in Canada to study nursing and petroleum engineering, according to the 2023 QS World University Rankings by Subject.

The institution as a whole climbed 16 spots to rank fourth in Canada and 110th internationally out of 1,597 institutions ranked. The U of A's rankings improved in all five broad subject areas reviewed — life science and medicine (69th), engineering and tech (93rd), natural sciences (112th), social sciences and management (152nd) and arts and humanities (171st).

The U of A also ranked in the top 100 for the first time in the Academic Ranking of World Universities, coming in at number 92 in the world; the Times Higher Education Impact Rankings positioned the U of A as 11th in the world.

#1 IN **CANADA**
TOP 9 GLOBALLY
FOR **NURSING**
QS World University Rankings by Subject

#11 IN **THE WORLD**
FROM THE **TIMES HIGHER EDUCATION IMPACT RANKINGS**

GOAL: ENHANCED STAFF ENGAGEMENT

The University of Alberta has undergone significant changes over the past few years – developing and implementing the vision and outcomes outlined in UAT required broad and active engagement from staff and faculty. The University of Alberta's excellence and leadership starts with our people – the more than 13,000 individuals who work tirelessly everyday to ensure the U of A remains a leader in research and education. We value the engagement from all staff and faculty, and feedback from these important groups is invaluable as we continue to forge a path forward as a top institution in Canada and around the world.

In February 2023, the U of A announced plans for an updated Faculty and Staff Engagement Survey, which will solicit invaluable feedback to help guide the university forward.

LAUNCH OF NEW STAFF SERVICE CENTRE PORTAL

In July 2022, Shared Services, which includes the Staff Service Centre, transitioned to a new service portal. Whether staff have a general question or a specific request or form to submit, this portal is a new and convenient way to contact the Staff Service Centre. Through the portal, staff can track a summary of all their requests and inquiries in one place, and they will receive email notifications on the status of their request as it progresses. Staff can currently use the service portal to submit an inquiry or request related to human resources or finance services.

FACULTY AND STAFF RENEWAL AND GROWTH

Following multiple years of restructuring due to successive reductions in provincial funding, 2022-23 marked a turning point for the U of A, as the institution began to look towards the future, and continued growth. In addition to welcoming more than 2,600 new students to the university, the U of A added 74 faculty members to fill vacancies and replace retirements.

Following the Government of Alberta's announcement of Budget 2023, plans were put in place to hire up to 100 new faculty members in faculties like engineering, science, business and nursing, to assist with the university's anticipated enrolment growth. Additional investments in Academic Teaching Staff and support services also began in 2022-23.

GOAL: INCREASED INNOVATION AND ENTREPRENEURSHIP

The U of A is one of Canada's top five research-intensive universities, ranking among the very best in the world in broad and diverse areas ranging from energy, engineering and nursing to Indigenous studies, and education. The university has a renowned reputation for bringing innovative and world-changing ideas to life, creating new economic, environmental and social benefits for the good of Albertans and people around the world.

In 2022-23, the university continued to build on its leadership in areas of global excellence, such as energy solutions, health and well-being and artificial intelligence – where we are ranked third in the world over the last 20 years. Our excellence also includes Indigenous research, agriculture and food, and reducing social disparities.

Across all faculties and areas of research, the U of A attracted a total of more than $620 million in external research funding, an increase of $23.7 million (or almost 4 per cent) over 2021-22 levels.

RESEARCH FUNDING

The U of A receives federal funding through the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council (collectively termed Tri-Council funding) to support both basic and applied research as well as research infrastructure. In addition, the university attracts substantial research funding support from other international, regional, and private sector partners. 2022-23 research funding results shows that U of A's capacity to attract major grants in partnership with a variety of funding is rising, attracting important investment and partnership to the province.

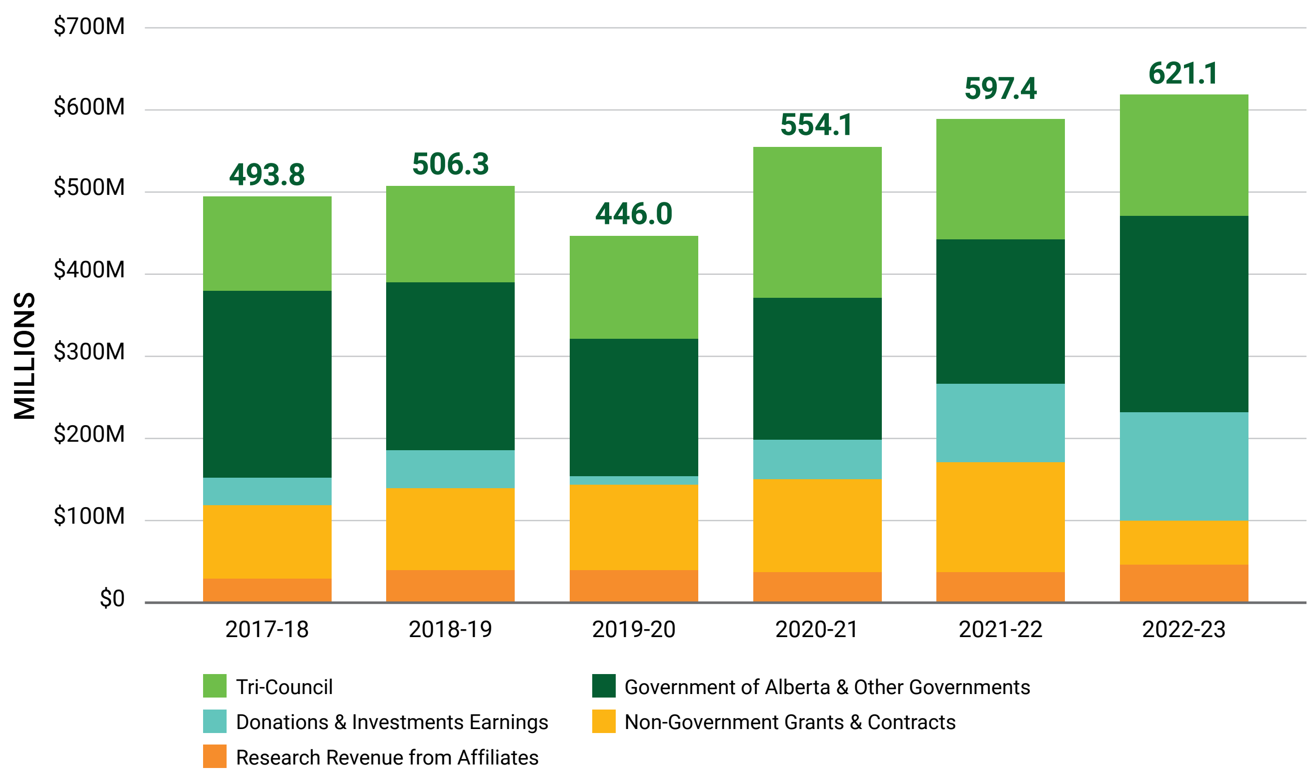
TABLE 3: SPONSORED RESEARCH REVENUE

RESEARCH REVENUE	2022-23
*Tri-Agency	$147,764,475
Government of Alberta and Other Governments	$240,566,959
Donations and Non-Government Grants and Contracts	$131,257,293
Investments Earnings	$54,297,565
**Research Revenue from Affiliates	$47,212,623
TOTAL	**$621,098,915**

**Tri-Agency grants include Research Support Funds from the federal government.*

***Revenue from affiliates for 2023 is estimated using the 2022 income as it is not available at the time when the report is prepared.*

TABLE 4: SPONSORED RESEARCH INCOME



FROM LAB BENCH TO MARKETPLACE: THE COMMERCIALIZATION OF KNOWLEDGE

Transforming research ideas and discoveries into viable products, services and companies that produce social and economic impacts is a core strategic goal for the U of A. From nurturing and developing students' ideas and entrepreneurial ambitions to providing technology transfer services to faculty members ready to patent and spin off discoveries into companies, the U of A's innovation ecosystem continues to grow and produce results. With global leadership in areas such as artificial intelligence and machine learning, alternative energies, biotechnology, and precision medicine, the university is responding to the needs of government, industry and communities in generating the new products, treatments, companies and jobs that will diversify and expand Alberta's future economy.

In 2022-23, U of A researchers and students reported:

13 NEW SPINOFFS

72 NEW INVENTIONS

82 PATENT APPLICATIONS FILED

31 PATENTS GRANTED (9 U.S.)

52 REVENUE AGREEMENTS EXECUTED
(E.G. LICENCES, ROYALTIES, OPTIONS)

COMMUNITY

Engagement

Our strength as a research and teaching institution and our ability to innovate and drive change to deepen education and learning, is dependent on a vast network of partnerships and connections with communities near and far. Working with post-secondary and industry partners, non-profit organizations, communities, and government, we create reciprocal and mutually beneficial collaborations. These connections promote joint solutions to shared problems, facilitate knowledge translation, and magnify the reach and impact of U of A research, education and scholarship.

HIGHLIGHTS OF COMMUNITY-ENGAGED TEACHING AND RESEARCH

THEME: PEOPLE AND CULTURE

Lighting the way to help 2SLGBTQ+ youth become resilient adults. Street life can feel dangerous for youth who are homeless and 2SLGBTQ+, but there's a safe haven for them — with counselling, Indigenous peer support, clothing, food and legal guidance — at an Edmonton drop-in centre operated by the U of A's Fyrefly Institute for Gender and Sexual Diversity. About 10,000 Albertans have been helped by the non-profit's programs over the past two decades. Fyrefly turns research into community services thanks to a variety of community partners, says project co-ordinator Corey Wyness. Fyrefly's achievements include health-related initiatives, such as an Edmonton LGBTQ+ Wellness Centre (a "one-stop shop" for services), and a study with the School of Public Health about how trans women experience discrimination in the health system. "It's trying to get a dentist who will treat you with respect, or just getting medication for an ear infection," says Wyness. "Those things are often insurmountable."

THEME: RESEARCH AND INNOVATION

Great researchers feel at home here. All eyes were on the U of A in 2020 when Michael Houghton became co-recipient of a Nobel Prize for his work on the discovery of the hepatitis C virus. Houghton's achievement is also a win for the university, acting like a magnet to attract top-notch researchers as prospective students and faculty. It's not a new phenomenon: when a U of A professor receives a major grant or is named a Canada Research Chair, there's a boost in reputation, resources and new talent to Alberta. In fact, Houghton came to Alberta based on a successful virology research program led by Lorne Tyrrell, a superstar virologist in his own right. The ripple effect stretches beyond campus, with Edmonton's highly skilled workforce getting the attention of startups seeking a home. "If we're going to remain competitive internationally, which we all want to be," Tyrell says, "you need great people."

THEME: SUSTAINABILITY

Safely pushing urban coyotes out of residential neighbourhoods. Be big, be loud, and carry a tennis ball filled with sand. With urban coyotes becoming increasingly brazen, the U of A worked with Edmonton neighbourhoods on safe ways to push them out. About 120 residents volunteered for the community studies in aversive conditioning, led by biology master's student Gabrielle Lajeunesse. In analyzing the effectiveness of hazing practices, like yelling or throwing weighted balls, Lajeunesse found that about two-thirds of coyotes retreated when a volunteer got within 40 metres, and that 95 per cent of the animals took off when hazing tactics were used. Volunteers also documented the presence of coyote attractants like compost, garbage, fruit trees and bird feeders. Lajeunesse says coyotes are mainly interested in scavenging or building dens but they will attack pets and occasionally bite people. Volunteers were grateful for what they learned, she adds. "They liked being able to participate in wildlife management."

THEME: STUDENT COMMUNITY AND OUTREACH

A literacy Rx for youngsters with reading difficulties. A U of A-designed literacy program is putting Alberta's youngest students back on track after their reading skills suffered during the pandemic. Professor George Georgiou and doctoral student Kristy Dunn created a targeted, back-to-basics program and field-tested it with 362 elementary students in four Edmonton-area school divisions. The intensive program, funded by an Alberta Education research partnership grant, consisted of 30-minute, small-group sessions scheduled four times a week. The lessons focused on phonics, irregular words and reading books to reinforce the Grade 2 and 3 students' recognition of letter combinations. When the program started, their reading skills were almost a year below their grade level; within five months, 80 per cent saw a dramatic improvement. "It's like every child has their own reading doctor," says Georgiou. Even better, participating schools can continue delivering the program even though the research work is complete, Georgiou says. "The school divisions that have the interventions have them forever."

THEME: COMMUNITY ENGAGEMENT

Edmonton is Canada's first UNESCO 'Learning City.' Bolstered by U of A initiatives, Edmonton has been named a "learning city" by the United Nations Educational, Scientific and Cultural Organization (UNESCO) — the first such designation for a Canadian city. As a member of UNESCO's Global Network of Learning Cities, Edmonton can share inspiration, know-how and best practices with the network's 293 other members. Edmonton's application included numerous U of A endeavours, including U School, the Indigenous Canada massive open online course, and world-leading research in biotechnology and artificial intelligence. With more than half of humanity living in urban areas, UNESCO says local commitments to education are vital. Edmonton hopes the designation will attract inhabitants keen on new ideas and emerging technologies; U of A president Bill Flanagan says the university is ready for them. "The world's most innovative, entrepreneurial centres all have one thing in common — at their heart is a world-leading, research-intensive university. And that's what we have in Edmonton."

ALUMNI ENGAGEMENT

A full line-up of compelling lectures and a variety of large scale community events such as U of A Days, Science Fun Day, and the Canadian Business Leaders Award engaged over 54,000 alumni and friends – representing an nearly 150 percent increase over last year.

Programming featured over 140 U of A faculty members and over 170 alumni guest speakers, showcasing U of A discoveries and offering personal and professional development for graduates. To advance the Indigenous Strategic Plan, seven Sharing Circles were held across all faculties to explore the lived experience of students and their future connections as alumni.

