




**UNIVERSITY
OF ALBERTA**



Annual Report 2020-2021

A traditional Indigenous wooden staff, possibly a ceremonial pipe or staff, is shown vertically against a dark, textured wood background. The staff is made of light-colored wood and features several decorative elements: a white band near the top, a green band with yellow and white beadwork, a white fringed band, and a section wrapped in yellow and white paper. The staff is adorned with colorful ribbons (green, yellow, white, red) and a blue and white geometric pattern near the bottom.

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/ Sauteaux/Anishinaabe, Inuit, and many others whose histories, languages, and cultures continue to influence our vibrant community.

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Board of governors

(MEMBERSHIP LIST AS OF MARCH 31, 2021)

MEMBER / ROLE	TERM END	RELATIONSHIP
<i>Voting – Appointed Members</i>		
Kate Chisholm, QC, Chair	August 14, 2022	General Public
Joel Agarwal, Member	April 30, 2021	President, Students' Union
Zarina Bhambhani, Member	July 7, 2023	Additional Member
Ayaz Bhanji, Member	June 2, 2023	University of Alberta Alumni Association Representative
Guy Bridgeman, Vice-Chair	November 25, 2022	General Public
Charlene Butler, Member	July 15, 2023	General Public
Daniel Eggert, Member	August 14, 2022	General Public
William Flanagan, Member	June 30, 2025	President and Vice-Chancellor, University of Alberta
Peggy Garritty, Member	June 2024)	Chancellor, University of Alberta
Mona Hale, Member	April 21, 2023	General Public
Dave Konrad, Member	April 30, 2021	Undergraduate Board of Governors Representative
Janice MacKinnon, Member	March 6, 2023	General Public
Sett Policicchio, Member	September 27, 2023	General Public
Thomas (Tom) Ross, Member	August 14, 2022	General Public
Margot Ross-Graham, Member	July 15, 2023	University of Alberta Senate Representative
Rakesh Saraf, Member	August 14, 2022	General Public
Andrei Tabirca, Member	March 29, 2024	Non-Academic Staff Representative (NASA Appointee)
Robert Ryan Thompson, Member	September 16, 2022	University of Alberta Alumni Association Representative
Dilini Vethanayagam, Member	July 12, 2023	Academic Staff Representative (General Faculties Council Appointee)
Marc Waddingham, Member	April 30, 2021	President, Graduate Students' Association
Paul Whittaker, Member	March 6, 2023	General Public
Donna Wilson, Member	November 25, 2021	Academic Staff Representative (AASUA Appointee)
Lillian Zenari, Member	July 7, 2023	Additional Member

Non-Voting – Appointed Members

Steven Dew, Official	June 30, 2025	Provost and Vice-President (Academic) (Appointed by President)
Walter Dixon, Official		Interim Vice-President (Research and Innovation) (Appointed by President)
Todd Gilchrist, Official	October 31, 2025	Vice-President (University Services and Finance) (Appointed by President)
Brad Hamdon, Official		General Counsel and University Secretary (Appointed by President)
Elan MacDonald, Official	December 31, 2025	Vice-President (External Relations) (Appointed by President)
Andrew Sharman, Official	June 30, 2026	Vice-President (Facilities and Operations) (Appointed by President)
Catherine Swindlehurst, Official		Chief Strategy Officer (President's Office) (Appointed by President)
Juli Zinken, Official		Board Secretary and Manager, Board Services (University Governance)
Juli Zinken, Official		Board Secretary and Manager, Board Services





Accountability statement

The University of Alberta's Annual Report for the year ended March 31, 2021, 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, QC
Chair, Board of Governors



Management's responsibility for reporting

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.

Original signed by
William Flanagan
President and Vice-Chancellor

The Annual Report has been developed under the oversight of the institution's 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 the Province 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
Todd Gilchrist
Vice-President (University Services and Finance)





President's message

The University of Alberta recognizes that this is a time of challenge and uncertainty for all Albertans. Over the past year, we have responded quickly to both fiscal challenges and a global public health emergency, initiating both short- and long-term transformational change to ensure that the U of A can drive even greater social and economic growth, innovation, and creativity for the public good of the province and beyond.

Through the changing realities of this year's global pandemic, the University of Alberta was proud to provide critical support to the diverse communities we serve. Quickly developing a safe, remote teaching and learning environment that retained a high quality of instruction and student supports, our students continued to succeed and enrolment in September 2020 was up 4.3%. U of A researchers were also integral to Alberta and Canada's pandemic response, with 89 research projects attracting external funding.

We were ready to respond in part because of our world-renowned strength in health sciences research. The highlight of 2020 was the awarding of the Nobel Prize in Physiology or Medicine to virologist Dr. Michael Houghton. With \$20 million in new funding from the Government of Alberta, Houghton and the Li Ka Shing Institute of Virology will amplify their capacity to play a lead role in the development of Alberta biotech sector through the discovery and commercialization of antiviral drugs and vaccines.

Over the past year, student demand for our programs grew rapidly, with applications from high school

students increasing by 10% this year alone. There is a clear opportunity for us to serve a growing demographic of K-12 students and prepare more of them with the education, skills, and training they need to join the workforce and build the Alberta of tomorrow. Guided by the Government of Alberta's Alberta 2030: Building Skills for Jobs strategy, the U of A will also boost capacity to translate and commercialize research, and facilitate greater collaboration and connection with community, industry, and post-secondary partners.

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. Today, we are transforming our administrative and academic structures, strengthening our core mission and enriching the student experience while addressing fiscal challenges. Setting a bold new direction, the U of A will unleash a new era of innovation, training the creative, entrepreneurial workforce of tomorrow, and supporting the economic recovery and diversification of our province.

Original signed by
William Flanagan
President and Vice-Chancellor

Operational overview

The University of Alberta's story is one of opening doors and building opportunity for the people of this province. Home to 40,000 students, the U of A is the province's largest, comprehensive research-intensive institution. The U of A gives graduates the skills and intellectual curiosity that will build Alberta's economy of the future—dynamic, innovative, inclusive and global. The U of A's leadership in research, innovation, entrepreneurship and knowledge translation in areas ranging from artificial intelligence and new energy systems to biotechnology and public health will play a key role in Alberta's recovery.

This year, several factors had a major impact on the U of A's operations. The most pressing was the emergence of COVID-19 which fundamentally changed how we delivered our core mission of teaching and research and how our staff provided administrative services to support that mission. In March 2020, the university responded quickly to protect the health and safety of our students, faculty, and staff, as well as the broader community. In a matter of days, faculty, staff and students pivoted from learning and working in-person to learning and working remotely. Leading researchers across the university pivoted to focus

attention on COVID-related research, ranging from vaccine development, to rapid testing, to minimizing the spread of mis-information. In total 89 projects were funded. In spite of the challenges posed by such a quick move to remote learning, the U of A continued to be a destination of choice for thousands of students; enrolment in September 2020 was up 4.3%

In addition to the changes and uncertainty associated with the global pandemic, the U of A also faced serious financial challenges in 2020-21, with a reduction of provincial funding of \$110M. The scale of the challenge and the speed at which we had to achieve savings was unprecedented among Canadian universities and demanded a bold response. In response, we began a program of reducing our administrative costs; we looked to international peers and benchmarks, and in June 2020, launched University of Alberta for Tomorrow a major initiative to rethink and reimagine our academic and administrative structure.

In Fall 2020, we began implementing a new administrative operating model that centralizes and streamlines many administration services and functions, which will result in annual savings of \$95M. We are reviewing and reducing our footprint and

maintenance costs, and ensuring that our physical assets serve our core mission. In addition, the University initiated a procurement spend review that identified significant potential savings.

In December 2020, the General Faculties Council and Board of Governors approved three new colleges which bring together 13 of our 18 faculties into the College of Health Sciences, the College of Natural and Applied Sciences, and the College of Social Sciences and Humanities. With economies of scale, the colleges will provide high-quality administrative services at a much lower cost. Launching July 1, 2021, the new colleges will more importantly form the foundation for increased university-wide collaboration, facilitating enhanced interdisciplinary and multidisciplinary teaching and research programs. These will be relevant, forward-thinking and entrepreneurial, engaged with the questions, challenges, and movements reshaping societies and economies.

The U of A is changing in response to other factors as well, particularly to Alberta's demographic opportunity. Alberta is in the enviable position of being a young province with annual increases in K-12 populations

nearing 1.5%. Increasingly, Alberta's students will need access to educational experiences rich with work-integrated learning, interdisciplinary programming, micro-credentials, and flexible options of in-person and online learning. They will need access to post-secondary learning opportunities that are responsive and relevant to business, industries, public services, and community organizations that are themselves in constant transition and transformation. As this annual report shows, the U of A continues to respond to this changing environment.

Post-COVID, excellence in education, research, and community engagement is more important than ever in our communities. The U of A will play an essential role in that recovery, and we are making the operational changes needed to focus maximum resources on our student learning environment and world-class research, preparing for future growth that will enable us to continue to drive economic and social change in Alberta and beyond.

Goals, priority initiatives, expected outcomes, and performance measures

The focus of the university's strategic plan, *For the Public Good* is to "inspire the human spirit through outstanding achievements in learning, discovery, and citizenship in a creative community, building one of the world's great university's for the public good." *For the Public Good* goals directly support the principles of Alberta's adult learning system, as seen in the table below.

ADULT LEARNING SYSTEM PRINCIPLES	FOR THE PUBLIC GOOD GOALS
<p>Accessibility, which means that every Albertan should have the same opportunity to get a post-secondary education.</p>	<p>Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.</p> <p>Build a diverse, inclusive community of exceptional students, faculty and staff from Alberta, Canada and the world.</p> <p>Experience diverse and rewarding learning opportunities that inspire us, nurture our talents, expand our knowledge and skills, and enable our success.</p>
<p>Affordability, which means that every Albertan should have the same opportunity to get a post-secondary education, regardless of financial circumstances.</p>	<p>Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.</p>
<p>Quality, which means that Albertans should get the best education possible here at home.</p>	<p>Excel as individuals, and together, sustain a culture that fosters and champions distinction and distinctiveness in teaching, learning, research and service.</p> <p>Build a diverse, inclusive community of exceptional students, faculty and staff from Alberta, Canada and the world.</p> <p>Experience diverse and rewarding learning opportunities that inspire us, nurture our talents, expand our knowledge and skills, and enable our success.</p> <p>Engage communities across our campuses, city and region, province, nation, and the world to create reciprocal, mutually beneficial learning experiences, research projects, partnerships and collaborations.</p>

ADULT LEARNING SYSTEM PRINCIPLES

FOR THE PUBLIC GOOD
GOALS

Coordination, which means that Albertans should get full advantage from a diverse post-secondary system.

Engage communities across our campuses, city and region, province, nation, and the world to create reciprocal, mutually beneficial learning experiences, research projects, partnerships and collaborations.

Experience diverse and rewarding learning opportunities that inspire us, nurture our talents, expand our knowledge and skills, and enable our success.

Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.

Excel as individuals, and together, sustain a culture that fosters and champions distinction and distinctiveness in teaching, learning, research and service.

Accountability, which means that post-secondary education providers must be accountable to students, the government, and Albertans.

Build a diverse, inclusive community of exceptional students, faculty and staff from Alberta, Canada and the world.

Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.

This section speaks to key accomplishments and progress made in the 2020-21 fiscal year in alignment with principles of Alberta's adult learning system and goals of *For the Public Good*.

ADULT LEARNING SYSTEM PRINCIPLE: ACCESSIBILITY

Every Albertan should have the same opportunity to get a post-secondary education.

Related For the Public Good Goals: Sustain, Build, Experience

Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.

Build a diverse, inclusive community of exceptional students, faculty and staff from Alberta, Canada and the world.

Experience diverse and rewarding learning opportunities that inspire us, nurture our talents, expand our knowledge and skills, and enable our success.

KEY ACCOMPLISHMENTS

The University of Alberta is the province's leading educator, the largest Comprehensive Academic and Research University in the province, and one of the leading medical and research universities in Canada. The university endeavours to ensure that all Albertans have access to the institution's high-quality post-secondary offerings.

- The university has increased both domestic and international student enrolment when compared to the previous reporting year.

- The university responded to the pandemic by delivering online classes for the fall 2020 and winter 2021 semesters. Approximately 88% of students participated in their fall 2020 classes online. The students accessed their classes from locations across Canada and around the world. Instructors utilized a variety of techniques including asynchronous course components and re-evaluation of assessment methods to ensure course materials were accessible to all students regardless of their geographical location.
- The university continued to be a leader in supporting students through remote learning by sharing scientific data with students unable to complete field experiences.
- The university continued its offering of Massive Open Online Courses (MOOC). These free online courses with no prerequisites are available to everyone. The Indigenous Canada online course saw an enrolment spike by 50,000 students when Dan Levy announced his enrolment in the course.
- The University of Alberta program, WISEST, was recognized with a 2020 Community Connections Leader Award. The program, founded in 1982 by then vice-president of research, J. Gordin Kaplan, has introduced tens of thousands of science students to career opportunities that would once have seemed impossible. It has also built a sterling reputation of battling inequality through education, a model that has been duplicated across Canada.



ENROLLMENT

Accessible education allows Albertans to realize their full potential and contribute to Alberta's economy. At an institution level, access can be measured as incremental changes in student enrolment. Specifically:

1. Total domestic student full-load equivalent (FLE) from Alberta.
2. Total domestic student FLE from Canada, outside of Alberta.
3. Total domestic student FLE (Total of #1 and #2, above).
4. Number of students self-identifying as Status First Nations, Non-Status First Nations, Métis, or Inuit while attending the U of A.
5. Number of international students (international student visa status) at the U of A.

TABLE 1: STUDENT ENROLLMENT

	2027-18	2018-19	2019-20	2020-21
Domestic Enrollment from Alberta	22,406	22,750	23,177	24,480
Domestic Enrollment from Canada (outside Alberta)	5,215	5,116	5,038	5,066
Overall Domestic Enrollment	27,621	27,865	28,215	29,546
Number of Self-Identified Indigenous Students	1,484	1,629	1,758	1,878
International Students	8,133	8,584	9,033	8,892

Source: Acorn Institutional Data Warehouse, Student Headcount and FLE

Notes: 2020-21 data are preliminary. Domestic enrolment is reported as FLE. Indigenous and International data are reported in headcount. Numbers of Indigenous students include those who have ever self-identified as Indigenous. Excludes PGME.

ADULT LEARNING SYSTEM PRINCIPLE: AFFORDABILITY

Every Albertan should have the same opportunity to get a post-secondary education, regardless of financial circumstances.

Related For the Public Good Goal: Sustain

Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.

KEY ACCOMPLISHMENTS

Affordability is underpinned by the university's ability to attract and steward resources which enable excellence in teaching, learning, research, and service.

- Philanthropic contributions from individuals, corporations, and foundations totaled \$138.1 million, supporting research, teaching, experiential learning, student financial support, and facilities.
- Through tragedy comes an outpouring of community. This was evident when the University of Alberta community supported those families affected by the crash of Flight 752. The Faculty of Engineering announced the creation of a new scholarship funds in honor of the victims, with the ambitious goal to sustain two \$20,000-per-year scholarships through a \$1-million endowment.

STUDENT FINANCIAL SUPPORT

Recognizing the importance of student financial support to student well-being and our ability to build a diverse and qualified class, the University of Alberta continues to prioritize the provision of funding to students on the basis of both merit and need.

The following table provides an overview of the financial supports available to University of Alberta students.

TABLE 2: UNDERGRADUATE FINANCIAL SUPPORTS (2019-20 FISCAL YEAR)

	NEED-BASED	MERIT-BASED	TOTAL AMOUNT
Donor	\$2,689,671	\$8,323,015	\$11,012,686
Government	\$131,420,631	\$7,398,600	\$138,819,231
University	\$3,958,028	\$9,908,521	\$13,866,548
External Funding			\$904,387
Total	\$138,068,330	\$25,630,135	\$164,602,853

Source: Data source used for government loan information reported includes the remitted government loans to student accounts and the cost of living values provided directly to students for those students receiving Alberta government loans. This is new for the 2019/20 report.

Notes: External funding cannot be parsed into the categories of need-based or merit-based. Of the \$164.6M, the RO administered \$32.3M in financial supports. The additional amount (\$132.3M) includes government need-based funding and externally selected financial supports.

GRADUATE EMPLOYMENT

Graduate employment is regarded as a key outcome indicator. The U of A's graduate employment rate remained strong over the reported period, even with a slight decline. This indicator is also sensitive to economic factors beyond the university's control, however, and will rise or fall with Alberta's employment rate.

TABLE 3: PROPORTION OF GRADUATES INDICATING THEY ARE EMPLOYED

	2012	2014	2016	2018	2020
Graduates employed	97%	97%	94%	94%	93%

Source: Alberta Graduate Outcomes Survey (GOS)

Notes: Includes degree recipients, two years post-graduation. The GOS survey instrument was slightly modified for each administration year, possibly contributing to deviations in the graduate employment rates.

TABLE 4: PROPORTION OF GRADUATES INDICATING THEY ARE EMPLOYED IN A RELATED FIELD

	2012	2014	2016	2018	2020
Graduates employed in a related field	82%	86%	82%	84%	87%

Source: Alberta Graduate Outcomes Survey (GOS)

Notes: Includes degree recipients, two years post-graduation. GOS question: Overall, how related is your current main job to the program from which you graduated from? Percentage includes those respondents that answered 'Somewhat Related' and 'Very Related'.

ADULT LEARNING SYSTEM PRINCIPLE: QUALITY

Albertans should have the best education possible here at home.

Related For the Public Good Goals: Excel, Build, Experience, Engage

Excel as individuals, and together, sustain a culture that fosters and champions distinction and distinctiveness in teaching, learning, research and service

Build a diverse, inclusive community of exceptional students, faculty and staff from Alberta, Canada and the world.

Experience diverse and rewarding learning opportunities that inspire us, nurture our talents, expand our knowledge and skills, and enable our success.

Engage communities across our campuses, city and region, province, nation, and the world to create reciprocal, mutually beneficial learning experiences, research projects, partnerships and collaborations.

KEY ACCOMPLISHMENTS

The University of Alberta is ranked within the top five universities in Canada, and has an international reputation for excellence with both world-class teaching and research. It attracts top academic talent to Alberta, connects students with exceptional experiences that enable their success, and empowers leading researchers to generate widespread social and economic benefits.

- University of Alberta virologist, Michael Houghton, was awarded the Nobel Prize in Physiology or Medicine for his discovery of the hepatitis C virus. His discovery with colleagues Qui-Lim Choo and George Kuo in 1989 opened a new field of viral hepatitis research that led to improved blood safety, and hepatitis C treatment to the point where the viral infection can now be cured in virtually all patients. Houghton was recruited to the University of Alberta in 2010 as the Canada Excellence Research Chair in Virology in the Li Ka Shing Institute of Virology. Two years later, he and his team created hope with the development of a vaccine for the virus that is known to cause cirrhosis, end-stage liver disease, and liver cancer. The vaccine is now in the late pre-clinical stage of testing.
- The Li Ka Shing Institute of Virology and Nobel laureate Michael Houghton received \$20 million in new funding from the Government of Alberta. This funding will support the research and commercialization of antiviral drugs and vaccines.
- Edmonton-based investors have contributed \$5 million in new funding to support clinical trials of cancer drugs developed at the university.
- Lori West, a pioneering University of Alberta heart transplant expert, was named to the Order of Canada for her research revolutionizing organ transplants for infants. Lori West is joined by Bob Steadward, former chancellor, Douglas Stollery and 9 other university alumni as the newest recipients of Canada's highest honour.

- University of Alberta researchers developed a machine learning tool to analyze brain scans to identify risk and make earlier diagnosis of schizophrenia. The evidence-based tool looks at the neural signature in the brain and has the potential to be more accurate than diagnosis by the subjective assessment of symptoms.
- Brass Dome Ventures and the university launched the imYEG accelerator to increase commercialization of research-driven innovations. imYEG bridges the gap between academic research and industry commercialization by providing university innovators with the knowledge and support to bring their ideas to commercial fruition.
- Five University of Alberta researchers were named to the Royal Society of Canada. Leading experts in chemistry, elder care, space physics, behavioural epidemiology and design join the ranks of Canada's most prestigious scholarly institute.
- This year, the University of Alberta celebrated the appointment of 27 students, fellows, and academics recognized with a Killam award for their outstanding work.

HIGH-IMPACT PRACTICES

Due to their positive associations with student learning and retention, certain undergraduate opportunities are designated as high-impact. High-Impact Practices (HIPs) share several traits: demand considerable time and effort; facilitate learning outside of the classroom; require meaningful interactions with faculty and students; encourage collaboration with other diverse groups of people; and provide frequent and substantive feedback.

From the National Survey of Student Engagement (NSSE), Table 5 shows that the proportion of U of A Senior Students with HIP participation is consistently higher than the U15 average.

TABLE 5: EXPERIENTIAL LEARNING, SENIOR STUDENTS, HIGH-IMPACT PRACTICES

	2014	2017	2020
Proportion of students participating in one or more HIP	84.0%	83.9%	85.8%
U15 average	79.3%	81.4%	81.9%

Source: National Survey of Student Engagement (NSSE)

Notes: Figures include participation in a learning community, service-learning, research with faculty, participation in an internship or field experience, study abroad, and culminating senior experience. NSSE is conducted every three years.

COMPLETION RATES

Completion rates are a key student outcome measure. This measure is complementary to access measures; increasing enrolment will be more successful if students stay in, and complete their programs.

In the following table, the percentage of students completing on-time, reflects students who completed within a prescribed number of years after beginning their degree.

TABLE 6: COMPLETION RATES

	2017-18	2018-19	2019-20
% of U of A Students Completing On-time	78.3%	79.7%	80.6%
% of U15 Students Completing On-time	77.9%	78.4%	Unavailable

Source: Acorn Data Warehouse, Student Completion Rates.

Notes: On-time is six years for Undergraduates, five for Master's and nine for PhDs. U15 completion rates are calculated by excluding the U of A.