Engagement highlights for the year include:

- Over 31,000 people attended in-person events and over 22,000 participated virtually, a 155 per cent increase compared to last year.
- Over 14,000 total volunteer hours donated by over 1,300 volunteers, a 41 per cent increase over last year.
- The Annual Giving program successfully raised over $981,000 through direct response activity, $154,000 through Giving Day and $193,000 through crowdfunding campaigns, for a total of more than $1.3M raised.

Highlights

31,000 ALUMNI ATTENDED
IN-PERSON EVENTS AND OVER 22,000 PARTICIPATED VIRTUALLY

14,000 TOTAL VOLUNTEER HOURS
GIVEN BY **ALUMNI**

$1.3M ANNUAL GIVING PROGRAM
SUCCESSFULLY **RAISED**

CAPITAL Report

The University of Alberta competes in a global market for the best and brightest students, researchers, and faculty. Providing and maintaining buildings and spaces that are capable of meeting 21st century needs and expectations is an important part of its competitive advantage.

Buildings and, indeed, all university spaces must be safe and functional to support where students learn, where faculty undertakes world-leading research, where staff work each day, and where the community engages with the institution. This requires targeted investments in modernization and increased financial commitment for maintenance and life-cycle renewal as our buildings age.

Without targeted new investment in maintaining our infrastructure, the university faces significant risks to its financial and environmental sustainability, and more importantly, to its education, research, and student success mission.

Out of necessity, right-sizing or "optimizing" the university's infrastructure footprint to best support its sustainability, learning, and research environments has become an obsession for the University of Alberta. This means decisions related to new space management initiatives, changes to space use, and consolidating space must ensure the institution can continue to afford existing infrastructure, that infrastructure will continue to meet industry quality and quantity standards, and that enrollment growth can be accommodated.

As of March 31, 2023, the U of A owns or leases 411 buildings and structures, which remains one of the largest inventories among Canadian post-secondary institutions. The U of A also has the greatest volume of high service labs and a larger administrative office footprint compared to other U15 post-secondary institutions. With the university's size comes operational and maintenance costs that are growing due to inflation, carbon tax increases, and rising utility costs. While these factors make right-sizing as well as maintaining and upgrading infrastructure a priority, the university must ensure its efforts do not hamper its enrollment and research opportunities, a challenging balance.

A strategy to support right-sizing was developed in 2021 and has been reviewed, refined, and finalized throughout 2022 across all U of A campuses. The foundation of the Space Optimization Strategy (SOS) is to support an optimal learning and research environment through the review and increased efficiencies in space use. The SOS will also help to increase accessibility through appropriately identifying spaces for collaboration and sharing, capitalizing on hybrid models of work and learning, and ensuring there are strong criteria in place for external entities' use of U of A facilities.

Key SOS actions were undertaken in 2022-23, including investments in key buildings (e.g. University Commons, Biological Sciences, Morrison Structures Lab, the Edmonton Clinic Health Academy, and the School of Business) consolidation of faculties' and administrative space, and the removal of some buildings from the university's inventory. Two governance committees, the Facilities Optimization Oversight Committee and the Facilities Optimization Implementation Team, made strides in foundational change management around the culture of space and how it is managed. From 2019 to 2023, the university's actions in exiting external leases and disposing of buildings incapable of serving the institution into the future led to annual savings of $2.1 million; funds that have been reallocated to better support other infrastructure.

The following tables detail progress towards the objectives in the University of Alberta's 2022-23 Capital Plan.

TABLE 05: TOP CAPITAL PRIORITIES

BIOLOGICAL SCIENCES COMPLEX MODERNIZATION

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: This project seeks to completely renew, modernize, and optimize the Biological Sciences Complex (constructed in 1969) into a purpose-built, modular, and robust laboratory building for STEM teaching, research, and commercialization. Update: A $31.5 million project to renew four floors of Zoology is in the design phase.	$500 million	100% GoA	-	-

EDUCATION COMPLEX REDEVELOPMENT

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: A full modernization of the building's central systems followed by a modernization and optimization of the complex to allow for renewed and optimized space in the Education North tower to be available for new occupants. Update: The $7.5 million electrical vault renewal project is currently underway as a first step to renewing the remainder of the facility.	$124 million	100% GoA	-	-

MEDICAL SCIENCES BUILDING REDEVELOPMENT

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: The full modernization of both infrastructure and the redevelopment of the Medical Sciences Building floor plans will enable the university's growth in the volume and quality of health research. In addition, by optimizing and modernizing the floor plates of the building, more labs will be created to sustain growth in research. Update: Progress has been limited due to absence of funding. MSB redevelopment is currently being reimagined with ideas that will be predicated on a new Health Sciences Sector Master Plan.	$162 million	100% GoA	-	-

CENTRAL ACADEMIC BUILDING RETROFILL

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: As the Department of Mathematical Sciences is moved to University Commons upon completion of the building, there is an opportunity to retrofill the upper floors of the Central Academic Building with elements of study space to enable the consolidation of the Cameron Library building. Update: Planning is underway. This project is predicated on the completion of, and moving of occupants into University Commons.	$30 million	100% GoA	-	-

COMPUTING SCIENCE CENTRE/ATHABASCA HALL REDEVELOPMENT

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: Occupants of the Computing Science Center (CSC) and Athabasca Hall are slated for relocation to the new University Commons. This decanted space offers the opportunity for CSC and Athabasca Hall to be redeveloped as a new classroom and academic office building that is space optimized to accept new occupants. Update: Planning is underway. This project is predicated on the completion of, and moving of occupants into University Commons.	$90 million	100% GoA	-	-

SOUTH ACADEMIC BUILDING RETROFILL

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: As the various office and administrative offices move into University Commons, portions of the South Academic Building (SAB) can be redeveloped into modernized, purpose-built space. In particular, SAB's laboratory spaces can be decanted to contribute to the university's overall efforts to modernize and right-size laboratory space. Update: Planning is underway. This project is predicated on the completion of, and moving of occupants into University Commons.	$30 million	100% GoA	-	-

CHEMISTRY EAST TEACHING LAB RENEWALS

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: This project will renew the teaching labs of Chemistry East, to complete the full renewal of the Chemistry Complex. Update: A $4 million lab ventilation exhaust system renewal project is underway.	$50 million	100% GoA	-	-

ANIMAL RESEARCH LAB RENEWALS

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: Several animal research laboratories require modernization and renewal for improved research outcomes, and to maintain compliance requirements. This is also an opportunity to densify and optimize their design and location. Update: A Canadian Council on Animal Care (CCAC) survey of infrastructure requirements has been undertaken and a revised program of $14.6 million has been developed to address CCAC requirements.	$17.2 million	100% GoA	-	-

FINE ARTS STUDIO SPACE CONSOLIDATION AND RENEWAL

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: This project would see the optimization and modest expansion of the Fine Arts Building (FAB) to accommodate fine arts research studio and workshop space across North Campus. By creating modern, well-ventilated, and optimized space in FAB, several spaces could be consolidated including Industrial Design Studio, Varsity Trailers, North Power Plant, and some parts of HUB Mall. Update: The Fine Arts Building has undergone a central mechanical and electrical renewal program.	$30 million	100% GoA	-	-

UNIVERSIADE PAVILION (BUTTERDOME) BUILDING ENVELOPE RENEWAL

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Project Scope: This project seeks to renew the building envelope of the Universiade Pavilion that is beyond life cycle and has begun to fail. Update: Progress has been limited due to absence of funding. Mitigation measures including additional inspections and pedestrian safety measures have been put into practice to manage the situation until funding becomes available.	$22 million	100% GoA	-	-

TABLE 6: CURRENT AND EXPLORATORY INITIATIVES

INITIATIVES UNDERWAY			
Building	**Proposed Use**	**Status**	**Revision**
Administration	Removal	Not started, pending occupation of University Commons.	-
ECV Houses (6)	Removal	Complete	-
Human Ecology	Removal	Not started	Contingent on master planning.
Research Transition Facility	Removal	Move out in progress	-
Ring Houses (4)	Removal	Complete	-
EXPLORATORY INITIATIVES			
Building	**Proposed Use**	**Status**	**Revision**
Cameron Library	Removal/ Repurpose	Not started	Contingent on master planning.
Clinical Sciences	Partnerships	Not started	Contingent on master planning.
Earth Sciences	Removal	Not started	Contingent on master planning.
Humanities Centre	Partnerships	Not started	Contingent on master planning.

TABLE 7: CAPITAL BUDGET

	2022-23 ($000'S)	2022-23 ($000'S)	2023-24 ($000'S)	2024-25 ($000'S)	2025-26 ($000'S)
Project	**Budget**	**Forecast**	**Budget**	**Projection**	**Projection**
Dentistry Pharmacy Renewal & Repurpose	48,971	27,838	36,395	42,231	-
Biological Sciences - Zoology Wing	8,500	2,250	10,750	15,000	-
UA District Energy System	6,228	9,528	4,443	-	-
Lister Centre Classic Towers - Kelsey Hall	5,123	9,096	750	-	-
CAB Renovation (East)	3,850	5,687	100	-	-
Morrison Structures Lab	3,747	7,358	328	-	-
Health Science Infrastructure Optimization	3,741	9,792	1,931	-	-
Diwan Pavilion	2,370	2,379	-	-	-
HUB Mall Phases 7, 8, and 9	2,000	2,800	-	-	-
Lister Centre Classic Towers - Henday Hall	1,134	1,096	160	-	-
Subtotal	85,664	77,824	54,857	57,231	-
Other Capital Projects	18,439	41,027	40,412	16,835	10,993
CMR Capital*	29,803	20,911	26,961	3,905	22,150
Total tangible capital acquisitions	133,906	139,762	122,230	77,971	33,143

*CMR projects included in both maintenance and TCA.

Projects only shown 3 years spending projections, projects can be spanned over multiple years.

Forecast was prepared with 6 months actuals and 6 month forecasts data.

Note: CMR projects are included in both maintenance and TCA. Projects only show 3 years spending projections, projects can span over multiple years. Forecast was prepared with 6 month actuals and 6 month forecast data.

APPENDIX 1

The Consolidated Financial Statement Discussion and Analysis

For the year ended March 31, 2023

Table of Contents

The consolidated financial statement discussion and analysis should be read in conjunction with the University of Alberta audited financial statements. The university's financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. For more in-depth discussion and analysis of the university's goals and objectives please refer to the following documents:

For the Public Good, Investment Reports, Annual Report, University of Alberta for Tomorrow.
https://www.ualberta.ca/reporting
https://www.ualberta.ca/uofa-tomorrow/index.html

Summary of Financial Results

The consolidated financial statement discussion and analysis provides an overview of the university's:

- Summary of Financial Results
- Revenue and Expense
- Capital Acquisitions
- Net Assets and Net Financial Assets/Net Debt
- Areas of Significant Financial Risk

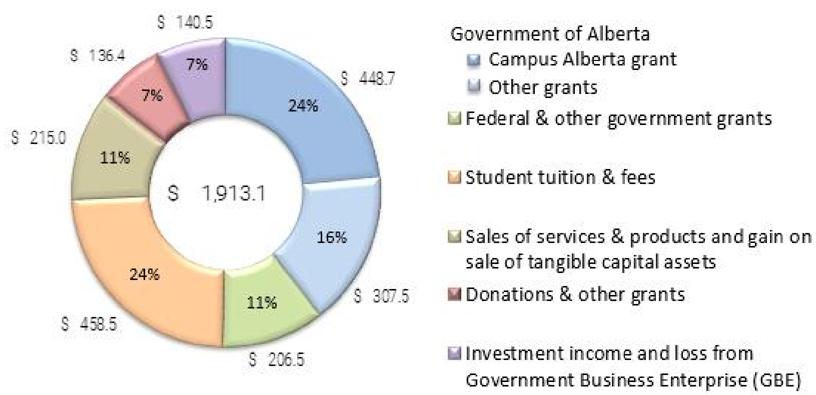
Note: March 31, 2022 results have been restated to reflect the impact of the adoption of the Asset Retirement Obligations (ARO) standard.

The university ended the year with an annual consolidated surplus of $72.3 million. Of this amount $37.4 million are donations directed to endowments and endowment capitalized investment income and therefore are not available for spending. The annual operating surplus was $34.9 million, which is 1.8% of total revenue (budgeted annual operating surplus: $0.4 million; 0.0% of total revenue). The decrease of $90.9 million from the prior year annual operating surplus of $125.8 million (restated) was primarily due to the gain on sale of tangible capital assets ($34.9, primarily sale of Newton Place) in the prior year, the recovery of the temporary endowment encroachment ($31.2) in the prior year and a current year loss on the sale of tangible capital assets ($9.5 primarily the sale of the Soaring Estates land).

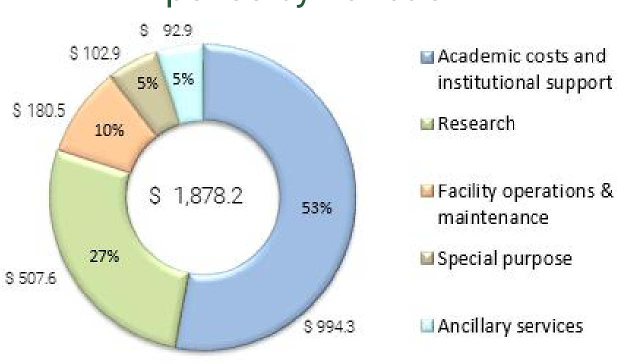
Net assets of $2,594.2 million increased from the prior year (2022: $2,483.2 restated). The increase is mainly due to an increase in the fair value of portfolio investments ($38.7) along with the annual surplus ($72.3).

The following figures provide an overview of the university revenue, expense by object, and expense by function.