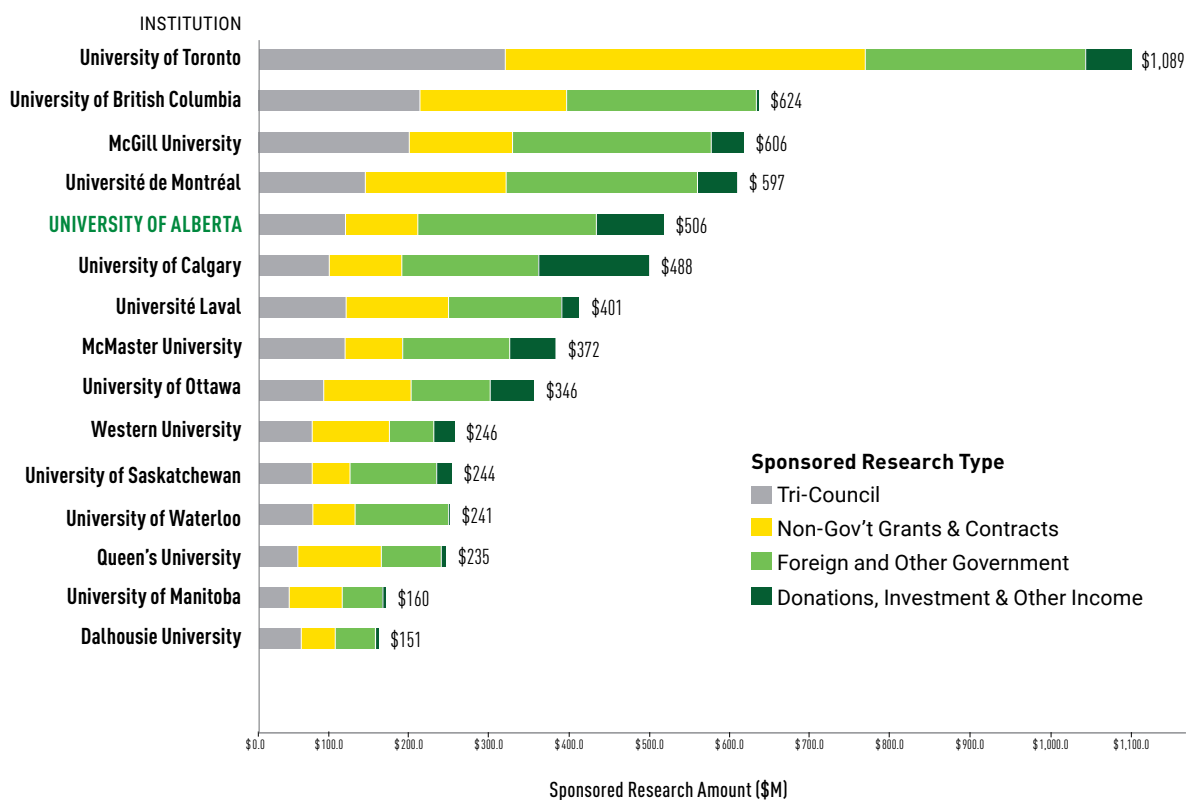
SPONSORED RESEARCH FUNDING RECEIVED

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) supports both basic and applied research. In addition, the university attracts substantial research funding support from other international,

regional, and private sector partners. This measure demonstrates the U of A's success in attracting all types of research relative to Canada's other U15 universities.

The University of Alberta was ranked in fifth place (as of 2018-19) amongst U15 peers for total sponsored research funding as seen below.

FIGURE 1: 2018-19 SPONSORED RESEARCH REVENUE (IN THOUSANDS OF DOLLARS)



Source: Canadian Association of University Business Officers (CAUBO): Financial Information of Universities and Colleges, Report 3.1

Notes: Income from Tri-Council includes the following: Social Sciences and Humanities Research Council (SSHRC); Natural Sciences and Engineering Research Council (NSERC); and Canadian Institutes of Health Research (CIHR). Other Government income reflects income from all government departments and agencies; grants and contracts (less Tri-Council support), and includes foreign government income. Donations, Investment and Other income and Non-Government Grants and Contracts, are reported in each respective category on the CAUBO report. Université de Montréal includes HEC Montréal and École Polytechnique de Montréal. Data are the most recent available.

ADULT LEARNING SYSTEM PRINCIPLE: COORDINATION

Albertans should get full advantage from a diverse post-secondary system.

Related For the Public Good Goals: Engage, Experience, Sustain, Excel

Engage communities across our campuses, city and region, province, nation, and the world to create reciprocal, mutually beneficial learning experiences, research projects, partnerships and collaborations.

Experience diverse and rewarding learning opportunities that inspire us, nurture our talents, expand our knowledge and skills, and enable our success.

Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.

Excel as individuals, and together, sustain a culture that fosters and champions distinction and distinctiveness in teaching, learning, research and service.

KEY ACCOMPLISHMENTS INCLUDING COMMUNITY OUTREACH COLLABORATIONS:

The University of Alberta engages post-secondary and industry partners, non-profit organizations, communities and government to create reciprocal and mutually beneficial collaborations. These connections promote joint solutions to shared problems, facilitate knowledge translation, and magnify the reach and impact of Alberta's world-class research-intensive university.

- A new collaboration between the University of Alberta libraries and other post-secondary institutions across Alberta provided students and instructors with the ability to access and create digital learning materials for free. The service, Open Education Alberta, is a platform that enables the adaptation, creation, and use of open education resources in post-secondary courses.
- Cathy Adams, a university of Alberta professor, developed, in collaboration with 11 other experts across the country, a new Canada-wide framework for K-12 computer science curriculum aligning with the Canada Learning Code. The framework highlights five focus areas: programming, computing networks, data, technology and society, and design.
- The university launched a new criminology think tank aimed at bringing together scholars and community partners to examine some of the most pressing issues facing the criminal justice system. The centre will initially focus on police and prisons, but will eventually expand to consider other institutions and social determinants affecting the justice system.
- The university secured funding advances for research aimed at strengthening Canada's pork industry. The \$1.025M support is part of \$15.4M in funding announced by Innovation, Science, and Economic Development Canada for genomics research across Canada. This funding will move fundamental lab research to the next stage of real-world application.
- University professor, Shalene Jobin, received a Community Scholar Award for her work connecting with Indigenous communities to help build on traditional governance structures. Throughout Jobin's career, her work in the area of Indigenous governance has been about connecting with Indigenous communities and organizations, responding to the needs they express, and facilitating others to do the same.
- A investment of \$30 million from Shell helps a University of Alberta biofuel spin-off company, Forge Hydrocarbons, build a industrial-scale renewable biofuel production plant. The plant is expected to produce at least 25 million litres of renewable biofuel each year and create 45 full-time jobs.

COLLABORATIVE DEGREE PROGRAMS AND TRANSFER AGREEMENTS

The university has several collaborative degree programs with other Alberta post-secondary institutions.

- Nursing (BScN): Red Deer College, Keyano College, Grande Prairie Regional College
- Education (BEd): Red Deer College, Keyano College, Grande Prairie Regional College
- CSJ Education (BEd and BEd After-Degree): Red Deer College, Grande Prairie Regional College
- Education Alberta Teacher Education Program (ATEP) (BEd): Red Deer College, Grande Prairie Regional College, Blue Quills First Nations College, Northern Lakes College, Maskwachees Cultural College, Portage College
- Engineering (BSc): Red Deer College, Keyano College, MacEwan University, University of Lethbridge

The University of Alberta welcomes students from other Alberta PSIs and has a total of 5,794 active course agreements, as a receiving institution¹.

During the 2019-20 academic year, the University of Alberta accepted 3,864 undergraduate students from other post-secondary institutions.

CAMPUS ALBERTA INFORMATION TECHNOLOGY COLLABORATION

The University of Alberta Information Services and Technology collaborates with Alberta post-secondary as well as, in some cases, K-12 school divisions on the following topics:

Cybera: A not-for-profit non-governmental organization that provides connectivity within the province, nationally, and internationally via the research & education network.

CANARIE: The University of Alberta is a member of the national research and education collaborative, which connects our researchers to others across Canada and around the world.

ShareIT: A provincial post-secondary procurement collaborative garnering savings of over \$18M since inception in 2017-18. This collaboration also extends to the K-12 sector.

SecureIT: This is a provincial cybersecurity collaboration sharing of best practices, and information on current threats.

CanSSOC: The national cybersecurity collaboration includes active sharing of threat-analysis data.

Learning Management Consortium: The University of Alberta provides and manages a cloud-based platform for the learning management systems at the University of Lethbridge, NAIT, Norquest, in addition to here at the University of Alberta.

Compute Canada: This national collaboration provides access to national high-performance computing resources and storage for research data in Alberta.

CAMPUS ALBERTA FACILITIES AND OPERATION COLLABORATION

The University of Alberta Facilities and Operations collaborates with Alberta post-secondary as well as, in some cases, K-12 school divisions on the following topics:

- The university collaborated with the University of Calgary and the University of Lethbridge regarding COVID-19 planning and delivery of classes and research.
- The university partnered with the University of Calgary's School of Social Work to provide 3,500 square feet of space in Enterprise Square.
- The university continues to actively explore opportunities with Edmonton-based school boards to provide space for a collegiate high school on North Campus.

¹ Per the Alberta Council on Admissions and Transfer (ACAT)

ADULT LEARNING SYSTEM PRINCIPLE: ACCOUNTABILITY

Post-secondary education providers must be accountable to students, the government, and Albertans.

Related For the Public Good Goals: Build, Sustain

Build a diverse, inclusive community of exceptional students, faculty and staff from Alberta, Canada and the world.

Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.

KEY ACCOMPLISHMENTS:

As a proud public institution, the University of Alberta not only serves Albertans and Canadians, but also receives their steadfast support. It maintains that support and trust by taking seriously the responsibility to steward and sustain public investments in its people, operations, infrastructure, and systems.

- The university's Butterdome served as an Alberta Health Services (AHS) secondary treatment and assessment center during the spring 2020 wave of the COVID-19 pandemic. Through the second wave of the pandemic, the Butterdome was converted into an AHS alternate care centre providing 100 beds. There have historically been close linkages between the university and AHS, and the university is always ready to help out!
- A University of Alberta infectious disease expert helps bridge the COVID-19 knowledge gap. Lynora Saxinger, co-chair of the scientific advisory group for the COVID-19 Emergency Coordination Centre, has been a near-daily presence in media since the pandemic began sharing new research, answering questions, and countering misinformation.
- The university was named one of Canada's greenest employers for the 12th year in a row and has a long history of sustainability combined with its new and evolving green initiatives. The university was recognized in part for its energy management program, which has been in place since 1975 allowing the university to reduce utility costs by more than \$390 million, avoid over 2.3 million tonnes of greenhouse gas emissions,

and reduce the energy its buildings use by approximately 31 percent.

- A University of Alberta psychiatrist led project, Text4Hope, is a daily text message service aiming to help overcome mental health issues during the COVID-19 pandemic. The service sends a daily positive message to subscribers aiming to relieve stress and anxiety by breaking patterns of negative thoughts and emotions. More than 40,000 signed up for the service within a month of its spring 2020 launch.
- Established through the Faculty of Agriculture, Life and Environmental Sciences, the University of Alberta Endowed Chair in Forest Growth & Yield, will help strengthen the sustainability of Alberta's forest industries, contributing to the value of Alberta's timber resources.
- Philomina Okeke-Ihejirika, a professor in the Department of Women's and Gender Studies and director of the Pan African Collaboration for Excellence at the U of A, is leading a new, multidisciplinary research exchange project in partnership with three West African universities. The program will be piloted through a new Gender Institute for Capacity Building hosted by the U of A, with a focus on feminist, Afrocentric and Canadian Indigenous perspectives on research, leadership and community engagement.
- *Alberta's Public Interest Disclosure Act (PIDA)* – no disclosures were reported this past year.