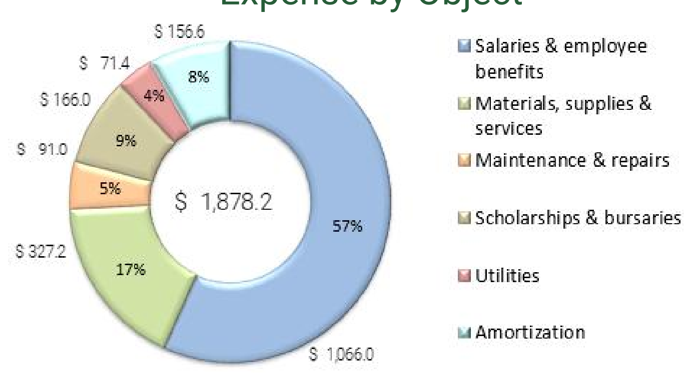
Revenue



Expense by Function



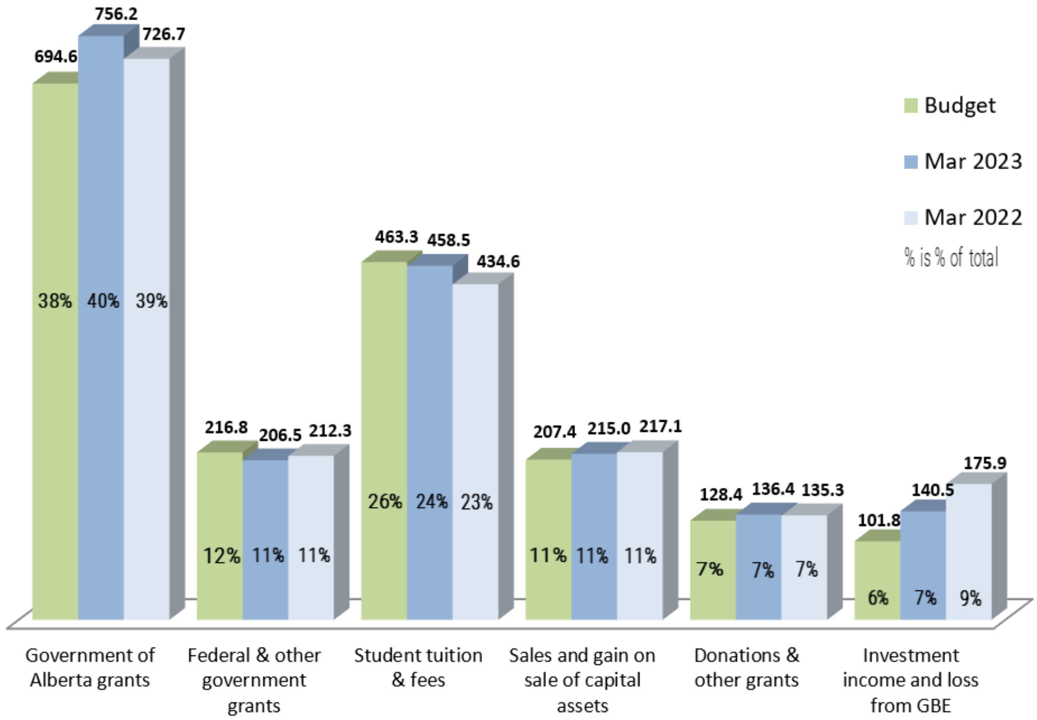
Expense by Object



Revenue

Total revenue for the year was $1,913.1 million, an increase of $11.1 million (0.6%) over the prior year and $100.8 million (5.6%) more than budget.

Figure 1. University of Alberta Revenue



Government of Alberta Grants

Government of Alberta (GoA) grants represent the single largest source of funding for university activities at 40% of total revenue. GoA grant revenue of $756.2 million was $29.5 million higher than prior year and $61.6 million higher than budget. The increase over prior year is mainly due to large new research grants from Alberta Technology and Innovation (mainly Covid-19 countermeasures grant) and a targeted enrolment expansion grant ($8.3 million). This was partially offset by a reduction in the Campus Alberta operating grant ($52.1 million). The increase compared to budget is mainly due to the aforementioned Covid-19 research grant and the targeted enrolment expansion grant.

Federal and Other Government Grants

Federal and other government grants primarily support the university's research activities. Federal and other government grants revenue of $206.5 million was $5.8 million lower than prior year and $10.3 million lower than budget. The decrease over prior year cannot be attributed to any one individual item. The decrease compared to budget is due to lower research funding from Canada Research Chair grants (a Government of Canada agency).

Student Tuition and Fees

Student tuition and fees includes instructional fees, market modifiers, program differential fees, international student fees, and mandatory non-instructional fees. Student tuition and other fees revenue of $458.5 million was $23.9 million higher than prior year but $4.8 million lower than budget. The increase over prior year was mainly due to an increase of $16.9 million in the international program-based fee model and $7.8 million in domestic and international tuition (7.0% domestic, 2% international guaranteed; and 4.0% international (fourth year)). The decrease compared to budget is mainly due to lower than planned domestic and international student enrolment of about 700 FLE (fulltime learning equivalent) students.

Sales of Services and Products / Gain on Sale of Tangible Capital Assets

Sales of services and products revenues are generated by ancillary services and faculties and administrative units to both individuals and external organizations to support university activities. Sales of services and products revenue of $215.0 million was $2.1 million lower than prior year and $7.6 million higher than budget. The decrease over prior year was mainly due to the gain on the sale of tangible capital assets in the prior year ($34.9) offset by higher ancillary revenues for residences and parking services due to a return to normal activities on campus ($32.8). The increase compared to the budget was mainly due to increased activity in non-sponsored research.

Donations and Other Grants

Donations and other grants support many university activities. Donations and other grants revenue of $136.4 million was $1.1 million higher than prior year and $8.0 million higher than budget. The increase over prior year was mainly due to a one time bequest of $8.3 million offset by lower donations for research activity. The increase compared to budget is mainly due to the one time bequest of $8.3 million which was not budgeted for.

Investment Income and Loss from Government Business Enterprises (GBE)

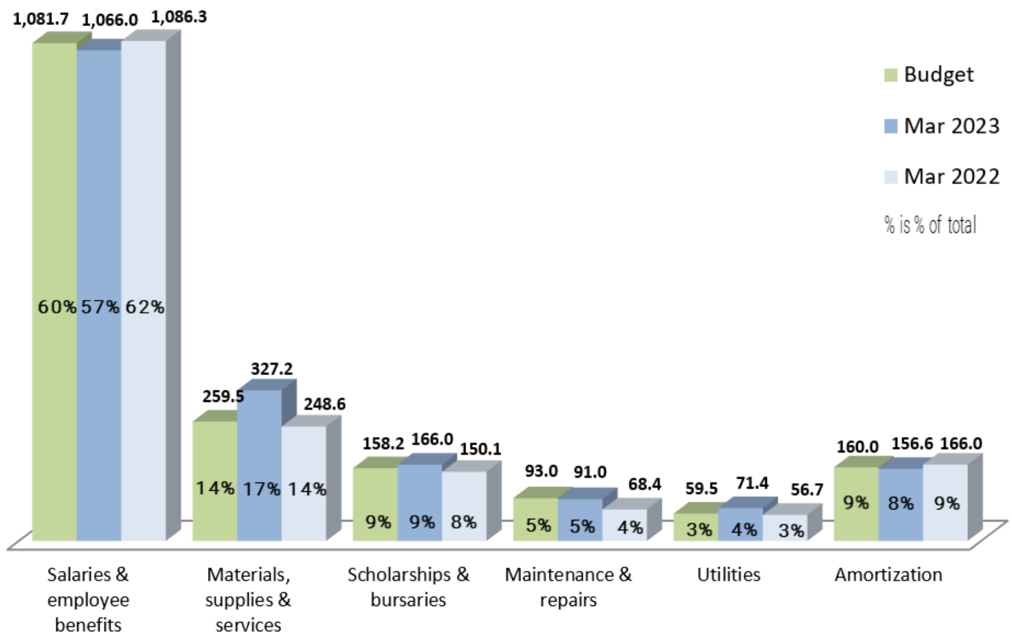
Investment income supports many university activities, both operating activities and a reserve for strategic and other initiatives. Investment income revenue, including the loss from GBE, of $140.5 million was $35.4 million lower than prior year and $38.7 million higher than budget. The decrease over prior year was mainly due to the recovery of the temporary endowment encroachment in the prior year ($31.2). The increase to budget was due to higher realized gains on disposal of investments and higher than budgeted interest rate return on shorter term investments. Investments fall into two categories, the University Endowment Pool (UEP) and the Non-Endowed Investment Pool (NEIP). The UEP had a return of 6.6% (2022: 9.5%) and represents the majority of the university's long-term investment strategy. The NEIP investments which are allocated to short-term, mid-term and long-term investment strategies had a return of 3.2% (2022: 4.2%). The return rates reflect both realized and unrealized gains in the investment portfolios. In 2015 the university established a wholly owned government business enterprise, University of Alberta Properties Trust Inc. to act as trustee for the University of Alberta Properties Trust. During the year, the trust recorded a loss of $0.5 million.

Expense

Total expense for the year was $1,878.2 million, an increase of $102.1 million over the prior year and $66.3 million (3.7%) more than budget. Salaries and employee benefits are the single largest expense representing 57% of total expense. Overall, the increase in expenses can be attributed to an increase in materials and supplies and maintenance as campus activity returned to near normal levels after the pandemic.

Expense by Object

Figure 2. University of Alberta Expense



Salaries and Employee Benefits

Salaries and employee benefits of $1,066.0 million was $20.3 million less than prior year and $15.7 million less than budget. The decrease over prior year is mainly due to lower UAPP pension expense as a result of the decrease in the UAPP deficiency due to higher interest rates for plan investments. The decrease compared to budget is mainly attributed to the same reason as the prior year decrease.

Materials, Supplies and Services

Materials, supplies and services of $327.2 million was $78.6 million more than prior year and $67.7 million more than budget. The increase over prior year is mainly due to loss on tangible capital assets, higher research project expenses and increased travel activity. The increase when compared to budget can also be attributed to the loss on tangible capital assets (not budgeted) and higher than budgeted research project expenses.

Scholarships and Bursaries

Scholarships and bursaries of $166.0 million was $15.9 million more than prior year and $7.8 million more than budget. The increase over prior year was due to an increase in undergraduate and awards funded from operations and an increase in undergraduate and graduate awards funded by endowments and restricted grants. The increase over budget is mainly due to higher graduate awards from restricted funding (grants and endowments). It should be noted that while other areas of the university continue to face significant funding pressures due to the decrease in the GOA base operating grant, scholarships to students continue to see increases due to the commitment made to students as part of overall tuition increases. This aligns with the University's goal to attract and support undergraduate and graduate students.

Maintenance and Repairs

Maintenance and repairs of $91.0 million was $22.6 million more than prior year but $2.0 million less than budget. The increase over prior year was mainly due to increased maintenance costs on a number of campus buildings (Health Sciences Library and Central Academic Building being the main ones), renovation costs for Enterprise Square and the demolition of buildings in the Michener Park site to get it ready for new development. Maintenance and repairs was less than budget, but there was no one individual significant item that can be attributable to the slight favorable variance.

Utilities

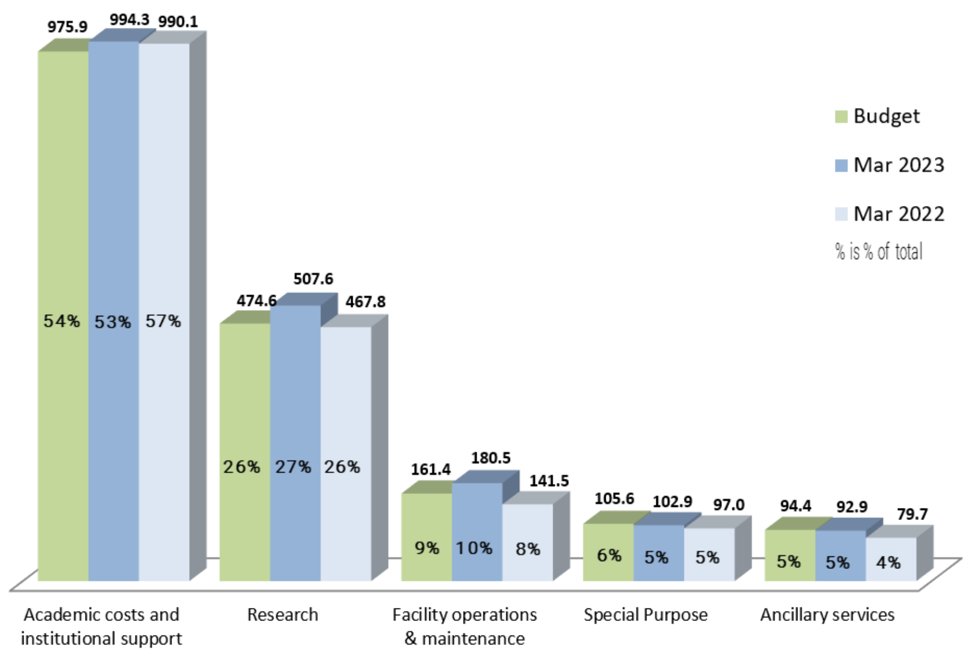
Utilities of $71.4 million was $14.7 million higher than prior year and $11.9 million higher than budget. The increase over prior year and the increase over budget was due to the higher than budgeted price for natural gas and for electricity.

Amortization

Amortization of $156.6 million was $9.4 million less than prior year and $3.4 million less than budget. The decrease over prior year was mainly due to the restatement of prior year amortization expense as a result of the implementation Asset Retirement Obligation along with lower amortization for equipment. The decrease over budget was mainly due to lower amortization expense for equipment and learning resources.

Expense by Function

Figure 3. University of Alberta Expense by Function



Academic Costs and Institutional Support

Academic costs and institutional support expenses effectively represent the operating activities of the university. A significant component of this category is salary and employee benefit costs. Expenses for this category of $994.3 million were $4.2 million more than prior year and $18.4 million more than budget. The variances are not significant and cannot be attributed to any particular event or expense.