ADMINISTRATIVE EXPENSE RATIO

The Administrative Expense Ratio reflects the proportion of U of A's expenditures directed towards administration. As shown in the following table, the U of A is administratively efficient.

TABLE 7: ADMINISTRATIVE EXPENSE RATIO

	2017-18	2018-19	2019-20
Administrative Expense Ratio ('000s)	4.38%	4.53%	3.81%

Source: Financial Services, University of Alberta FIRS submission **Notes:** The measure is calculated as administrative (institutional support) expenses divided by the total expenses, less ancillary service expenses.



A photograph of a modern, multi-story building with large glass windows and vertical greenery. The building is the Ka Shing Centre for Health Research Innovation. The text is overlaid on a semi-transparent white box.

CAPITAL PLAN

INTRODUCTION

The University of Alberta's 2020-23 Capital Plan established a strong foundation that aligned to the institution's strategic plan, *For the Public Good*; its Integrated Asset Management Strategy, *Taking Care of our Campuses*; and a series of cascading academic and research plans across the U of A. The top capital priorities identified in the capital plan focused exclusively on existing buildings with the aim of reducing deferred maintenance, upgrading access to meet current code requirements, as well as focusing on student experience and capacity demands. Through a strategic program of renewal, maintenance, operations, and disposition, we will have success in reducing the institution's physical footprint and commensurate operating costs. This driver must not come at the expense of a clear alignment between infrastructure and the academic and research environment for students, faculty, staff, and visitors.

The U of A recognizes that it competes in a global market for the best and brightest students, researchers, and faculty and that the supporting infrastructure capable of meeting 21st century expectations must remain a part of the U of A's competitive advantage. Capital investments, both scheduled and aspirational, remain strategically linked to the institution's goals and are aligned with Alberta's adult learning system principles of accessibility, accountability, affordability, coordination, and quality.

CAPITAL PROJECTS

Top Three

The three highest priority projects identified in the Capital Plan remained aspirational throughout 2020-21 in that the absence of the requisite funding has not allowed for progress to occur.

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
Preservation	Renew and redevelop (functional renewal) the Education Complex to meet the requirements of modern academic teaching and learning pedagogy, renewing and upgrading the existing electrical building systems, as well as bringing the building up to modern standards for student learning, study space, and well-being. Based on comprehensive utilization studies and growth projections, the two education towers have a capacity to be repurposed to accommodate large decant and the closure of other buildings. The primary outcomes will be improved building service reliability (renewed and upgraded existing mechanical systems), expanded infrastructure capacity for building renewal, and to reduce deferred maintenance in the building.	\$21.95 million	100% GoA	\$0	

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
Preservation	Based on the programming and functional assessment of the Faculty of Arts, several initiatives have been identified as an alternative to a new development. A multi-year phased renewal and replacement program will address program pressures, deferred maintenance, and functionality. Through a multi-year building renewal program, several buildings including Fine Arts, Industrial Design, HUB, and select other buildings would be renewed to accommodate changing program objectives. This would also permit several buildings to be better utilized to decrease operational costs and reduce deferred maintenance while aligning with the Integrated Asset Management Strategy. This project will permit low-quality, expensive-to-maintain buildings to be decommissioned.	\$72.8 million	100% GoA	\$0	

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
Preservation	A renewal program for a 60-year-old facility focusing on mechanical and electrical base building infrastructure. As aged infrastructure is starting to fail, the ability to continue teaching and research in this space is at risk. There are significant challenges in upgrading the systems in this building as each wing is cross-linked meaning the renewal is most feasibly undertaken for the entire building. As planned, mechanical and electrical system renewals will also support internal architectural renewals..	\$59.6 million	100% GoA	\$0	

OTHER PRIORITIES

Recognizing the uniqueness of operating multiple distinct and unique campuses, beyond the top three priorities identified above, numerous other projects were identified in our Capital Plan as priorities. For ease of presentation, these projects have been grouped by campus and, as with the “top three” above, have all undergone significant planning to the point that each is ready to proceed pending the emergence of the requisite funding.

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
Expansion	Science (phase 1 and 2 renewal)	\$7.1 million	\$5M GoA \$2.1M UofA	\$0	

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
Expansion	Science (expansion and classroom upgrades)	\$7.85 million	\$2.621M GoA \$5.229M UofA	\$0	
Minor Preservation	Campus electrical	\$4.8 million	100% GoA	\$0	\$8.7 million

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
New	Diwan Pavilion at the University of Alberta Botanical Gardens	\$5.17 million	100% philanthropic	\$0	
New	Plant Based Research and Innovation Centre Greenhouse Facility	\$45.6 million	\$44.594M GoA \$1.006M UofA	\$0	
Expansion	Earth Sciences Building (Central Systems)	\$14 million	100% GoA	\$0	
Expansion	Mechanical Engineering Building	\$94 million	100% GoA	\$0	
Expansion	Asset Reduction Impacts (Enterprise Square, University Terrace, North Power Plant)	\$8 million	\$4.5M GoA \$3.5M UofA	\$0	\$6.2 million
Expansion	Heating Plant - Diesel Generators and Controls Replacement and Modernization	\$4.128 million	100% GoA	\$0	
Expansion	Utilities Civil Infrastructure Upgrades	\$14.491 million	100% GoA	\$0	
Preservation	I.F. Morrison Structures Engineering Laboratory Renewal	\$15 million	\$5M GoA \$10M UofA		\$14.3 million
Preservation	Cameron Library (Building Envelope)	\$24.79 million	100% GoA	\$0	\$10 million
Preservation	Cameron Library Student Study Area Redevelopment - Phase 3	\$10.979 million	100% GoA	\$0	
Preservation	Chemistry East Teaching Laboratories Renewal and Modernization	\$10 million	\$9M GoA \$1M UofA	\$0	
Preservation	Chemistry West Renewal (Level 1 and Basement)	\$15.5 million	100% GoA	\$0	
Preservation	Humanities Building Exterior Building Envelope Renewal	\$2 million	100% GoA	\$1.9 million	\$1.9 million
Preservation	Universiade Pavilion (Building Envelope)	\$17 million	100% GoA	\$0	\$17 million
Preservation	Clinical Sciences (Building Envelope)	\$18 million	100% GoA	\$0	
Preservation	Convocation Hall	\$9.94 million	\$7.94M GoA \$2M UofA	\$0	
Preservation	Medical Sciences Building Renewal	\$12 million	100% GoA	\$0	\$33.6 million
Preservation	Medical Sciences Building – select wet laboratory renewal	\$10 million	\$8M GoA \$2M UofA	\$0	\$82.3M for all floors
Preservation	E-Learning and Group Pedagogical Space Renewal	\$4 million	100% GoA	\$0	

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
Preservation	Fine Arts Building Mechanical and Electrical System Renewal	\$3 million	100% GoA	\$3 million	
Preservation	Heating Plant - Turbine Generator #3	\$89.2 million	\$47.5M GoA \$41.7M DES	\$0	
Preservation	RE Philips Interior Renewal	\$3.5 million	\$100 GoA	\$0.93 million	
Preservation	Brain Aging & Research Building System Infrastructure Renewal	\$9.5 million	\$8M GoA \$1.5M UofA	\$8M GoA	\$8M GoA
Preservation	Brain Aging & Research Building Third Floor Wet Lab Renewal	\$6 million	100% GoA	\$0	
Preservation and Minor Preservation	Tory (Mechanical)	\$8 million	100% GoA	\$0	
Preservation and Minor Preservation	Heritage Medical Research Building (Ventilation)	\$4 million	\$3M GoA \$1M UofA	\$0	
Minor Preservation	Animal Research (Heritage Medical Research, Medical Sciences, and Biological Sciences)	\$7.2 million	\$6.2M GoA \$1M UofA	\$0	
Programming	Asset Reduction Program (Phase 1)	\$0.7 million	100% GoA	\$0	\$0.85M

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
New	High Performance Training and Research Facility and Community Arenas	\$65 million	\$25M GoA/GoC \$20M CoE \$20M philanthropic	\$0	
New	South Campus Basic Infrastructure	\$15.6 million	100% GoA	\$0	

TYPE	DESCRIPTION	TOTAL COST	FUNDING		
			SOURCES	RECEIVED	REVISED
Expansion	Enterprise Square Densification	\$11.5 million	\$7.2M GoA \$4.3M UofA	\$3.2M	\$7M UofA

PROJECT TIMELINES AND STATUS

2020-21 began with great uncertainty due to the unknowns associated with COVID-19, particularly in how it would impact the ability to perform in-person work on campus. However, as the institution acclimatized to the public health restrictions, it was actually able to move more quickly in some renewal activities due to the reduced numbers of students, faculty, and staff on campus. The \$34.9 million in infrastructure maintenance program (IMP) grant went a long way in advancing many of the projects listed below. It is only with targeted funding to address current deferred maintenance that we are able to protect operating funds which can then be maximized to support current and preventative maintenance activities in order to not incur new deferred maintenance liabilities.

TYPE	DESCRIPTION	TOTAL COST	FUNDING SOURCES	RECEIVED
Brain Aging and Research Building - mechanical ventilation and exhaust renewal	September 2019	October 2021	Construction	<ul style="list-style-type: none"> • Tendered and awarded • Commenced electrical upgrade
Central Academic Building – main level renewal	October 2019	August 2021	Construction	<ul style="list-style-type: none"> • Project on hold in 2020 - re-engaged in 2021 • Demolition tendered
Campus Utility Building – electrical (CUBE)	April 2018	March 2021	Construction	<ul style="list-style-type: none"> • Construction complete • Awaiting connection from EPCOR and final commissioning • Deferred until 2024
Food Outlets – campus wide refresh				
Chemistry West Level 1 and 2 (South Wing) – renewal	May 2019	June 2021	Construction	<ul style="list-style-type: none"> • With the exception of shelled labs, construction completed in 2020 • Level 1 shelled lab construction started in 2021
Electrical Vault Replacement – Chemistry	April 2018	September 2020	Complete	<ul style="list-style-type: none"> • Project Completed
Dentistry-Pharmacy Building Renewal	August 2018	July 2023	Construction	<ul style="list-style-type: none"> • Structure for new tower • Mechanical and electrical rough-ins • Retained prime consultant for fit out scope • Selective demolition and structural work within 1922 building
Energy Management Upgrades (Envision) - Phase 4 and 5	April 2019	March 2023	Construction	<ul style="list-style-type: none"> • Several distributed renewable and alternative energy projects implemented • Partner funding with major capital programs to enhance efficiency and optimization • Multiple LED retrofits across campus • Demand-based ventilation controls deployed in labs
Garneau Switchgear Upgrade and North Campus Electrical Feed Expansion	January 2019	December 2024	Construction	<ul style="list-style-type: none"> • U of A is in the process of upgrading its substations • EPCOR is currently building the new Garneau substation

TYPE	DESCRIPTION	TOTAL COST	FUNDING SOURCES	RECEIVED
HUB Mall Residence Renewal	May 2015	August 2024	Phased Construction	<ul style="list-style-type: none"> Phase 6 of 9 deferred to Summer 2021
Integrated Asset Management Strategy – Space Utilization/Reduction/Consolidation	April 2019	April 2024	In progress	<ul style="list-style-type: none"> North Power Plant, Enterprise Square, and University Terrace – reconfigured for Campus Tower decant Numerous land holdings and buildings have been sold or are on the market Alumni House removed from inventory Ring Houses have been decanted and decommissioned – removal and/or demolition scheduled
Lister Classic – Tower Renewal	February 2019	August 2022	Construction	<ul style="list-style-type: none"> MacKenzie Tower is complete Henday Tower underway Kelsey Tower tender closed
Lister and CAB Kitchen Upgrades				<ul style="list-style-type: none"> Deferred to 2024
Lister Hall – The Ship and The Marina Renovation				<ul style="list-style-type: none"> Deferred to 2024
Morrison Structures Engineering Lab	July 2019	December 2021	In Progress	<ul style="list-style-type: none"> Design complete Tender issued and pending award
NREF Renewal and Renovation	May 2019	August 2020	Complete	<ul style="list-style-type: none"> Complete
R.E. Phillips Building Functional Renewal – Tower Portion	April 2018	August 2020	Design	<ul style="list-style-type: none"> Tower portion complete Renewal of existing building in design
University of Alberta Botanic Garden Entry Pavillion	April 2019	July 2020	Complete	<ul style="list-style-type: none"> Complete
Van Vliet Centre – Electrical Vault Replacement	September 2018	August 2020	Complete	<ul style="list-style-type: none"> Complete
Van Vliet Centre – Men’s and Women’s Locker Room Renewal	January 2019	June 2020	Complete	<ul style="list-style-type: none"> Complete

PRIORITY PROJECTS

Other than the “in progress” projects detailed above, there are no projects commencing in 2021/22 that meet the GoA threshold for reporting here. In fact, once the renewal projects for Dentistry/Pharmacy and Lister are complete, spending on capital projects is projected to fall precipitously. However, the University of Alberta continues to rely heavily on its Buildings and Land Information Management System submission to highlight to the Government of Alberta its infrastructure needs ranging from critical building fixes to renewals to address aged building inventories.

APPENDIX A: FINANCIAL STATEMENT DISCUSSION AND ANALYSIS



Financial Statement Discussion and Analysis

**FOR THE YEAR ENDED
MARCH 31, 2021**

**CONSOLIDATED FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2021**

(in millions of dollars)

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, UofA for Tomorrow.

<https://www.ualberta.ca/reporting>

<https://www.ualberta.ca/uofa-tomorrow/index.html>

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

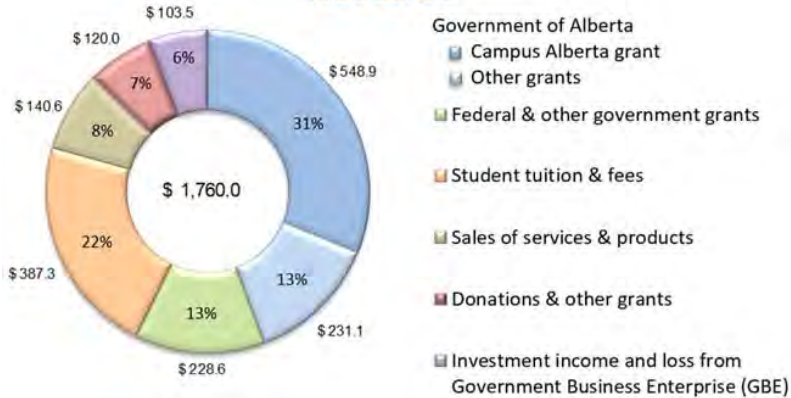
- Summary of Financial Results
- Revenue and Expense
- Capital Acquisitions
- Net Assets and Net Debt
- Areas of Significant Financial Risk

Summary of Financial Results

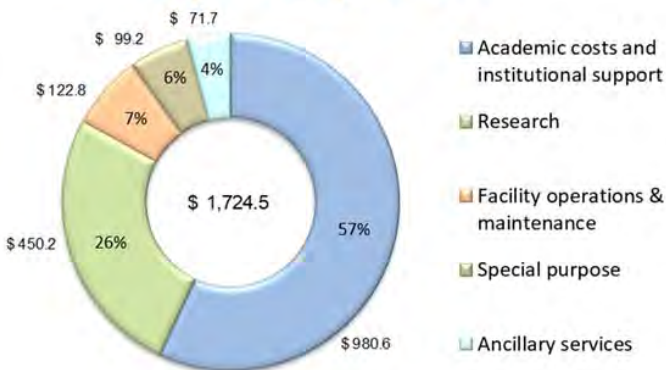
The university ended the year with an annual surplus of \$53.7 million. Of this amount \$18.2 million are donations directed to endowments and endowment capitalized investment income and therefore are not available for spending. The annual operating surplus was \$35.5 million; 2.0% of total revenue (budget annual operating surplus: \$1.0 million; 0.1% of total revenue). The increase of \$75.7 million from the prior year annual operating deficit of \$40.2 million was primarily due to an increase in investment income earned, lower salary expense due to a decrease in the number of support and temporary staff and lower materials and supplies expense due to staff working remotely. The decrease in these operating expenses can be attributed to both the Service Excellence Transformation (SET) administrative restructuring that the university has begun under the UofA for Tomorrow initiative, and the impact of the COVID-19 pandemic. These favorable results were partially offset by a reduction in the campus Alberta operating grant and lower sales revenue from parking and student residences due to the impact of the COVID-19 pandemic.

Net assets of \$2,407.9 million increased from the prior year (2020: \$1,982.8). The increase is mainly due to an increase in the fair value of endowments along with the increase in the annual surplus.

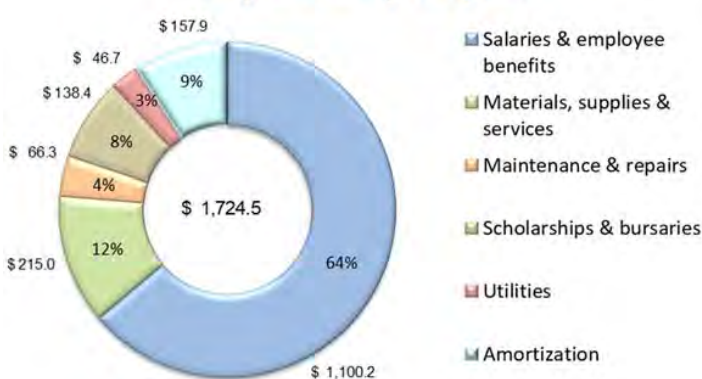
Revenue



Expense by Function



Expense by Object

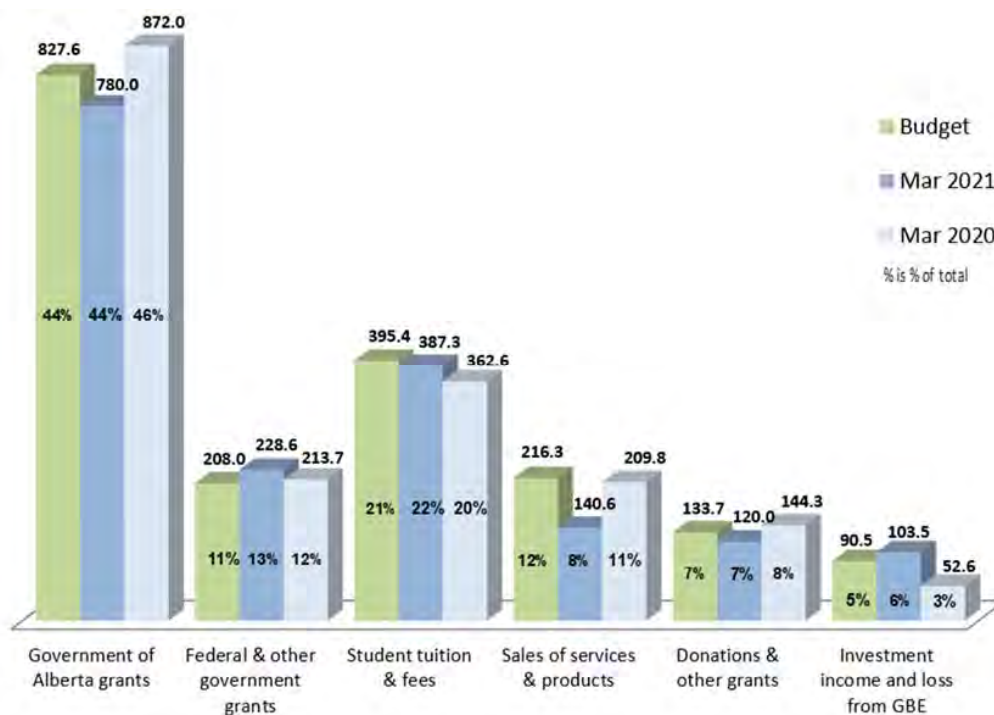


CONSOLIDATED FINANCIAL STATEMENT DISCUSSION AND ANALYSIS YEAR ENDED MARCH 31, 2021

(in millions of dollars)

Revenue

Total revenue for the year was \$1,760.0 million, a decrease of \$95.0 million over the prior year and \$111.5 million (6.0%) less than budget.



Government of Alberta grants

Government of Alberta grants (GoA) represent the single largest source of funding for university activities at 44% of total revenue. GoA grant revenue of \$780.0 million was \$92.0 million lower than prior year and \$47.6 million lower than budget. The decrease over prior year is mainly due to a 10.5 percent reduction in the Campus Alberta operating grant (\$65.9 million) and lower spending on restricted funded projects due to the COVID-19 pandemic (\$68.3 million), partially offset by the resumption of the Infrastructure Maintenance Program grant (\$34.9 million) and new restricted capital funding (\$16.0 million). The decrease compared to budget is mainly due to lower spending on restricted funded projects due to the COVID-19 pandemic (\$50.1 million), lower restricted grant project funding (\$14.4 million) partially offset by unbudgeted new restricted capital funding (\$16.0 million).

Federal and other government grants

Federal and other government grants primarily support the university's research activities. Federal and other government grants revenue of \$228.6 million was \$15.4 million higher than prior year and \$20.6 million higher than budget. The increase over prior year and the budget is due to increased research funding from the Government of Canada, mainly funding for research on COVID-19.

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 \$387.3 million was \$24.7 million higher than prior year but \$8.1 million lower than budget. The increase over prior year was mainly due to an increase of 7.0% in domestic tuition along with an increase of 4.0% in international differential tuition fees. The decrease compared to budget is mainly due to an increase in the tuition deferral due to the winter term starting one week later in January resulting in an increase in the number of teaching days for the winter term occurring in fiscal year 2022.

Sales of services and products

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 \$140.6 million was \$69.2 million lower than prior year and \$75.7 million lower than budget. The decrease over prior year and to the budget was mainly due to lower revenues from parking and student residences as a result of the COVID-19 pandemic.