Research

Research expenses are funded by restricted grants and donations along with internal funds designated for research related activities. Research expenses of $507.6 were $39.8 million more than prior year and $33.0

million more than budget. The increase over prior year and the increase over budget is mainly due to increased research activity on projects as activity returned to near pre-pandemic conditions.

Facility Operations and Maintenance

Facility operations and maintenance represents the cost of maintaining university facilities and grounds. Facility operations and maintenance expense of $180.5 million was $39.0 million more than prior year and $19.1 million more than budget. The increase over prior year is mainly due to higher utility costs and increased maintenance work on buildings as on campus activity returned. The increase over budget was mainly due to higher than budgeted natural gas and electricity rates.

Special Purpose

Special purpose expenses are for student awards and bursaries and other programs involving teaching and learning, and community service specifically funded by restricted grants and donations. Special purpose expense of $102.9 million was $5.9 million more than prior year and $2.7 million less than budget. The increase over prior year is due to an increase in scholarships and awards. No one individually significant item is accountable for the budget variance.

Ancillary Services

Ancillary services include the university bookstore, parking services, utilities and student residences. Ancillary services expense of $92.9 million was $13.2 million more than prior year and was $1.5 million less than budget. The increase over prior year is mainly due to higher cost of goods sold for electricity and natural gas used to produce steam and higher materials and supplies as activity returned to normal pre-pandemic conditions. No one individually significant item is accountable for the budget variance.

Capital Acquisitions

The university expended $148.6 million (2022: $197.1) on construction and other tangible capital asset acquisitions.

The most significant construction and capital asset acquisitions in 2023 continue to be:

- University Commons Renewal and Repurpose (formerly Dentistry and Pharmacy) - a multi-year project to renovate the building.
- Lister Centre renewal – a multi-year project to upgrade three residence towers in the Lister Centre complex.

The university also disposed the following asset (at fair value) during the course of the year:

- Soaring Estates land – a parcel of land along the river valley in Edmonton. This land was added to the inventory of the University of Alberta Properties Trust with the goal of further developing it.

Net Assets and Net Financial Assets / Net Debt

Net Assets

The net asset balance is an important indicator of financial health for the university. The net assets measure provides the economic position of the university from all years of operations. The university's net assets include endowments of $1,728.1 million. Endowments represent contributions from donors that are required to be maintained in perpetuity, as well as capitalized investment income that is also required to be maintained in perpetuity to protect the future economic value of the endowment. Endowments are not available for spending. Of the remaining $866.1 million in net assets, $460.2 million represents funds invested in tangible capital assets.

Figure 4. University of Alberta Net Assets

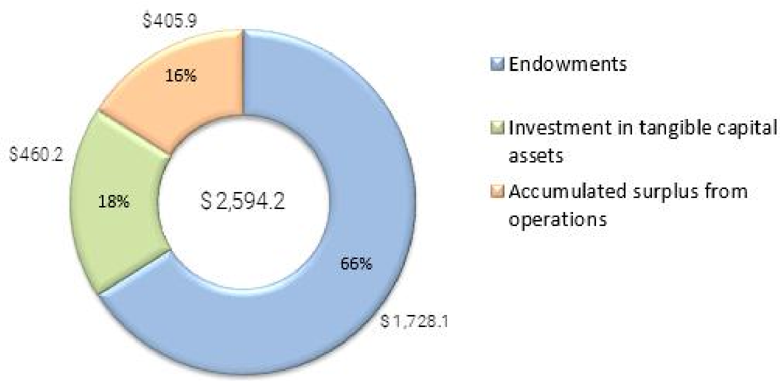


Table 1. University Net Assets	Unrestricted	Internally Restricted	Investment in Tangible Capital Assets	Endowments	Total
Net Assets, Beginning of Year	**$259.4**	**$103.0**	**$481.0**	**$1,639.8**	**$2,483.2**
Annual Operating Surplus	34.9	-	-	-	34.9
Transfer to Internally Restricted	(37.1)	37.1	-	-	-
Transfer from Internally Restricted	22.0	(22.0)			
Endowments Contributions and Capitalized Income	-	-	-	37.4	37.4
Transfer to Endowment	(8.8)	-	-	8.8	
Tangible Capital Assets	20.8	-	(20.8)	-	-
Change in Accumulated Remeasurement Gains	(3.4)	-	-	42.1	38.7
Increase (Decrease)	**28.4**	**15.1**	**(20.8)**	**88.3**	**111.0**
Net Assets, End of Year	**$287.8**	**$118.1**	**$460.2**	**$1,728.1**	**$2,594.2**

The increase in unrestricted net assets is mainly due to the annual operating surplus ($34.9) and funding for tangible capital assets ($20.8), partially offset by net transfers to the internally restricted reserve ($15.1), current year remeasurement loss on investments ($3.4), and a transfer capitalized to endowment principal ($8.8).

The university has an internally restricted reserve of $118.1 million, the current year transfer is $37.1 million. Of this amount $78.0 million is an investment income reserve while an additional $30.1 million has been appropriated to a Strategic Initiatives Fund, on top of the $10 million balance from last year for a total of $40.1 million, in support of various strategic initiatives in accordance with University Funds Investment Policy. During the fiscal year the university transferred $22.0 million from the Strategic Initiatives Fund for various Board approved one-time projects.

As per the University Funds Investment Policy, all realized Non-Endowed Investment Pool earnings not required for current budget purposes will be reinvested to build an investment income reserve. In the current year, this amounts to $37.1 million.

As at March 31, 2023 the market value of the Non-Endowed Investment Pool's yield and return seeking investments exceed their underlying obligations (cost) by $243 million or 25.5%. Of this amount, $118.1 million in realized gains have been set aside in internally restricted reserves which remain fully invested and at risk in the underlying investment strategies; the remainder represents unrealized investment gains. The purpose of the investment income reserve is to create a buffer for risk management purposes; that is, to ensure that all future financial obligations can be fulfilled in the event of unplanned liquidity requirements and significant investment losses occurring concurrently. The reserve target is 17% of the underlying obligations (investment cost), currently $162 million, which allows for fluctuations in capital and equity markets to the degree experienced during the financial crisis in 2008-09. Since the reserve target is currently being met, appropriations to a Strategic Initiatives Fund to support long-term institutional goals can be made. Details of the allocations can be seen in Table 2.

Table 2. University Investment Income and Strategic Reserves	**2023**	**2022**
Investment Income Reserve	$78.0	$71.0
Strategic Initiatives	40.1	32.0
Total Reserves, End of Year	**$118.1**	**$103.0**

The decrease in investment in tangible capital assets of $20.8 million consists of additions ($51.6) and debt repayments ($14.9), less financing allocation ($12.7), amortization ($68.6) and the change in asset retirement obligations ($6.0). The additions include construction projects, equipment, furnishings, computer hardware/software and library resources.

The university's endowment spending policy provides for an annual spending allocation (2023: $59.6; 2022: $56.9) to support a variety of key initiatives in the areas of academic programs, chairs and professorships, scholarships, bursaries and research. The increase in endowments of $88.3 million is due to an increase in fair value ($42.1), new contributions and capitalized investment income ($37.4), and a transfer of miscellaneous sales revenue from unrestricted net assets ($8.8). During the year the university's investment income earned from endowment investments was $98.7 million (2022 - $143.3). This is sufficient to fund the annual spending allocation of $59.6 million (2022 - $56.9) along with the investment management and administration fees of $19.5 million (2022 - $18.1). This left $19.6 million (2022 - $5.7) that was capitalized to endowment net assets as it was not required to meet the university's spending allocation obligations. In 2022, the remaining investment income from endowments covered the temporary endowment encroachment of $31.2, and the cumulative future commitment of $31.4 as provided per the University Endowment Pool (UEP) Spending policy.

Net Debt

The university's liquidity needs are met primarily through operating cash flows, working capital balances and capital expansion funding received through grants or long-term debt. Net financial assets (net debt) is a measure of an organization's ability to use its financial assets to cover liabilities and fund future operations.

The net financial debt position (excluding portfolio investments restricted for endowments) indicates that the university has a $81.6 million deficiency (2022: $121.8 deficiency). The deficiency can be attributed to the accumulated operating surplus $405.9 million (2022 - $362.4), offset by the incurrence of prepaid expenses $11.6 million (2022 - $12.1), tangible capital assets acquired by debt financing $311.5 million (2022 - $313.7) and asset retirement obligations of $164.4 million (2022 - $158.4). Net financial debt has decreased mainly due to the annual surplus partially offset by lower increase in unrealized gains on investments.

Areas of Significant Financial Risk

Fiscal Uncertainty

The Campus Alberta grant is the primary source of funding for the university's day-to-day operating activities. Government support continues to decline. The final planned cut to the operating grant occurred in fiscal 2022-23 and was approximately $52 million. Grants, tuition and other revenue generation initiatives are largely under government control, which puts significant pressure on university finances. The results of the provincial election of May 2023 could also impact the direction that government funding takes in the future. The impact to university revenue of a 1% change to the Campus Alberta base operating grant is $4.5 million and a 1% change to domestic tuition is $2.2 million.

Unfunded Pension Liability

The university participates with other Alberta post-secondary institutions in the Universities Academic Pension Plan (UAPP) to provide pensions for the university's participating employees. The unfunded deficiency in the UAPP is currently being funded by a combination of employee and employer contributions and the Government of Alberta. The deficiency is required to be eliminated by 2043. At March 31, 2023, based on actuarial assumptions, the university has recorded a UAPP employee future benefit liability of approximately $109 million.

The impact to the university's share of the unfunded liability of a 1% increase in the inflation rate assumption would be an increase of approximately $23 million, a 1% increase in the salary escalation assumption would be an increase of approximately $8 million, while a decrease of 1% in the discount rate assumption would lead to an increase of approximately $56 million.

Deferred Maintenance

As the largest and oldest post-secondary institution in the province, the university's deferred maintenance obligations continue to increase. As of March 2023, the estimated liability stood at $359 million and is estimated to increase to approximately $1.099 billion by 2028. Of the $359 million estimated liability, $164 million is recorded in the university's financial statements as a result of the Asset Retirement Obligation standard. As part of the fiscal 2023 budget, the government provides a Capital Maintenance and Renewal (CMR) grant ($35 million) which is a main source of funding in dealing with the deferred maintenance liability. The university continues to identify and address priority deferred maintenance issues through joint renewal and repurposing projects to maintain the functionality of our building inventory. This is also being done in the context of achieving our Facility and Space Optimization objectives which is underpinned by the Integrated Asset Management Strategy.

APPENDIX 2

The Consolidated Financial Statements

For the year ended March 31, 2023

Table of Contents

FINANCIAL REPORTING

University of Alberta • 2nd Floor Enterprise Square • Edmonton • Alberta • T5J 0B2

Fax: (780) 492-2846

Website: www.ualberta.ca/finance-procurement-planning

E-mail: fsglje@ualberta.ca

STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED MARCH 31, 2023

The consolidated financial statements of the University of Alberta have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the university as at March 31, 2023 and the results of its operations, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended.

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

The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit and Risk Committee. With the exception of the President, all members of the Audit and Risk Committee are not employees of the university. The Audit and Risk Committee meets with management and the external auditors and internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have full access to the Audit and Risk Committee, with and without the presence of management.

These consolidated financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post-secondary Learning Act*. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.

Original signed by Bill Flanagan

President and Vice-Chancellor

Original signed by Todd Gilchrist

Vice-President (University Services and Finance)

Independent Auditor's Report

Auditor General OF ALBERTA

To the Board of Governors of The University of Alberta

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the University of Alberta (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.-
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 29, 2023
Edmonton, Alberta

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023
(thousands of dollars)

	Note	2023	2022 *Restated (Note 3)*
Financial assets excluding portfolio investments restricted for endowments			
Cash and cash equivalents	4	**$ 17,582**	$ 19,183
Portfolio investments - non-endowment	5	**1,518,875**	1,466,323
Accounts receivable		**188,736**	139,640
Inventories held for sale		**1,964**	2,931
Investment in government business enterprise	8	**(1,298)**	(768)
		1,725,859	1,627,309
Liabilities			
Accounts payable and accrued liabilities	9	**172,807**	194,109
Employee future benefit liabilities	10	**210,043**	233,193
Debt	11	**363,877**	380,433
Deferred revenue	12	**883,337**	770,075
Asset retirement obligations and environmental liabilities	13	**177,371**	171,336
		1,807,435	1,749,146
Net debt excluding portfolio investments restricted for endowments		**(81,576)**	(121,837)
Portfolio investments - restricted for endowments	5	**1,728,072**	1,639,760
Net financial assets		**1,646,496**	1,517,923
Non-financial assets			
Tangible capital assets	14	**2,746,079**	2,778,664
Prepaid expenses		**11,620**	12,141
		2,757,699	2,790,805
Net assets before spent deferred capital contributions		**4,404,195**	4,308,728
Spent deferred capital contributions	15	**1,809,981**	1,825,517
Net assets	16	**$ 2,594,214**	$ 2,483,211

Net assets is comprised of:		
Accumulated surplus	**$ 2,110,308**	$ 2,038,034
Accumulated remeasurement gains	**483,906**	445,177
	$ 2,594,214	$ 2,483,211

Contingent assets and contractual rights (note 17 and 19)

Contingent liabilities and contractual obligations (note 18 and 20)

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023
(thousands of dollars)