**CONSOLIDATED FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2021**

(in millions of dollars)

Donations and other grants

Donations and other grants support many university activities. Donations and other grants revenue of \$120.0 million was \$24.3 million less than prior year and \$13.7 million less than budget. The decrease over prior year and when compared to budget is mainly due to lower spending on restricted funding projects due to the COVID-19 pandemic, and therefore less revenue recognized.

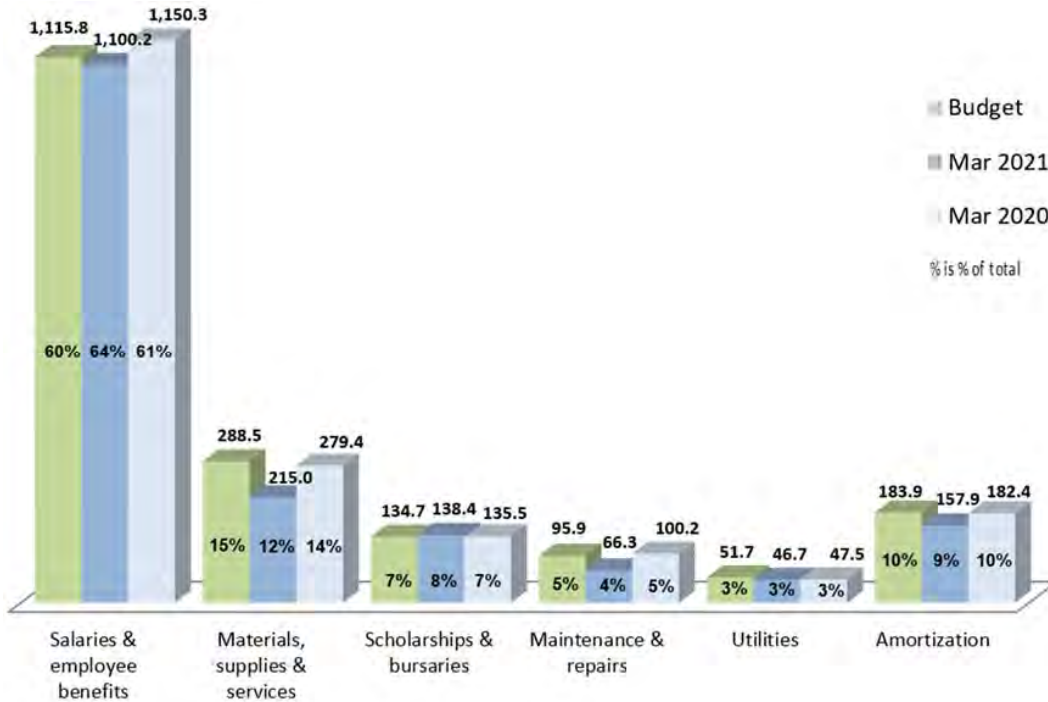
Investment income and loss from Government Business Enterprises (GBE)

Investment income supports many university activities. Investment income revenue, including the loss from GBE, of \$103.5 million was \$50.9 million higher than prior year and \$13.0 million higher than budget. The increase over prior year and the favorable to budget was due to higher realized gains on disposal of investments and higher bond returns. Investments fall into two categories, the University Endowment Pool (UEP) and the Non-Endowed Investment Pool (NEIP). The UEP had a return of 27.7% (2020: 10.2% loss) 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 12.4% (2020: 1.3% loss). In 2015 the university established a wholly owned government business enterprise, University of Alberta Properties Trust Inc. (UAPTI) to act as trustee for the University of Alberta Properties Trust. During the year, the trust commenced operations and recorded a loss of \$0.2 million.

Expense

Total expense for the year was \$1,724.5 million, a decrease of \$170.8 million over the prior year and \$146.0 million (7.8%) less than budget. Salaries and employee benefits are the single largest expense representing 64% of total expense. Overall, the decrease in expenses can be attributed to administrative changes under the SET program of the UofA for Tomorrow initiative along with the COVID-19 pandemic.

Expense by Object



Salaries and employee benefits

Salaries and employee benefits of \$1,100.2 million was \$50.1 million less than prior year and \$15.6 million less than budget. The decrease over prior year is mainly due to a decrease in the number of support staff and temporary academic staff can be attributed to the funding cut in the Campus Alberta base operating grant. The decrease compared to budget is mainly due to lower than budgeted severance costs.

CONSOLIDATED FINANCIAL STATEMENT DISCUSSION AND ANALYSIS YEAR ENDED MARCH 31, 2021

(in millions of dollars)

Materials, supplies and services

Materials, supplies and services of \$215.0 million was \$64.4 million less than prior year and \$73.5 million less than budget. The decrease over prior year and when compared to budget is mainly due to lower travel and lower supplies required due to staff working remotely due to the COVID-19 pandemic.

Maintenance and repairs

Maintenance and repairs of \$66.3 million was \$33.9 million less than prior year and \$29.6 million less than budget. The decrease over prior year was mainly due to a reduction in the environmental liability for the remediation of the Ellerslie Waste Management site along with reduced janitorial and cleaning costs due to staff working remotely and lower residence occupancy. Maintenance and repairs was less than budget due to lower maintenance work on parking and residence facilities and the reduction in the environmental liability on the Ellerslie Waste Management site, which was not budgeted.

Scholarships and bursaries

Scholarships and bursaries of \$138.4 million was \$2.9 million more than prior year and \$3.7 million more than budget. The increase over prior year and increase over budget was due to funding from endowments and GoA grants for both undergraduate and graduate awards. It needs to be noted that while other areas of the university faced significant cost reductions due to the decrease in the Campus Alberta grant, scholarships to students saw a slight increase. This aligns with the University's goal to attract and support undergraduate and graduate students.

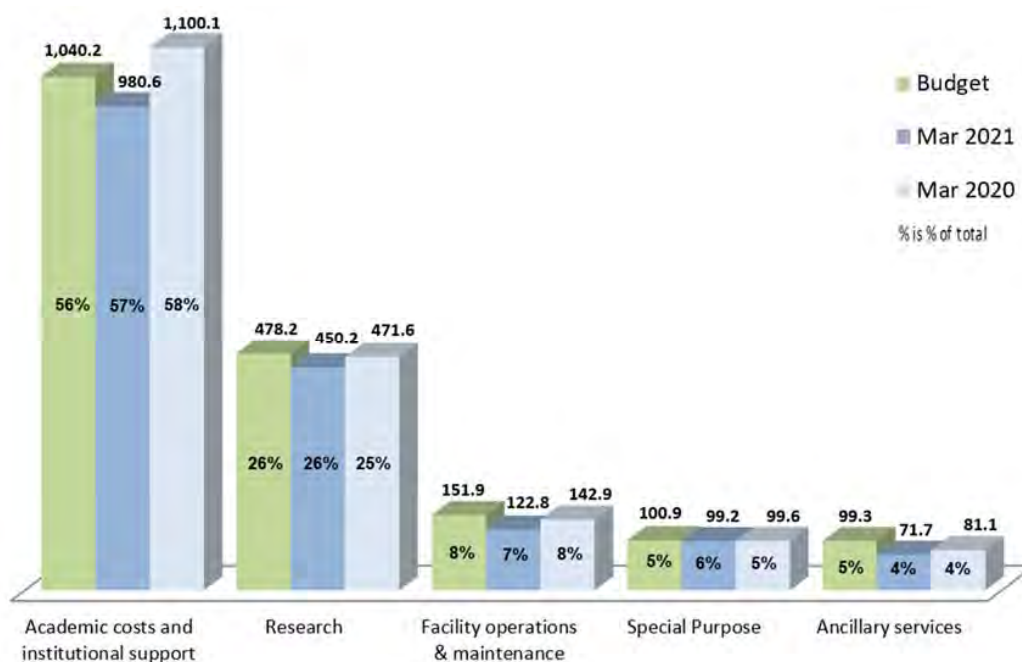
Utilities

Utilities of \$46.7 million was \$0.8 million less than prior year and \$5.0 less than budget. The decrease over prior year and the decrease over budget was due to lower heating and cooling costs of buildings due to staff working remotely.

Amortization

Amortization of \$157.9 million was \$24.5 million less than prior year and \$26.0 million less than budget. The decrease over prior year and the decrease over budget was due to a change in the assessment of the useful life of buildings from 40 years to 50 years.

Expense by Function



Academic costs and institutional support

Academic costs and institutional support expenses effectively represents the operating activities of the university. A significant component of this category is salary and employee benefit costs. Expenses for this category of \$980.6 million was \$119.5 million less than prior year and \$59.6 million less than budget. The decrease over prior year and the decrease over budget can be contributed to a decrease in salaries due to a funding cut in the Campus Alberta base operating grant, a decrease in travel due to the COVID-19 pandemic, and a decrease in amortization expense due to the change in the useful life of buildings from 40 to 50 years.

**CONSOLIDATED FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2021**

(in millions of dollars)

Research

Research expenses are funded by restricted grants and donations along with internal funds designated for research related activities. Research expenses of \$450.2 was \$21.4 million less than prior year and was \$28.0 million less than budget. The decrease over prior year and the decrease over budget is mainly due to reduced travel due to the COVID-19 pandemic.

Facility operations and maintenance

Facility operations and maintenance represents the cost of maintaining university facilities and grounds. Facility operations and maintenance expense of \$122.8 million was \$20.1 million less than prior year and \$21.9 million less than budget. The decrease over prior year is mainly due to a decrease in environmental liabilities. The decrease over budget was mainly due the decrease in environmental liabilities (which was not budgeted) along with lower maintenance and repairs due to the COVID-19 pandemic.

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 \$99.2 million was \$0.4 million less than prior year and \$1.7 million less than budget. No one individually significant item is accountable for these variances.

Ancillary services

Ancillary services include the university bookstore, parking services, utilities and student residences. Ancillary services expense of \$71.7 million was \$9.4 million less than prior year and was \$27.6 million less than budget. The decrease over prior year is mainly due to lower maintenance costs for residences due to the COVID-19 pandemic. The decrease over budget can also be attributed to lower maintenance costs for residences, along with lower maintenance costs in parking services.

Capital Acquisitions

The university expended \$187.7 million (2020: \$157.6) on construction and other tangible capital asset acquisitions.

The most significant construction and capital asset acquisitions in 2021 are:

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

Net Assets and 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 \$1,574.0 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 economic value of the endowment. Endowments are not available for spending. Of the remaining \$833.9 million in net assets, \$566.7 million represents funds invested in tangible capital assets.



CONSOLIDATED FINANCIAL STATEMENT DISCUSSION AND ANALYSIS YEAR ENDED MARCH 31, 2021

(in millions of dollars)

	Unrestricted	Internally restricted	Investment in tangible capital assets	Endowments	Total
Net assets, beginning of year	\$ 89.1	\$ 40.1	\$ 569.1	\$ 1,284.5	\$ 1,982.8
Annual operating surplus	35.5	-	-	-	35.5
Endowments contributions and capitalized income	-	-	-	18.3	18.3
Transfer to endowment	(1.3)	-	-	1.3	-
Transfer from endowments	0.7	-	-	(0.7)	-
Tangible capital assets	2.4	-	(2.4)	-	-
Transfer to internally restricted	(14.9)	14.9	-	-	-
Change in accumulated remeasurement gains	100.7	-	-	270.6	371.3
Increase (decrease)	123.1	14.9	(2.4)	289.5	425.1
Net assets, end of year	\$ 212.2	\$ 55.0	\$ 566.7	\$ 1,574.0	\$ 2,407.9

The increase in accumulated surplus from operations is mainly due to the annual operating surplus (\$35.5) and to an increase in the fair value of portfolio investments causing an increase in the unrealized remeasurement gains (\$100.7). The university also transferred \$1.3 million from accumulated surplus to endowments for capitalization of unrestricted income and transferred \$0.7 million from endowments to accumulated surplus for unfunded endowment expenditures.

The university has an internally restricted investment income reserve (\$55.0). The purpose of the reserve is to create a buffer for risk management purposes; that is, to ensure that future financial obligations can be fulfilled in the event of significant investment losses. The reserve target is 17% of the underlying obligations (investment cost), currently \$132 million, which allows for fluctuations in capital and equity markets to the degree experienced during the financial crisis in 2008-09. As at March 31, 2021 the market value of the yield and return seeking investments exceed their underlying obligations (cost) by \$153 million. Of this amount, \$55 million in realized gains have been set aside in an internally restricted investment reserve, the remainder represents unrealized investment gains. Once the reserve target is met, allocations will be made to a Strategic Initiatives Fund that will be used to support long-term institutional goals.

The decrease in investment in tangible capital assets of \$2.4 million consists of additions (\$76.9) and debt repayments (\$16.2), less financing allocation (\$34.1) and amortization (\$61.4). These additions include construction projects, equipment, furnishings, computer hardware/software and library resources.

The university's endowment spending policy provides for an annual spending allocation (2021: \$55.8; 2020: \$53.0) 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 \$289.5 million is due to an increase in fair value (\$270.6), new contributions (\$18.3) and a transfer of miscellaneous sales revenue from unrestricted net assets (\$1.3), partially offset by a transfer of endowment principal to unrestricted net assets to cover unfunded endowment expenditures (\$0.7). During the year the university's investment income earned from endowment investments was not sufficient to fund the annual spending allocation of \$55.8 million (2020 - \$53.0) along with the investment management and administration fees of \$19.4 million (2020 - \$18.8). Total investment income was \$70.7 million (2020 - \$13.8) leaving an unfunded allocation of \$4.5 million (2020 - \$58.0). Of this amount, \$0.7 million (2020 - \$30.5) was spent by the endowment holders and was funded by a transfer from endowments net assets to unrestricted net assets. The remaining \$3.8 million (2020 - \$27.5) represents unspent allocation per the University Endowment Pool (UEP) Spending policy and is being managed by the university as a future commitment. This brings the total unspent allocation to \$31.3 million.

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 debt (excluding portfolio investments restricted for endowments) indicates that the university has a \$48.8 million deficiency (2020: \$168.6). The deficiency can be attributed to the incurrence of prepaid expenses \$9.6 (2020 - \$9.3), tangible capital assets acquired by debt financing \$306.3 (2020 - \$288.5), partially offset by the accumulated operating surplus \$267.1 (2020 - \$129.2). Net debt has decreased mainly due to the annual surplus and unrealized gains on investments.

CONSOLIDATED FINANCIAL STATEMENT DISCUSSION AND ANALYSIS YEAR ENDED MARCH 31, 2021

(in millions of dollars)

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 be under pressure given the impacts of COVID-19, the drop in oil prices and the province's fiscal outlook. Grants, tuition and other revenue generation initiatives are largely under government control, which puts significant pressure on university finances. The impact to university revenue of a 1% change to the Campus Alberta base operating grant is \$5.5 million and a 1% change to domestic tuition is \$2.0 million.

In response to the pressures on provincial funding, during the year the university started the implementation of a major structural reorganization under the U of A for Tomorrow initiative. This two pronged reorganization strategy consists of both academic and administrative restructuring. It is anticipated that once restructuring has been completed overall cost savings of approximately \$130 million will be realized.

The COVID-19 pandemic has a large impact in how the university conducts its operations. The major operational change was the change to on-line delivery of instructional courses to students and the majority of staff working remotely. The university saw significant negative impact on its ancillary revenues – mainly in residences and parking services. This reduction in revenue was partially offset by a reduction in travel, materials and supplies, and reduced maintenance due to health restrictions in place. The university is planning and hopeful to be able to return to in-person learning and to have staff working on campus in the fall of 2021. The liquidity position of the university remains strong so there are no immediate cash flow concerns.

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, 2021, based on actuarial assumptions, the university has recorded a UAPP employee future benefit liability of approximately \$127 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 \$76 million, a 1% increase in the salary escalation assumption would be an increase of approximately \$17 million, while a decrease of 1% in the discount rate assumption would lead to an increase of approximately \$169 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 December 2020, the liability stood at \$385 million and is estimated to increase to approximately \$1.038 billion over the next five years. As part of the fiscal 2021 budget, the government re-established the Infrastructure Maintenance Program (IMP) grant (\$35 million) which is a main source of funding in dealing with the deferred maintenance issue. 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.

APPENDIX B: AUDITED FINANCIAL STATEMENTS



Consolidated Financial Statements

**FOR THE YEAR ENDED
MARCH 31, 2021**

STATEMENT OF MANAGEMENT RESPONSIBILITY YEAR ENDED MARCH 31, 2021

The consolidated financial statements of the University of Alberta have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements present fairly the financial position of the university as at March 31, 2021 and the results of its operations, remeasurement gains and losses, changes 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

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, 2021, and the consolidated statements of operations, change in net financial assets, remeasurement gains and losses, 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, 2021, 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 31, 2021
Edmonton, Alberta

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(thousands of dollars)

	Note	2021	2020
Financial assets excluding portfolio investments restricted for endowments			
Cash and cash equivalents	3	\$ 96,308	\$ 75,343
Portfolio investments - non-endowment	4	1,220,291	989,681
Accounts receivable		136,446	145,435
Inventories held for sale		3,325	1,994
Investment in government business enterprise	7	(214)	-
		1,456,156	1,212,453
Liabilities			
Accounts payable and accrued liabilities	8	190,626	188,720
Employee future benefit liabilities	9	233,669	219,057
Debt	10	386,084	403,550
Deferred revenue	11	694,549	569,742
		1,504,928	1,381,069
Net debt excluding portfolio investments restricted for endowments		(48,772)	(168,616)
Portfolio investments - restricted for endowments	4	1,573,993	1,284,568
Net financial assets		1,525,221	1,115,952
Non-financial assets			
Tangible capital assets	12	2,680,949	2,657,080
Prepaid expenses		9,614	9,287
		2,690,563	2,666,367
Net assets before spent deferred capital contributions		4,215,784	3,782,319
Spent deferred capital contributions	13	1,807,927	1,799,471
Net assets		\$ 2,407,857	\$ 1,982,848
Net assets is comprised of:			
Accumulated surplus		\$ 1,967,594	\$ 1,913,944
Accumulated remeasurement gains		440,263	68,904
		\$ 2,407,857	\$ 1,982,848

Contingent assets and contractual rights (note 16 and 18)
Contingent liabilities and contractual obligations (note 17 and 19)

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021
(thousands of dollars)

	Note	Budget (Note 21)	2021	2020
Revenue				
Government of Alberta grants	22	\$ 827,563	\$ 779,987	\$ 872,029
Federal and other government grants	22	208,037	228,655	213,653
Student tuition and fees		395,417	387,315	362,593
Sales of services and products		216,284	140,635	209,786
Donations and other grants		133,676	119,957	144,367
Investment income		90,519	103,685	52,596
Investment loss from government business enterprise	7		(214)	-
		1,871,496	1,760,020	1,855,024
Expense				
Academic costs and institutional support		1,040,163	980,618	1,100,086
Research		478,245	450,162	471,604
Facility operations and maintenance		151,877	122,764	142,927
Special purpose		100,914	99,235	99,546
Ancillary services		99,312	71,748	81,107
		1,870,511	1,724,527	1,895,270
Annual operating surplus (deficit)		\$ 985	35,493	(40,246)
Endowment contributions	14		18,059	25,506
Endowment capitalized investment income	14		98	84
			18,157	25,590
Annual surplus (deficit)		\$ 985	53,650	(14,656)
Accumulated surplus, beginning of year			1,913,944	1,928,600
Accumulated surplus, end of year	14		\$ 1,967,594	\$ 1,913,944

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, 2021
(thousands of dollars)

	Budget (Note 21)	2021	2020
Annual surplus (deficit)	\$ 985	\$ 53,650	\$ (14,656)
Acquisition of tangible capital assets	(225,201)	(187,659)	(157,590)
Proceeds on disposal of tangible capital assets		5,159	257
Amortization of tangible capital assets	183,871	157,883	182,376
Loss on disposal of tangible capital assets	-	748	1,967
Change in prepaid expenses	(166)	(327)	(1,169)
Change in spent deferred capital contributions	4,550	8,456	(47,716)
Change in accumulated remeasurement gains	58,788	371,359	(182,010)
Increase (decrease) in net financial assets	22,827	409,269	(218,541)
Net financial assets, beginning of year	1,115,952	1,115,952	1,334,493
Net financial assets, end of year	\$ 1,138,779	\$ 1,525,221	\$ 1,115,952

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, 2021
(thousands of dollars)

	Note	2021	2020
Accumulated remeasurement gains, beginning of year		\$ 68,904	\$ 250,914
Unrealized gains (losses) attributable to:			
Portfolio investments - non-endowment:			
Quoted in an active market		70,446	(15,794)
Designated at fair value		48,092	(25,427)
Portfolio investments - restricted for endowments:			
Quoted in an active market		273,632	(38,002)
Designated at fair value		43,483	(123,096)
Amounts reclassified to consolidated statement of operations:			
Portfolio investments - non-endowment:			
Quoted in an active market		(15,058)	683
Designated at fair value		(2,747)	3,659
Portfolio investments - restricted for endowments:			
Quoted in an active market		(40,114)	3,767
Designated at fair value		(6,375)	12,200
Net change for the year		371,359	(182,010)
Accumulated remeasurement gains, end of year	14	\$ 440,263	\$ 68,904
Accumulated remeasurement gains is comprised of:			
Portfolio investments - non-endowment		\$ 105,734	\$ 5,001
Portfolio investments - restricted for endowments		334,529	63,903
		\$ 440,263	\$ 68,904

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021
(thousands of dollars)

	2021	2020
Operating transactions		
Annual surplus (deficit)	\$ 53,650	\$ (14,656)
Add (deduct) non-cash items:		
Amortization of tangible capital assets	157,883	182,376
Expended capital recognized as revenue	(96,455)	(115,828)
Investment loss from government business enterprise	214	-
(Gain) loss on sale of portfolio investments	(64,294)	20,309
Loss on disposal of tangible capital assets	748	1,967
Increase in employee future benefit liabilities	14,612	1,283
Change in non-cash items	12,708	90,107
Decrease (increase) in accounts receivable	12,524	(341)
(Increase) decrease in inventories held for sale	(1,331)	139
Increase in accounts payable and accrued liabilities	802	17,177
Increase (decrease) in deferred revenue	124,807	(9,016)
Increase in prepaid expenses	(327)	(1,169)
Cash provided by operating transactions	202,833	82,241
Capital transactions		
Acquisition of tangible capital assets, less in-kind donations	(183,746)	(150,112)
Proceeds on disposal of tangible capital assets	5,159	257
Cash applied to capital transactions	(178,587)	(149,855)
Investing transactions		
Purchases of portfolio investments	(343,403)	(403,015)
Proceeds on sale of portfolio investments	256,590	398,004
Cash applied to investing transactions	(86,813)	(5,011)
Financing transactions		
Debt repayment	(17,466)	(15,747)
Debt - new financing		83,500
Increase in spent deferred capital contributions, less in-kind donations	100,998	60,634
Cash provided by financing transactions	83,532	128,387
Increase in cash and cash equivalents	20,965	55,762
Cash and cash equivalents, beginning of year	75,343	19,581
Cash and cash equivalents, end of year	\$ 96,308	\$ 75,343

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

UNIVERSITY OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
(thousands of dollars)

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 and liabilities 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, 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
- 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. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
(thousands of dollars)

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

(c) Revenue recognition

All revenue is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
(thousands of dollars)

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

(d) Endowments (continued)

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.