	Note	Budget (Note 22)	**2023**	2022 *Restated (Note 3)*
Revenue				
Government of Alberta grants	23	$ 694,597	**$ 756,203**	$ 726,710
Federal and other government grants	23	216,784	**206,457**	212,289
Student tuition and fees		463,270	**458,523**	434,622
Sales of services and products		207,391	**214,973**	182,153
Donations and other grants		128,429	**136,423**	135,311
Investment income	24	101,787	**141,021**	176,489
Investment loss from government business enterprise	8	-	**(530)**	(554)
Gain on sale of tangible capital assets	14	-	**-**	34,917
		1,812,258	**1,913,070**	1,901,937
Expense	25			
Academic costs and institutional support		975,895	**994,254**	990,112
Research		474,556	**507,604**	467,814
Facility operations and maintenance		161,439	**180,487**	141,493
Special purpose		105,603	**102,914**	96,958
Ancillary services		94,412	**92,897**	79,721
		1,811,905	**1,878,156**	1,776,098
Annual operating surplus		353	**34,914**	125,839
Endowment contributions and capitalized investment income				
Endowment contributions	16		**17,771**	17,570
Endowment capitalized investment income	16		**19,589**	5,730
			37,360	23,300
Annual surplus		$ 353	**72,274**	149,139
Accumulated surplus, beginning of year			**2,038,034**	1,888,895
Accumulated surplus, end of year	16		**$ 2,110,308**	$ 2,038,034

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2023
(thousands of dollars)

	Budget (Note 22)	**2023**	2022 *Restated (Note 3)*
Annual surplus	$ 353	**$ 72,274**	$ 149,139
Acquisition of tangible capital assets	(195,581)	**(148,639)**	(197,122)
Proceeds on disposal of tangible capital assets	-	**6,563**	48,569
Amortization of tangible capital assets	160,030	**156,621**	160,542
Loss (gain) on sale and disposal of tangible capital assets	-	**18,040**	(30,059)
(Increase) decrease in prepaid expenses	(197)	**521**	(2,527)
Increase (decrease) in spent deferred capital contributions	38,907	**(15,536)**	17,590
Increase in accumulated remeasurement gains	82,844	**38,729**	4,914
Increase in net financial assets	86,356	**128,573**	151,046
Net financial assets, beginning of year	1,517,923	**1,517,923**	1,366,877
Net financial assets, end of year	$ 1,604,279	**$ 1,646,496**	$ 1,517,923

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2023
(thousands of dollars)

	Note	2023	2022
Accumulated remeasurement gains, beginning of year		**$ 445,177**	$ 440,263
Unrealized gains attributable to:			
Portfolio investments - non-endowment:			
Quoted in an active market		**13,198**	19,558
Designated at fair value		**12,711**	21,782
Portfolio investments - restricted for endowments:			
Quoted in an active market		**65,628**	83,546
Designated at fair value		**50,531**	43,585
Amounts reclassified to consolidated statement of operations:			
Portfolio investments - non-endowment:			
Quoted in an active market		**(14,106)**	(23,360)
Designated at fair value		**(15,179)**	(23,751)
Portfolio investments - restricted for endowments:			
Quoted in an active market		**(41,839)**	(76,525)
Designated at fair value		**(32,215)**	(39,921)
Net change for the year		**38,729**	4,914
Accumulated remeasurement gains, end of year	16	**$ 483,906**	$ 445,177

Accumulated remeasurement gains is comprised of:		
Portfolio investments - non-endowment	**$ 96,587**	$ 99,963
Portfolio investments - restricted for endowments	**387,319**	345,214
	$ 483,906	$ 445,177

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023
(thousands of dollars)

		2023		2022 *Restated (Note 3)*
Operating transactions				
Annual surplus	**$**	**72,274**	$	149,139
Add (deduct) non-cash items:				
Amortization of tangible capital assets		**156,621**		160,542
Expended capital contributions recognized as revenue		**(87,985)**		(92,331)
Investment loss from government business enterprise		**530**		554
Gain on sale of portfolio investments		**(103,339)**		(163,557)
Loss (gain) on sale and disposal of tangible capital assets		**18,040**		(30,059)
Decrease in employee future benefit liabilities		**(23,150)**		(476)
Asset retirement obligations accretion and increase in environmental liabilities		**21**		5,449
Change in non-cash items		**(39,262)**		(119,878)
Increase in accounts receivable		**(44,873)**		(2,817)
Decrease in inventories held for sale		**967**		394
(Decrease) increase in accounts payable and accrued liabilities		**(21,884)**		12,130
Increase in deferred revenue		**113,262**		75,526
Decrease (increase) in prepaid expenses		**521**		(2,527)
Asset retirement obligations abatement		**(537)**		-
Cash provided by operating transactions		**80,468**		111,967
Capital transactions				
Acquisition of tangible capital assets, less in-kind donations and asset retirement additions		**(138,664)**		(192,142)
Proceeds on sale of tangible capital assets		**564**		48,569
Cash applied to capital transactions		**(138,100)**		(143,573)
Investing transactions				
Purchases of portfolio investments		**(256,372)**		(409,095)
Proceeds on sale of portfolio investments		**259,934**		264,286
Cash provided by (applied to) investing transactions		**3,562**		(144,809)
Financing transactions				
Debt repayment		**(16,556)**		(20,816)
Debt - new financing		**-**		15,165
Increase in spent deferred capital contributions, less in-kind donations		**69,025**		104,941
Cash provided by financing transactions		**52,469**		99,290
Decrease in cash and cash equivalents		**(1,601)**		(77,125)
Cash and cash equivalents, beginning of year		**19,183**		96,308
Cash and cash equivalents, end of year	**$**	**17,582**	$	19,183

The accompanying notes are an integral part of these consolidated financial statements.

1. Authority and purpose

The Governors of The University of Alberta is a corporation that manages and operates the University of Alberta (the university) under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the Chancellor and President, who are *ex officio* members. Under the *Post-secondary Learning Act*, the university is a comprehensive academic and research institution offering undergraduate and graduate degree programs as well as a full range of continuing education programs and activities. The university is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax. This tax exemption does not extend to its wholly-owned subsidiary, University of Alberta Properties Trust Inc.

2. Summary of significant accounting policies and reporting practices

(a) General – Canadian public sector accounting standards (PSAS) and use of estimates

These consolidated financial statements have been prepared in accordance with PSAS. The measurement of certain assets, liabilities, revenues and expenses is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets, asset retirement obligations, and valuation of level 3 portfolio investments are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

(b) Valuation of financial assets and liabilities

The university's financial assets and liabilities are generally measured as follows:

Cash and cash equivalents - cost
Portfolio investments - fair value and amortized cost
Accounts receivable - lower of cost and net recoverable value
Inventories held for sale - lower of cost and expected net realizable value
Accounts payable and accrued liabilities - cost
Asset retirement obligations - cost or present value
Debt - amortized cost
Derivatives - fair value

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of remeasurement gains and losses.

All financial assets are assessed annually for impairment. Impairment losses are recognized in the consolidated statement of operations. A write-down of a financial asset to reflect a loss that is other than temporary in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial assets and liabilities that are measured at cost or amortized cost and expensed when measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

Derivatives are recorded at fair value in the consolidated statement of financial position. Derivatives with a positive or negative fair value are recognized as financial assets or liabilities. Unrealized gains and losses from changes in the fair value of derivatives are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the realized gains and losses are reclassified as revenue or expense in the consolidated statement of operations.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either measure the entire contract at fair value or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the university's normal course of business are not recognized as financial assets or liabilities.

2. Summary of significant accounting policies and reporting practices (continued)

(c) Revenue recognition

All revenues are reported on an accrual basis. Cash received for which services and products have not been provided is recognized as deferred revenue.

Government grants, non-government grants and donations
Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for use, or the terms along with the university's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue when the terms are met. If the grants and donations are used to acquire or construct tangible capital assets, revenue will be recognized over the useful life of the tangible capital assets.

Government grants without terms for the use of the grant are recognized as revenue when the university is eligible to receive the funds. Non-government grants and donations with no restrictions are recognized as revenue in the year received or in the year the funds are committed to the university if the amount can be reasonably estimated and collection is reasonably assured.

In-kind donations of services, materials, and tangible capital assets are recognized at fair value when a fair value can be reasonably determined. Transfers of tangible capital assets from related parties are recognized at the carrying value.

Grants and donations related to land
Grants and donations for the purchase of land are recognized as deferred revenue when received and recognized as revenue when the land is purchased. An in-kind grant or donation of land is recognized as revenue at the fair value of the land when a fair value can be reasonably determined. When the fair value cannot be reasonably determined, the in-kind grant or donation is recognized at nominal value.

Endowment contributions
Endowment contributions are recognized as revenue in the consolidated statement of operations in the year in which they are received, and are required by donors to be maintained intact in perpetuity.

Investment income
Investment income includes dividends, interest income and realized gains and losses on the sale of portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as revenue when the terms of the grant or donation are met.

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for use by the endowment create a liability. Investment income earned by endowments in excess of the endowment spending allocation is recognized as revenue in the consolidated statement of operations (realized income) and the consolidated statement of remeasurement gains and losses (unrealized gains and losses), and is capitalized and maintained intact in perpetuity.

(d) Endowments

Endowments consist of:

- Externally restricted contributions received by the university and internal allocations by the university's Board of Governors, the principal of which is required to be maintained intact in perpetuity.
- Investment income earned (excluding unrealized income) by the endowments in excess of the amount required for spending allocation, which is capitalized to maintain and grow the real value of the endowments. Benefactors as well as university policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and by reinvesting unexpended income.

Under the *Post-secondary Learning Act*, the university has the authority to alter the terms and conditions of endowments to enable:

- Investment income earned by the endowments to be withheld from distribution to avoid fluctuations in the amounts distributed, generally to regulate the distribution of income earned by the endowments.
- Encroachment on the capital of the endowments to avoid fluctuations in the amounts distributed and generally to regulate the distribution of investment income earned by the endowments if, in the opinion of the Board of Governors, the encroachment benefits the university and does not impair the long-term value of the fund.

2. Summary of significant accounting policies and reporting practices (continued)

(d) Endowments (continued)

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the accumulated capitalized investment income. However, for individual endowments without sufficient accumulated capitalized investment income, endowment principal is used in that year and is expected to be recovered by future investment income.

(e) Inventories held for sale

Inventories held for sale are measured using the weighted average method.

(f) Tangible capital assets

Tangible capital asset acquisitions are recognized at cost, which includes amounts that are directly related, such as design, construction, development, improvement or betterment of the assets, and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development. Construction in progress is not amortized until after the project is complete and the asset is in service.

The cost less residual value of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

Buildings and utilities	10 - 50 years
Equipment, furnishings and systems	5 - 10 years
Learning resources	10 years

Tangible capital asset write-downs are recognized when conditions indicate the asset no longer contributes to the university's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. Net write-downs are recognized as expense.

Intangible assets, works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

(g) Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses. In the period of settlement, foreign exchange gains and losses are reclassified to the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

(h) Employee future benefits

Pension
The university participates with other employers in the Public Service Pension Plan (PSPP) and the Universities Academic Pension Plan (UAPP). These pension plans are multi-employer defined benefit pension plans that provide pensions for the university's participating employees based on years of service and earnings.

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service. The UAPP activity and financial position are allocated to each participating employer based on their respective percentage of employer contributions. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

The university does not have sufficient plan information on the PSPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the PSPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected, along with investment income, to provide the plan's future benefits.

2. Summary of significant accounting policies and reporting practices (continued)

(h) Employee future benefits (continued)

Long-term disability
The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the university's long-term disability plan is charged to expense in full when the event occurs which obligates the university to provide the benefits. The cost of this benefit is actuarially determined using the accumulated benefit method, a discount rate based on the university's cost of borrowing and management's best estimate of the retirement ages of employees, expected health care costs and the period of employee disability. Actuarial gains and losses on the accrued benefit obligation are amortized over the average expected period the benefit will be paid.

Early retirement
The cost of providing accumulating post-employment benefits under the university's early retirement plans is charged to expense over the period of service provided by the employee. The cost of these benefits is actuarially determined using the projected benefit method prorated on services, a discount rate based on the university's cost of borrowing and management's best estimate of expected health care, dental care, life insurance costs and the period of benefit coverage. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

Supplementary retirement plans
The university provides non-contributory defined benefit supplementary retirement benefits to certain former executive staff based on years of service and earnings. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

The university provides non-contributory defined contribution supplementary retirement benefits to eligible executive, academic, and management and professional staff based on age, years of service and earnings. The expense for these plans is the employer's current year contribution to the plan as calculated in accordance with the plan rules.

Administrative/professional leave
The university provides for certain executive staff to accrue a paid leave of absence at the end of their executive appointment. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

General illness
The cost of providing non-vesting and non-accumulating compensated absences to a maximum of 26 weeks (academic staff) or 120 days (support staff) under the university's general illness plan is charged to expense in full when the event occurs which obligates the university to provide the benefit. The cost of this benefit is actuarially determined using the accumulated benefit method and management's best estimate of the period of employee disability.

(i) Investment in partnerships

Proportionate consolidation is used to recognize the university's share of the following partnerships:
- Northern Alberta Clinical Trials and Research Centre (50% interest) - a joint venture with Alberta Health Services to support the shared missions of Alberta Health Services and the university for collaborative clinical research.
- Western Canadian Universities Marine Sciences Society (20% interest) - provides research infrastructure in the marine sciences for member universities and the world-wide scientific community.

These partnerships are not material to the university's consolidated financial statements; therefore, separate condensed financial information is not presented.

(j) Investment in government business enterprises

The University of Alberta Properties Trust Inc. (UAPTI) is a government business enterprise wholly-owned by the university but not dependent on the university for its continuing operations. UAPTI is included in the consolidated financial statements using the modified equity method. Under the modified equity method, the accounting policies of UAPTI are not adjusted to conform to those of the university. Thus, the university's investment in the entity is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

2. Summary of significant accounting policies and reporting practices (continued)

(k) Liability for contaminated sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material, or live organism that exceeds an environmental standard being introduced into soil, water or sediment. It does not include airborne contaminates. The university recognizes a liability for remediation of contaminated sites when all of the following criteria are met:

- an environmental standard exists;
- there is evidence that contamination exceeds an environmental standard;
- the university is directly responsible or accepts responsibility for the contamination;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

A liability for a contaminated site may arise from operations that are either considered in productive use or no longer in productive use when environmental standards are exceeded. It will also arise when an unexpected event occurs resulting in contamination that exceeds an environmental standard.

Where an environmental standard does not exist or contamination does not exceed an environmental standard, a liability for remediation/reclamation of a site is recognized by the university when the following criteria have been met:

- the university has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand; and
- the transaction or events obligating the institution have already occurred.

These liabilities reflect the university's best estimate, as of March 31, 2023, of the amount required to remediate the sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites.

(l) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, asset retirement costs related to the recognized tangible capital asset in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or those not in productive use are expensed.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability; the liability is adjusted for the passage of time and is recognized as accretion expense in the consolidated statement of operations.

2. Summary of significant accounting policies and reporting practices (continued)

(l) Asset Retirement Obligations (continued)

These liabilities reflect the university's best estimate, as of March 31, 2023, of the amount required to retire tangible capital assets. Estimates are made by management using professional judgment, similar contractor costs, and third-party quotes, and are subsequently re-measured taking into account any new information and the appropriateness of assumptions used.

(m) Expense by function

The university uses the following categories of functions on its consolidated statement of operations:

Academic costs and institutional support
Expenses relating to support for the academic functions of the university both directly and indirectly. This function includes expenses incurred by faculties for their scholarly activities and learning administrative services.

Research
Expenses for research activities funded by externally sponsored research funds intended for specific research purposes as well as internal funds designated for research related spending. Other expenses associated with this function include costs such as research administration and research related amortization.

Facility operations and maintenance
Expenses relating to maintenance and renewal of facilities that house the teaching, research and administrative activities within the university. These include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, as well as major repairs and renovations.

Special purpose
Expenses for student awards and bursaries and other programs involving teaching and learning, and community service specifically funded by restricted grants and donations.

Ancillary services
Expenses relating to services and products provided to the university community and to external individuals and organizations. Services include the university bookstore, parking services, utilities and student residences.

(n) Funds and reserves

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

(o) Future changes in accounting standards

The Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

- PS 3400 Revenue. This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange transactions and non-exchange transactions.
- PS 3160 Public Private Partnerships. This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

Management has not yet adopted these two standards and is currently assessing the impact of these new standards on the consolidated financial statements.

(thousands of dollars)

3. New asset retirement obligations standard

Effective April 1, 2022, the university adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On April 1, 2022, the university recognized the following to conform to the new standard:
- asset retirement obligations, adjusted for accumulated accretion to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of accumulated surplus.

A summary of the changes are as follows:

	2022		
	Previously recorded	Asset retirement obligations	**Restated**
Consolidated statement of financial position			
Liabilities - Asset retirement obligations (Note 13)	$ -	$ 158,364	**$ 158,364**
Non-financial assets - Tangible capital assets	2,703,428	75,236	**2,778,664**
Net assets	2,566,339	(83,128)	**2,483,211**
Consolidated statement of operations			
Expense - Academic costs and institutional support	985,683	4,429	**990,112**
Annual surplus	153,568	(4,429)	**149,139**
Accumulated surplus, beginning of year	1,967,594	(78,699)	**1,888,895**
Accumulated surplus, end of year	2,121,162	(83,128)	**2,038,034**
Consolidated statement of change in net financial assets			
Annual surplus	153,568	(4,429)	**149,139**
Amortization of tangible capital assets	156,133	4,409	**160,542**
Net financial assets, beginning of year	1,525,221	(158,344)	**1,366,877**
Net financial assets, end of year	1,676,287	(158,364)	**1,517,923**
Consolidated statement of cash flows			
Annual surplus	153,568	(4,429)	**149,139**
Amortization of tangible capital assets	156,133	4,409	**160,542**
Asset retirement obligations accretion	-	20	**20**
Expense by Object (Note 25)			
Amortization of tangible capital assets	156,133	4,409	**160,542**

(thousands of dollars)

4. Cash and cash equivalents

		2023		2022
Cash	$	7,590	$	3,595
Money market holdings		9,992		15,588
	$	17,582	$	19,183

Money market holdings also include short-term notes and treasury bills with a maturity less than three months from the date of acquisition.

5. Portfolio investments

	2023	2022
Portfolio investments - non-endowment	$ 1,518,875	$ 1,466,323
Portfolio investments - restricted for endowments	1,728,072	1,639,760
	$ 3,246,947	$ 3,106,083

The composition of portfolio investments measured at fair value is as follows:

	2023				2022			
	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
Cash and money market holdings	$ 63,834	$ 325,143	$ -	$ 388,977	$ 57,679	$ 397,207	$ -	$ 454,886
Canadian bonds	-	45,819	-	45,819	-	57,136	-	57,136
Foreign bonds	-	256,388	-	256,388	-	265,015	-	265,015
Canadian equity	320,481	-	-	320,481	349,666	-	-	349,666
Foreign equity	1,137,852	-	-	1,137,852	1,086,732	-	-	1,086,732
Hedge funds	-	426,589	-	426,589	-	379,643	-	379,643
Private equity	-	-	409,506	409,506	-	-	326,969	326,969
Private credit and mortgages	-	-	121,184	121,184	-	-	65,951	65,951
Private real estate	-	-	140,117	140,117	-	-	120,047	120,047
	1,522,167	1,053,939	670,807	3,246,913	1,494,077	1,099,001	512,967	3,106,045
Other at amortized cost				34				38
	$ 1,522,167	$ 1,053,939	$ 670,807	$ 3,246,947	$ 1,494,077	$ 1,099,001	$ 512,967	$ 3,106,083

The fair value measurements are those derived from:

(1) Quoted prices in active markets for identical assets.

(2) Inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(3) Third-party financial statements from private equity and real estate fund managers. For investments where statements don't exist then valuation techniques that include inputs for the assets that are not based on observable market data.

The changes in fair value of level 3 portfolio investments are as follows:

		2023		2022
Balance, beginning of year	$	512,967	$	299,558
Unrealized gains		34,695		69,913
Purchases		178,837		156,637
Proceeds on sale		(55,692)		(13,141)
	$	670,807	$	512,967

(thousands of dollars)

6. Derivatives

Derivative financial instruments are used by the university to manage its commodity exposure with respect to portfolio investments. All outstanding contracts have a remaining term to maturity of less than one year. As at March 31, 2023, the university held commodity futures contracts for settlement between May and November 2023, with a notional amount of $45,627 (2022 - $43,320). The fair value of outstanding commodity futures contracts receivable is $2,136 (2022 - $3,912) and of commodity futures contracts payable is $582 (2022 - $nil).

7. Financial risk management

The university is exposed to the following risks:

Market price risk
Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the university has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The university's Investment Committee, a standing committee of the Board of Governors, has the delegated authority for oversight of the university's portfolio investments. The university's management of this risk has not changed from the prior year.

The university assesses its portfolio sensitivity to a percentage increase or decrease in market prices. The university calculates portfolio sensitivity rates for two pools of portfolio investments: restricted for endowments and non-endowment. The sensitivity rates are determined using the historical annualized standard deviation for the two pools over a five year period as determined by the university's investment performance measurement service provider. At March 31, 2023, if market prices for portfolio investments restricted for endowments and non-endowment had a respective 9.1% (2022 - 8.9%) and 3.6% (2022 - 4.0%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains for the year would be $157,255 (2022 - $145,939) and $54,680 (2022 - $58,653) respectively.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The university is exposed to foreign exchange risk on portfolio investments that are denominated in foreign currencies. The university does not hedge its foreign currency exposure with currency forward contracts or any other type of derivative financial instruments. Approximately 84% of the university's foreign currency exposure is in USD (2022 - 82%).

The impact of a change in value of the Canadian dollar against foreign currencies is as follows:

	Fair Value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
Foreign currency exposure	$ 1,759,040	$ (43,976)	$ (17,590)	$ 17,590	$ 43,976

Credit risk
Counterparty credit risk is the risk of loss arising from the failure of a counterparty, debtor or issuer to fully honour its financial obligations with the university. The university is exposed to credit risk on investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. The university's exposure, based on the risk rating of money market holdings and bonds, has not changed significantly year over year.

The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors with small amounts due from students and various vendors. Management has established a provision for receivables and assesses it annually to address any new concerns that may arise. Given the nature of the university's accounts receivable balances, management has assessed that, based on the current economic outlook the change to expected credit losses is not considered material.

The distribution of money market holdings and bonds by risk rating is as follows:
- Money market holdings: R-1(high) 42.1% (2022 - 25.7%); R-1(mid) 57.9% (2022 - 69.7%); R-1(low) 0.0% (2022 - 4.6%).
- Bonds: AAA 41.6% (2022 - 39.2%); AA 8.6% (2022 - 5.5%); A 11.8% (2022 - 11.9%); BBB 21.8% (2022 - 22.4%); below BBB and not rated 16.2% (2022 - 21.0%).

(thousands of dollars)

7. Financial risk management (continued)

Liquidity risk
Liquidity risk is the risk that the university will encounter difficulty in meeting obligations associated with its financial liabilities. The university maintains a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements. The university maintains a short-term line of credit of $20,000 (2022 - $20,000) to ensure that funds are available to meet current and forecasted financial requirements. In 2023, the line of credit was not drawn upon (2022 - not drawn upon). The university believes, based on its assessment of future cash flows, it will have access to sufficient capital through internally generated cash flows, external sources and the undrawn short-term line of credit to meet current spending forecasts. Management continues to monitor the university's liquidity position on a regular basis.

Interest rate risk
Interest rate risk is the risk that the university's earnings will be affected by the fluctuation and degree of volatility in interest rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income instruments that the university holds. If interest rates increase by 1.00% (2022 - 1.00%), and all variables are held constant, the potential loss in fair value to the university would be approximately $17,523 (2022 - $18,263). Interest rate risk on the university's debt is managed through fixed rate agreements with the Department of Treasury Board and Finance (note 11).

The maturity and effective market yield of interest bearing investments are as follows:

	< 1 year	1 - 5 years	> 5 years	Average effective market yield
	%	%	%	%
Money market holdings	100.0	-	-	4.5
Canadian government, corporate and foreign bonds	5.3	38.8	55.9	3.5

8. Investment in government business enterprise

UAPTI is a wholly-owned subsidiary of the university. UAPTI operates as a trustee of the University of Alberta Properties Trust ("the trust"), which will lease land to developers for the purpose of residential and commercial development. The university is the beneficiary of the trust and will receive distributions from the trust once leases are in place with developers and net proceeds are available.

The following table provides condensed supplementary financial information for the investment in government business enterprise owned by the university as at December 31.

Statement of Financial Position:

	2022	2021
Assets		
Cash and cash equivalents	**$ 1,759**	$ 995
Property and equipment	**7**	3
Property under development	**3,201**	394
Other assets	**23**	-
	4,990	1,392
Liabilities		
Accounts payable and accrued liabilities	**288**	160
Loan payable	**6,000**	2,000
	6,288	2,160
Equity		
Deficit	**(1,298)**	(768)
	$ 4,990	$ 1,392

(thousands of dollars)

8. Investment in government business enterprise (continued)

Statement of Operations:

		2022		2021
Revenue	$	1	$	1
Expense		531		555
Net loss	$	(530)	$	(554)

9. Accounts payable and accrued liabilities

		2023		2022 Restated (Note 3)
Trade payables	$	84,557	$	99,505
Accrued liabilities		57,770		63,749
Vacation liability		30,480		30,855
	$	172,807	$	194,109

10. Employee future benefit liabilities

	2023			2022		
	Academic staff	Support staff	Total	Academic staff	Support staff	Total
Universities Academic Pension Plan	$ 109,225	$ -	$ 109,225	$ 125,541	$ -	$ 125,541
Long-term disability	9,647	25,889	35,536	11,404	25,679	37,083
Early retirement	-	24,946	24,946	-	26,019	26,019
SRP (defined contribution)	34,028	-	34,028	37,266	-	37,266
SRP (defined benefit)	4,365	-	4,365	4,929	-	4,929
Administrative/professional leave	918	-	918	869	-	869
General illness	641	384	1,025	822	664	1,486
	$ 158,824	$ 51,219	$ 210,043	$ 180,831	$ 52,362	$ 233,193

(a) Defined benefit plans accounted for on a defined benefit basis

Universities Academic Pension Plan (UAPP)
The UAPP is a multi-employer contributory joint defined benefit pension plan for academic staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2020 and was then extrapolated to March 31, 2023, resulting in a UAPP deficit of $249,943 (2022 - $247,933) consisting of a pre-1992 deficit of $802,039 (2022 - $797,730) and a post-1991 surplus of $552,096 (2022 - $549,797). The university's portion of the UAPP deficit has been allocated based on its percentage of the plan's total employer contributions for the year.

The unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2022 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.57% of salaries required to eliminate the unfunded deficiency by December 31, 2043 (2022 - 3.04% of salaries until June 30, 2022 and 3.57% until December 31, 2043). The Government of Alberta's obligation for the future additional contributions is $197,975 (2022 - $226,028) at March 31, 2023.

No post-1991 unfunded deficiency remains at March 31, 2023 (2022 - unfunded deficiency for service after December 31, 1991 was financed by 2.50% of salaries until June 30, 2022).

(thousands of dollars)

10. Employee future benefit liabilities (continued)

(a) Defined benefit plans accounted for on a defined benefit basis (continued)

Long-term disability (LTD) and general illness (GI)
The university provides long-term disability and general illness defined benefits to its academic and support staff. An actuarial valuation of these benefits was carried out as at March 31, 2023. The long-term disability plan provides pension and non-pension benefits after employment, but before the employee's normal retirement date. The general illness plan provides similar benefits but for a maximum of 26 weeks (academic staff) or 120 days (support staff).

Early retirement
The early retirement benefits for support staff include a bridge benefit of $17,555 (2022 - $18,279) and a retirement allowance of $7,391 (2022 - $7,740). An actuarial valuation of these benefits was carried out as at March 31, 2023. The bridge benefit allows eligible employees who retire early to continue participating in several staff benefit programs between the date of early retirement and the end of the month in which the former employee turns 65. Benefits include group life insurance, employee family assistance program, supplementary health care and dental care. The support staff retirement allowance provides eligible employees (those with 20 years of pensionable service at retirement date) one week's base pay per full year of employment to a maximum 25 days pay.

Supplementary retirement plan (SRP)
The university provides a non-contributory defined benefit supplementary retirement benefit to executive. The SRP obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries, which management has adopted as their best estimate. An actuarial valuation of these benefits was carried out as at March 31, 2023. The SRP was closed to new members effective June 30, 2014, as part of the approval of the new defined contribution SRP for executives.

Administrative/professional leave (leave)
The university provides for certain executive to accrue a paid leave at the end of their executive appointment. Upon completing their term of service, the individual's salary and benefits in effect at the end of the service are paid for the duration of the leave. The leave obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries, which management has adopted as their best estimate. An actuarial valuation of these benefits was carried out as at March 31, 2023.

The expense and liability of these defined benefit plans are as follows:

	2023				2022			
	UAPP	**LTD, GI (1)**	**Early retirement (1)**	**SRP, leave (1)**	UAPP	LTD,GI (1)	Early retirement (1)	SRP, leave (1)
Expense								
Current service cost	**$ 55,248**	**$ 11,966**	**$ 738**	**$ 189**	$ 53,242	$ 14,159	$ 762	$ 200
Interest cost, net of earnings	**1,494**	**1,552**	**574**	**189**	8,377	1,694	608	209
Amortization of actuarial (gains) losses	**(10,451)**	**303**	**(1,266)**	**29**	1,223	504	(1,131)	(101)
	$ 46,291	**$ 13,821**	**$ 46**	**$ 407**	$ 62,842	$ 16,357	$ 239	$ 308
Liability								
Accrued benefit obligation								
Balance, beginning of year	**$ 1,609,057**	**$ 39,376**	**$ 15,891**	**$ 5,390**	$ 1,538,068	$ 41,522	$ 16,752	$ 6,009
Current service cost	**55,248**	**11,966**	**738**	**189**	53,242	14,159	762	200
Interest cost	**82,950**	**1,552**	**574**	**189**	80,952	1,694	608	209
Benefits paid	**(75,653)**	**(15,830)**	**(1,119)**	**(921)**	(69,089)	(17,108)	(1,144)	(1,028)
Actuarial (gains) losses	**(191,667)**	**4,194**	**(836)**	**193**	5,884	(891)	(1,087)	-
Balance, end of year	**1,479,935**	**41,258**	**15,248**	**5,040**	1,609,057	39,376	15,891	5,390
Plan assets	**(1,467,177)**	**-**	**-**	**-**	(1,603,705)	-	-	-
Plan deficit	**12,758**	**41,258**	**15,248**	**5,040**	5,352	39,376	15,891	5,390
Unamortized actuarial gains (losses)	**96,467**	**(4,697)**	**9,698**	**243**	120,189	(806)	10,128	407
Accrued benefit liability	**$ 109,225**	**$ 36,561**	**$ 24,946**	**$ 5,283**	$ 125,541	38,570	$ 26,019	$ 5,797

(thousands of dollars)

10. Employee future benefit liabilities (continued)

(a) Defined benefit plans accounted for on a defined benefit basis (continued)

The significant actuarial assumptions used to measure the accrued benefit obligation are as follows:

	2023			2022		
	UAPP	**SRP, leave**	**LTD, GI, early retirement**	UAPP	SRP, leave	LTD, GI, early retirement
	%	%	%	%	%	%
Accrued benefit obligation						
Discount rate	**6.3**	**3.5**	**3.5**	5.1	3.6	3.6
Long-term average compensation increase	**3.0**	**2.0**	**2.0**	3.0	2.0	2.0
Benefit cost						
Discount rate	**5.1**	**3.5**	**3.5**	5.2	3.6	3.6
Long-term average compensation increase	**3.0**	**2.0**	**2.0**	3.0	2.0	2.0
Alberta inflation (long-term)	**Note**(1)	**Note**(1)	**Note**(1)	2.0	2.0	2.0
Estimated average remaining service life	**11.5 yrs**	**Note**(2)	**1 - 6 yrs**	10.6 yrs	Note(2)	1 - 8 yrs

(1) The inflation assumption for all plans is 3.5% for 2023, 2.5% for 2024 and 2025, and 2.0% thereafter.

(2) SRP actuarial gains and losses are amortized over the remaining contract terms of the participants.

(b) Defined benefit plan accounted for on a defined contribution basis

Public Service Pension Plan (PSPP)
The PSPP is a multi-employer contributory defined benefit pension plan for support staff members. As the university does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recognized in these consolidated financial statements is $21,855 (2022 - $24,734).

An actuarial valuation of the PSPP was carried out as at December 31, 2021 and was then extrapolated to December 31, 2022. At December 31, 2022, the PSPP reported an actuarial surplus of $4,258,721 (2021 - $4,588,479). For the year ended December 31, 2022 PSPP reported employer contributions of $287,703 (2021 - $310,371). For the 2022 calendar year, the university's employer contributions were $22,368 (2021 calendar year - $25,815).

(c) Defined contribution plans

Supplementary retirement plans (SRP)
The university provides non-contributory defined contribution supplementary retirement benefits to eligible executive and academic staff members. This year a recovery has been recognized in these consolidated financial statements of $571 (2022 - $5,963 expense).

(thousands of dollars)

11. Debt

The following debt is with the Department of Treasury Board and Finance:

	Maturity Date	Weighted average interest rate %	2023	2022
Collateral				
Title to land, building	November 2027 - March 2048	3.622	**$ 160,571**	$ 167,223
General Security Agreement	December 2028 - June 2049	2.879	**156,711**	163,766
Cash flows from facility	September 2028 - December 2047	4.989	**36,221**	37,746
None	December 2025 - September 2036	4.797	**10,374**	11,698
Balance, end of year			**$ 363,877**	$ 380,433

Interest expense on debt recognized in these consolidated financial statements is $12,020 (2022 - $12,821).

Land and buildings pledged as collateral have a net book value of $332,449 (2022 - $332,915).

Principal and interest payments are as follows:

	Principal	Interest	Total
2024	$ 17,180	$ 12,500	$ 29,680
2025	17,831	11,849	29,680
2026	18,508	11,172	29,680
2027	18,900	10,470	29,370
2028	19,481	9,748	29,229
Thereafter	271,977	81,201	353,178
	$ 363,877	$ 136,940	$ 500,817

12. Deferred revenue

	2023			2022
	Unspent externally restricted grants and donations	**Student tuition and other revenue**	**Total**	Total
Balance, beginning of year	**$ 703,155**	**$ 66,920**	**$ 770,075**	$ 694,549
Net change for the year				
Grants, donations, endowment spending allocation and tuition	**758,790**	**491,264**	**1,250,054**	1,206,066
Transfers to spent deferred capital contributions	**(72,449)**	**-**	**(72,449)**	(109,921)
Recognized as revenue	**(588,460)**	**(475,883)**	**(1,064,343)**	(1,020,619)
Net change for the year	**97,881**	**15,381**	**113,262**	75,526
Balance, end of year	**$ 801,036**	**$ 82,301**	**$ 883,337**	$ 770,075

(thousands of dollars)

13. Asset retirement obligations and environmental liabilities

	2023	2022
Asset retirement obligations	**$ 164,399**	$ 158,364
Environmental liability	**11,929**	11,929
Contaminated sites	**1,043**	1,043
	$ 177,371	$ 171,336

The university has an estimated contaminated sites liability for the remediation and monitoring of hydrocarbon and salt contaminants on a contaminated site resulting from a liner leak in a wastewater pond. The estimate was determined based on a professional assessment of the clean-up required for the site. The site is not in productive use.

The changes in asset retirement obligations are as follows:

	2023	2022
Balance, beginning of year	**$ 158,364**	$ 158,344
Net change for the year		
Revision in estimates	**6,551**	-
Liabilities settled	**(537)**	-
Accretion expense	**21**	20
Net change for the year	**6,035**	20
Balance, end of year	**$ 164,399**	$ 158,364

Tangible capital assets with associated retirement obligations include buildings, equipment, and leasehold improvements agreements.

The university has asset retirement obligations to remove various hazardous materials including asbestos, lead, mercury, and PCBs from various buildings under its control. Regulations require the university to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the university to remove the materials when asset retirement activities occur.

The extent of the liability is limited to costs directly attributable to the removal of the listed hazardous materials from various buildings under the university's control in accordance with the legislation establishing the liability. The university estimated the nature and extent of hazardous materials in its buildings based on the potential square feet affected and the average costs per square foot to remove and dispose of the hazardous materials.

Asset retirement obligations of $164,399 (2022 - $158,364) include $620 (2022 - $599) measured using the present value technique. The undiscounted estimated cash flows to settle these obligations is $911 (2022 - $911) using a discount rate of 3.48% and are expected to be settled between 2030 and 2047. The remaining obligations of $163,779 (2022 - $157,765) are measured at the current estimated cost due to the uncertainty about when the hazardous materials would be removed.

Management has determined that the closing balance of $158,364 for March 2022 includes any settlements that would have occurred during the prior year.

(thousands of dollars)

14. Tangible capital assets

	2023						2022
	Buildings and utilities	**Equipment, furnishings and systems**	**Learning resources**	**Land**	**Asset retirement obligations**	**Total**	Total Restated (note 3)
Cost							
Beginning of year	**$ 3,898,742**	**$ 1,425,045**	**$ 517,733**	**$ 79,717**	**$ 158,103**	**$ 6,079,340**	$ 5,941,114
Acquisitions	**52,237**	**69,877**	**19,974**	**-**	**6,551**	**148,639**	197,122
Disposals	**(32,589)**	**(8,795)**	**(364)**	**(15,717)**	**-**	**(57,465)**	(58,896)
	3,918,390	**1,486,127**	**537,343**	**64,000**	**164,654**	**6,170,514**	6,079,340
Accumulated amortization							
Beginning of year	**1,645,178**	**1,169,354**	**403,277**	**-**	**82,867**	**3,300,676**	3,180,520
Amortization expense	**78,485**	**51,899**	**21,828**	**-**	**4,409**	**156,621**	160,542
Disposals	**(24,033)**	**(8,469)**	**(360)**	**-**	**-**	**(32,862)**	(40,386)
	1,699,630	**1,212,784**	**424,745**	**-**	**87,276**	**3,424,435**	3,300,676
Net book value, March 31, 2023	**$ 2,218,760**	**$ 273,343**	**$ 112,598**	**$ 64,000**	**$ 77,378**	**$ 2,746,079**	$ 2,778,664
Net book value, March 31, 2022	$ 2,253,564	$ 255,691	$ 114,456	$ 79,717	$ 75,236	$ 2,778,664	

Included in buildings and utilities is $177,668 (2022 - $250,739) recognized as construction-in-progress, which is not amortized as the assets are not in service.

Acquisitions include in-kind donations in the amount of $3,424 (2022 - $4,980).

In the prior year, disposals included the sale of two ancillary services buildings, which resulted in a gain of $34,917.

The university holds library permanent collections and other permanent collections, which include works of art, museum specimens, archival materials and maps. These collections are expensed and therefore are not included in tangible capital assets.

Net book value of tangible capital assets with associated retirement obligations include $77,309 (2022 - $75,159) in buildings and utilities and $69 (2022 - $77) in equipment, furnishings and systems.

15. Spent deferred capital contributions

Spent deferred capital contributions is comprised of externally restricted grants and donations spent on tangible capital assets, less amortization recognized as revenue.

	2023	2022
Balance, beginning of year	**$ 1,825,517**	$ 1,807,927
Net change for the year		
Transfers from unspent externally restricted grants and donations	**72,449**	109,921
Expended capital contributions recognized as revenue	**(87,985)**	(92,331)
Net change for the year	**(15,536)**	17,590
Balance, end of year	**$ 1,809,981**	$ 1,825,517

(thousands of dollars)

16. Net assets

	Note	Unrestricted *Restated (Note 3)*	Investment in tangible capital assets *Restated (Note 3)*	Internally restricted	Endowments	Total *Restated (Note 3)*
Net assets, March 31, 2021		$ 212,146	$ 488,019	$ 55,000	$ 1,573,993	$ 2,329,158
Annual operating surplus		125,839	-	-	-	125,839
Transfer to internally restricted	24	(48,000)	-	48,000	-	-
Endowments						
New contributions		-	-	-	17,570	17,570
Capitalized investment income		-	-	-	5,730	5,730
Transfer to endowments		(594)	-	-	594	-
Transfer from endowments - encroachment		(31,188)	-	-	31,188	-
Tangible capital assets						
Acquisitions		(68,753)	68,753	-	-	-
Debt repayment		(19,301)	19,301	-	-	-
Debt - financing allocation		26,771	(26,771)	-	-	-
Amortization		68,211	(68,211)	-	-	-
Change in asset retirement obligations	13	20	(20)	-	-	-
Change in accumulated remeasurement gains		(5,771)	-	-	10,685	4,914
Net assets, March 31, 2022		**$ 259,380**	**$ 481,071**	**$ 103,000**	**$ 1,639,760**	**$ 2,483,211**
Annual operating surplus		34,914	-	-	-	34,914
Transfer to internally restricted	24	(37,064)	-	37,064	-	-
Transfer from internally restricted		22,000	-	(22,000)	-	-
Endowments						
New contributions		-	-	-	17,771	17,771
Capitalized investment income		-	-	-	19,589	19,589
Transfer to endowments		(8,847)	-	-	8,847	-
Tangible capital assets						
Acquisitions		(51,655)	51,655	-	-	-
Debt repayment		(14,868)	14,868	-	-	-
Debt - financing allocation		12,679	(12,679)	-	-	-
Amortization		68,636	(68,636)	-	-	-
Change in asset retirement obligations	13	6,035	(6,035)	-	-	-
Change in accumulated remeasurement gains		(3,376)	-	-	42,105	38,729
Net assets, March 31, 2023		**$ 287,834**	**$ 460,244**	**$ 118,064**	**$ 1,728,072**	**$ 2,594,214**

(thousands of dollars)

16. Net assets (continued)

Net assets is comprised of:

	Unrestricted	Investment in tangible capital assets	Internally restricted	Endowments	Total
Accumulated surplus	$ 191,247	$ 460,244	$ 118,064	$ 1,340,753	$ 2,110,308
Accumulated remeasurement gains [1]	96,587	-	-	387,319	483,906
	$ 287,834	**$ 460,244**	**$ 118,064**	**$ 1,728,072**	**$ 2,594,214**

[1] Accumulated remeasurement gains are unrealized gains, which are not recognized as revenue until realized.

Investment in tangible capital assets is reduced by the university's asset retirement obligations of $87,021 (2022 - $83,128). A funding source for this obligation has not been determined.

Internally restricted net assets
Internally restricted net assets represent amounts set aside by the university's Board of Governors for an investment income reserve to ensure that future obligations can be fulfilled in the event of significant investment losses. Of the total reserve, $40,064 (2022 - $32,000) has been appropriated by management to the Strategic Initiatives Fund per the University Funds Investment Policy. These amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them.

	2023	2022
Investment income reserve	**$ 78,000**	$ 71,000
Strategic initiatives	**40,064**	32,000
	$ 118,064	$ 103,000

During the fiscal year, the university earned $98,725 (2022 - $143,365) of investment income from its endowment investments. This covered the current year endowment spending allocation of $79,136 (2022 - $75,077) and $19,589 (2022 - $5,730) was capitalized per university policy as it is not required to meet endowment spending obligations. In 2022, the remaining investment income from endowments covered the temporary endowment encroachment of $31,188, and the cumulative future commitment of $31,370 as provided per the University Endowment Pool (UEP) Spending policy.

17. Contingent assets

The university has initiated a number of insurance claims arising in the normal course of business in which the outcomes may result in assets in the future. While the outcomes of these claims cannot be reasonably estimated at this time, the university believes that any settlement will not have a material effect on the financial position or the results of operations of the university. These contingent assets are not recognized in the consolidated financial statements.

18. Contingent liabilities

The university is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the university believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the university. Management has concluded that none of the claims meet the criteria for recognizing a liability.

(thousands of dollars)

19. Contractual rights

Contractual rights are rights of the university to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating leases	Other contracts	Total
2024	$ 2,029	$ 2,917	**$ 4,946**
2025	1,565	2,426	**3,991**
2026	1,347	805	**2,152**
2027	1,062	528	**1,590**
2028	463	466	**929**
Thereafter	24,078	3,710	**27,788**
	$ 30,544	**$ 10,852**	**$ 41,396**
Total at March 31, 2022	$ 4,778	$ 12,128	$ 16,906

The university also has contractual rights that cannot be reasonably estimated due to the nature of the individual agreements. The total of these rights is not material.

20. Contractual obligations

(a) The university has contractual obligations that will result in liabilities in the future when the terms of the contracts are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations is as follows:

	Capital projects	Service contracts	Long-term leases	Total
2024	$ 58,891	$ 163,512	$ 2,353	**$ 224,756**
2025	26,888	39,995	1,552	**68,435**
2026	10,583	20,344	1,134	**32,061**
2027	389	7,828	971	**9,188**
2028	-	1,263	547	**1,810**
Thereafter	-	5,888	24,036	**29,924**
	$ 96,751	**$ 238,830**	**$ 30,593**	**$ 366,174**
Total at March 31, 2022	$ 95,084	$ 180,911	$ 7,530	$ 283,525

The significant service contracts are as follows:

- In order to manage its exposure to the volatility in the electrical industry, the university has entered into contracts to fix a portion of its electrical cost. The six contracts (2022 - five contracts) with expenditures totaling $45,517 (2022 - $22,319) expire over the next four years.
- Effective August 1, 2020, the university entered into an agreement with an external party for dining and catering services. The agreement has two years remaining with a total estimated cost of $24,267 (2022 - $34,667).
- The university entered into two agreements with an external party for information technology support effective June 1, 2021. Infrastructure management services has three years remaining with a cost of $3,458 (2022 - $4,671), and application management services has three years remaining with a cost of $5,810 (2022 - $8,078).

(thousands of dollars)

20. Contractual obligations (continued)

- Effective August 1, 2021, the university entered into an agreement with an external party for custodial services. The agreement has one year remaining with a cost of $13,862 (2022 - $24,258).

(b) The university is one of 76 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2022, CURIE had an accumulated surplus of $97,444 (2021 - $105,790), of which the university's pro rata share is approximately 7.43% (2022 - 7.38%). This accumulated surplus is not recognized in the consolidated financial statements.

21. Related parties

The university is a related party to organizations within the Government of Alberta reporting entity. Related parties also include key management personnel, including the Board of Governors, and their close family members. Transactions with these entities and individuals are considered to be in the normal course of operations and are recorded at the exchange amount.

The university utilizes space provided by other related parties, mainly Alberta Health Services. This space is provided at a nominal cost. Due to the unique physical and operating arrangements in place, the specialized nature of the space and the integrated nature of operations, the fair value of these lease arrangements cannot be reasonably determined.

In 2020, the university entered into a 25 year lease to provide space to an entity under common control for a nominal amount. The remaining fair value over the lease term is estimated to be $5,951 (2022 - $6,242).

The university has debt with the Department of Treasury Board and Finance as described in note 11.

22. Budget

The university's 2022-23 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

23. Government transfers

	2023	2022
Government of Alberta grants		
Advanced Education - Base operating grant	**$ 448,695**	$ 500,854
Advanced Education - other grants	**142,955**	118,729
Technology and Innovation	**73,604**	-
Alberta Health Services	**63,186**	64,355
Jobs, Economy and Northern Development	**33,081**	-
Health	**25,148**	26,796
Jobs, Economy and Innovation	**-**	51,502
Other departments and agencies	**6,208**	3,532
	792,877	765,768
Expended capital contributions recognized as revenue	**60,568**	59,210
Deferred revenue	**(97,242)**	(98,268)
	$ 756,203	$ 726,710

(thousands of dollars)

23. Government transfers (continued)

		2023		2022
Federal and other government grants				
Natural Sciences and Engineering Research Council	**$**	**60,032**	$	57,498
Canadian Institutes of Health Research		**46,364**		51,952
Social Sciences and Humanities Research Council		**35,550**		33,768
Canada Research Chairs		**16,347**		16,057
Canada First Research Excellence Fund		**13,294**		11,972
Canadian Foundation for Innovation		**12,077**		19,518
Other		**55,755**		47,398
		239,419		238,163
Expended capital contributions recognized as revenue		**14,193**		17,075
Deferred revenue		**(47,155)**		(42,949)
	$	**206,457**	$	212,289

24. Investment income

	Note		2023		2022
Portfolio investments - non-endowment					
In support of operations		**$**	**27,655**	$	20,302
Transfer to investment income reserve	16		**37,064**		48,000
Portfolio investments - restricted for endowments					
Spending allocation recognized as revenue			**76,302**		76,999
Encroachment recovery			**-**		31,188
		$	**141,021**	$	176,489

Investment income reserve
Per university policy, all realized Non-Endowed Investment Pool earnings that are not required for current year budget purposes are reinvested to build an investment income reserve.

Prior year encroachment recovery
In 2022, the university earned additional investment income to cover the temporary encroachment on endowment principal used to fund endowment expenditures in the prior two fiscal years. The total recovery was $31,188 and related to endowment expenditures made in 2021 ($666) and 2020 ($30,522). This investment income, therefore, was and is not available to fund prior or current university operations or initiatives. No encroachment on endowment principal remains after the recovery.

(thousands of dollars)

25. Expense by object

	2023 Budget (Note 22)	**2023**	2022 Restated (Note 3)
Salaries	$ 880,851	**$ 889,317**	$ 891,931
Employee benefits	200,852	**176,611**	194,447
Materials, supplies and services	259,492	**309,162**	243,735
Scholarships and bursaries	158,191	**165,992**	150,100
Maintenance and repairs	93,023	**91,042**	73,820
Utilities	59,466	**71,371**	56,665
Amortization of tangible capital assets	160,030	**156,621**	160,542
Loss on disposal of tangible capital assets	-	**18,040**	4,858
	$ 1,811,905	**$ 1,878,156**	$ 1,776,098

26. Funds held on behalf of others

The university holds the following funds on behalf of others over which the university's Board of Governors has no power of appropriation. Accordingly, these funds are not included in the university's consolidated financial statements.

	2023	2022
Canadian Mountain Network	**$ 2,812**	$ 4,847
Canadian Glycomics Network	**2,077**	6,607
Alberta Cancer Foundation	**-**	12,308
	$ 4,889	$ 23,762

27. Salaries and employee benefits

	2023					
	Base salary (4)	**Other cash benefits** (5)	**Non-cash benefits** (6)	**Non-cash benefits (DC SRP)** (7)	**Non-cash benefits (leave)** (8)	**Total**
Governance (1)						
Board of Governors	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Executive						
President	**447**	**6**	**50**	**28**	**93**	**624**
Provost and Vice-President (Academic) (2) (9)	**362**	**17**	**50**	**24**	**-**	**453**
Vice-President (Research and Innovation) (9)	**331**	**3**	**46**	**24**	**-**	**404**
Vice-President (Facilities and Operations)	**377**	**18**	**48**	**13**	**6**	**462**
Vice-President (University Services and Finance)	**398**	**9**	**47**	**26**	**79**	**559**
Vice-President (External Relations)	**339**	**9**	**47**	**3**	**34**	**432**

(thousands of dollars)

27. Salaries and employee benefits (continued)

	2022					
	Base salary [4]	Other cash benefits [5]	Non-cash benefits [6]	Non-cash benefits (DC SRP) [7]	Non-cash benefits (leave) [8]	Total
Governance [1]						
Board of Governors	$ -	$ -	$ -	$ -	$ -	$ -
Executive						
President	447	6	48	33	87	621
Provost and Vice-President (Academic) [9]	415	(4)	47	63	-	521
Vice-President (Research and Innovation) [3] [9]	313	3	44	13	-	373
Vice-President (Facilities and Operations)	370	4	46	35	17	472
Vice-President (University Services and Finance)	390	5	46	16	80	537
Vice-President (External Relations)	330	5	45	19	34	433

(1) The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.

(2) In 2023, two individuals held this position (former Provost for 3 months and interim for 9 months). The interim Provost did not participate in any executive benefit programs except the DC SRP.

(3) In 2022, two individuals held this position (interim Vice-President for 3 months and current incumbent for 9 months). The interim Vice-President did not participate in any executive benefit programs except the DC SRP.

(4) Base salary includes pensionable base pay for all executive.

(5) Other cash benefits include academic executive allowances, administrative supplements, vacation payouts, retroactive base pay, car allowances, mobile allowances and personal leave plan.

(6) Non-cash benefits include the university's share of all employee benefits and contributions or payments made on behalf of employees including pension, group life insurance, employee and family assistance program, critical illness, supplementary health care, short and long term disability plans, and dental plan. Benefits for some of the executive also include supplemental life insurance.

(7) Under the terms of the executive Defined Contribution Supplementary Retirement Plan (DC SRP), the executive may receive supplemental payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expenses for the rights to future compensation. Costs shown reflect the total cost to provide supplementary retirement benefits. The DC SRP provides future benefits to participants based on the value of the contributions at the end of their service. The cost of these benefits is calculated based on pensionable salary multiplied by a factor based on age and service. The DC SRP was introduced effective July 1, 2014, for all executives commencing employment on or after that date.

The DC SRP current service cost and obligation is as follows:

		2022	**2023**		
	Years of eligible University of Alberta service	DC SRP obligation	**Service costs**	**Interest and investment loss** [7b]	**DC SRP obligation**
President	2.8	$ 58	**$ 31**	**$ (3)**	**$ 86**
Former Provost and Vice-President (Academic) [7a]	7.0	291	**20**	**(15)**	**296**
Interim Provost and Vice-President (Academic)	0.8	-	**19**	**-**	**19**
Vice-President (Research and Innovation)	1.8	13	**24**	**-**	**37**
Vice-President (Facilities and Operations)	6.6	150	**23**	**(10)**	**163**
Vice-President (University Services and Finance)	2.4	24	**27**	**(1)**	**50**
Vice-President (External Relations)	2.3	22	**3**	**-**	**25**

(7a) Includes service to June 30, 2022 and the DC SRP obligation shown is at June 30, 2022.

(7b) Contributions are made on an annual basis at the end of the plan (calendar) year. Interest is paid in lieu of contributions being made every month. Investment losses are distributed to each plan participant based on the overall return of the plan's investments.

(thousands of dollars)

27. Salaries and employee benefits (continued)

(8) The administrative/professional leave (leave) plan current service cost and accrued benefit obligation is as follows:

		2022	2023			
	Years of eligible University of Alberta service	Accrued benefit obligation	**Service costs**	**Interest and other costs**	**Actuarial gain**	**Accrued benefit obligation** (8a)
President	2.8	$ 148	**$ 85**	**$ 8**	**$ -**	**$ 241**
Vice-President (Facilities and Operations)	5.0	171	**-**	**6**	**-**	**177**
Vice-President (University Services and Finance)	2.4	104	**73**	**6**	**1**	**184**
Vice-President (External Relations)	2.3	39	**31**	**3**	**-**	**73**

(8a) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in note 10.

(9) The former Provost and Vice-President (Academic), the interim Provost and Vice-President (Academic) and the current Vice-President (Research and Innovation) participate in the administrative leave program available to faculty members in eligible administrative positions. Under that administrative leave program, an individual must apply for and receive approval for a leave; therefore, there is no leave accrual.

28. Approval of financial statements

The consolidated financial statements were approved by the Board of Governors.

29. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.