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

In accordance with PSAS, the university reviews on a regular basis the estimated useful life of the remaining unamortized portion of tangible capital assets. During the year the university conducted a review of the estimated useful life of its core buildings and parkades. The review concluded that the useful life for buildings and parkades can be extended from 40 to 50 years and from 18 to 30 years respectively. This change in estimate was applied prospectively and resulted in an approximate \$19.7 million reduction in amortization expense in the current year.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Summary of significant accounting policies and reporting practices (continued)

(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.

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 the 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Summary of significant accounting policies and reporting practices (continued)

(i) Investment in government partnerships

Proportionate consolidation is used to recognize the university's share of the following government 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.
- TEC Edmonton (50% interest) - a joint venture with Edmonton Economic Development Corporation to stimulate entrepreneurialism, advance corporate development and accelerate commercialization of new ideas and technologies that benefit society.
- Tri-University Meson Facility (TRIUMF) (7.14% interest) - a joint venture with thirteen other universities to operate a sub-atomic physics research facility.
- 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 government 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

Effective March 11, 2015, the university established the University of Alberta Properties Trust Inc. (UAPTI), a wholly-owned government business enterprise (GBE). During the year, UAPTI commenced operations. GBEs are included in the consolidated financial statements using the modified equity method, with equity being computed in accordance with accounting standards applicable to those entities. Under the modified equity method, the accounting policies of the GBEs 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.

(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. Contaminated sites occur when an environmental standard exists and contamination exceeds the environmental standard.

A liability for remediation of contaminated sites from an operation in productive use is recognized net of any expected recoveries when all of the following criteria are 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.

A liability for remediation of contaminated sites from an operation no longer in productive use, and/or an unexpected event occurs resulting in contamination, is recognized net of any expected recoveries when all of the following criteria are met:

- the university is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
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2. Summary of significant accounting policies and reporting practices (continued)

(l) 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.

(m) 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.

(n) Future accounting changes

In August 2018, the Public Sector Accounting Board (PSAB) issued PS 3280 Asset retirement obligations. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2022. Asset retirement obligations provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

In November 2018, PSAB issued PS 3400 Revenue. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

In November 2020, PSAB issued PSG-8 Purchased intangibles. This accounting guideline is effective for fiscal years starting on or after April 1, 2023. Purchased intangibles provides guidance on how to recognize intangibles as non-financial assets.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Cash and cash equivalents

	2021	2020
Cash	\$ 3,271	\$ 26,917
Money market holdings	93,037	48,426
	\$ 96,308	\$ 75,343

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

4. Portfolio investments

	2021	2020
Portfolio investments - non-endowment	\$ 1,220,291	\$ 989,681
Portfolio investments - restricted for endowments	1,573,993	1,284,568
	\$ 2,794,284	\$ 2,274,249

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

	2021				2020			
	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	\$ 98,086	\$ 309,478	\$ -	\$ 407,564	\$ 81,686	\$ 469,590	\$ -	\$ 551,276
Canadian bonds	-	110,120	-	110,120	-	120,910	-	120,910
Foreign bonds	-	274,499	-	274,499	-	253,630	-	253,630
Canadian equity	357,794	-	-	357,794	204,758	-	-	204,758
Foreign equity	1,074,053	-	-	1,074,053	776,892	-	-	776,892
Hedge funds	-	270,654	-	270,654	-	179,703	-	179,703
Private equity	-	-	156,772	156,772	-	-	92,085	92,085
Private credit	-	-	42,149	42,149	-	-	9,190	9,190
Private real estate	-	-	100,637	100,637	-	-	84,772	84,772
	1,529,933	964,751	299,558	2,794,242	1,063,336	1,023,833	186,047	2,273,216
Other at amortized cost				42				1,033
	\$ 1,529,933	\$ 964,751	\$ 299,558	\$ 2,794,284	\$ 1,063,336	\$ 1,023,833	\$ 186,047	\$ 2,274,249

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⁾ 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:

	2021	2020
Balance, beginning of year	\$ 186,047	\$ 166,803
Unrealized gains (losses)	12,034	(14,008)
Purchases	112,905	52,250
Proceeds on sale	(11,428)	(18,998)
	\$ 299,558	\$ 186,047

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. 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 one year or less. As at March 31, 2021, the university held commodity futures contracts for settlement between May 2021 and March 2022, with a notional amount of \$38,845 (2020 - no contracts). The fair value of outstanding commodity futures contracts receivable is \$3,535 (2020 - \$nil) and of commodity futures contracts payables is \$1,104 (2020 - \$nil).

6. 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 prior year.

The university assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total University Endowment Pool over a five year period as determined by the university's investment performance measurement service provider. At March 31, 2021, if market prices had a 9.0% (2020 - 8.4%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains for the year would be \$176,819 (2020 - \$127,531). The economic uncertainty experienced in March 2020 with regards to markets surrounding COVID-19 has abated. Most markets, as measured by major capital market indices, have recovered. Management continues to monitor the situation as uncertainties related to the pandemic and economy continue.

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 82% of the university's foreign currency exposure is in USD (2020 - 77%).

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

Currency	Fair Value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
Foreign currency exposure	\$ 1,265,664	\$ (31,642)	\$ (12,657)	\$ 12,657	\$ 31,642

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty, debtor or issuer to fully honor 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 current economic outlook and the impact of COVID-19 over the past year, the change to expected credit losses is not considered material. Management continues to monitor the situation.

The distribution of money market holdings and bonds by risk rating is as follows:

- Money market holdings: R-1(high) 80.4% (2020 - 72.9%); R-1(mid) 16.4% (2020 - 27.1%); R-1(low) 3.2% (2020 - 0.0%).
- Bonds: AAA 46.8% (2020 - 54.3%); AA 6.2% (2020 - 5.2%); A 10.8% (2020 - 10.3%); BBB 18.8% (2020 - 19.9%); below BBB and not rated 17.4% (2020 - 10.3%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. 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 (2020 - \$20,000) to ensure that funds are available to meet current and forecasted financial requirements. In 2021, the line of credit was not drawn upon (2020 - not drawn upon). The university believes, based on its assessment of future cash flows that have incorporated the effects of COVID-19, 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 0.25% (2020 - 0.25%), and all variables are held constant, the potential loss in fair value to the university would be approximately \$5,053 (2020 - \$5,420). Interest rate risk on the university's debt is managed through fixed rate agreements with the Department of Treasury Board and Finance (note 10).

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	-	-	0.5
Canadian government, corporate and foreign bonds	21.5	33.5	45.0	2.4

7. Investment in government business enterprises

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:

	2020	2019
Liabilities		
Accounts payable and accrued liabilities	\$ 7	\$ -
Amount due to the University of Alberta	207	-
	214	-
Equity		
Deficit	(214)	-
	\$ -	\$ -

Statement of Operations:

	2020	2019
Revenue	\$ -	\$ -
Expense	214	-
Net loss	\$ (214)	\$ -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. Accounts payable and accrued liabilities

	2021	2020
Trade payables	\$ 85,877	\$ 89,555
Accrued liabilities	64,672	55,381
Vacation liability	32,534	30,510
Environmental liability	6,500	13,274
Contaminated sites	1,043	-
	\$ 190,626	\$ 188,720

9. Employee future benefit liabilities

	2021			2020		
	Academic staff	Support staff	Total	Academic staff	Support staff	Total
Universities Academic Pension Plan	\$ 127,066	\$ -	\$ 127,066	\$ 115,671	\$ -	\$ 115,671
Long-term disability	10,814	27,419	38,233	10,708	27,203	37,911
Early retirement	-	26,924	26,924	-	26,728	26,728
SRP (defined contribution)	33,829	-	33,829	29,688	-	29,688
SRP (defined benefit)	5,615	-	5,615	6,328	-	6,328
Administrative/professional leave	914	-	914	1,194	-	1,194
General illness	560	528	1,088	716	821	1,537
	\$ 178,798	\$ 54,871	\$ 233,669	\$ 164,305	\$ 54,752	\$ 219,057

(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, 2018 and was then extrapolated to March 31, 2021, resulting in a UAPP deficit of \$817,447 (2020 - \$1,304,243) consisting of a pre-1992 deficit of \$832,342 (2020 - \$885,533) and a post-1991 surplus of \$14,895 (2020 - deficit of \$418,710). 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% (2020 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.04% (2020 - 2.90%) of salaries required to eliminate the unfunded deficiency by December 31, 2043. The Government of Alberta's obligation for the future additional contributions is \$249,339 (2020 - \$267,201) at March 31, 2021.

The following special payments apply to the post-1991 period, and are shared equally between employees and employers:

- 3.24% of salaries until December 31, 2021 (2020 - 3.38% of salaries until June 30, 2020, then 3.24% of salaries until December 31, 2021)
- 1.71% (2020 - 1.71%) of salaries for 2022 and 2023
- 0.70% (2020 - 0.70%) of salaries for 2024 and 2025
- 0.25% (2020 - 0.25%) of salaries for 2026 and 2027

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, 2021. 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).

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9. Employee future benefit liabilities (continued)

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

Early retirement

The early retirement benefits for support staff include a bridge benefit (2021 - \$19,117; 2020 - \$19,204) and a retirement allowance (2021 - \$7,807; 2020 - \$7,524). An actuarial valuation of these benefits was carried out as at March 31, 2021. 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, 2021. 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, 2021.

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

	2021				2020			
	UAPP	LTD, GI ⁽¹⁾	Early retirement ⁽¹⁾	SRP, leave ⁽¹⁾	UAPP	LTD, GI ⁽¹⁾	Early retirement ⁽¹⁾	SRP, leave ⁽¹⁾
Expense								
Current service cost	\$ 48,434	\$ 15,384	\$ 969	\$ 184	\$ 48,489	\$ 17,815	\$ 929	\$ 349
Interest cost, net of earnings	15,198	1,881	771	252	10,955	1,812	749	317
Amortization of actuarial losses (gains)	13,207	794	(547)	(4)	6,019	328	(588)	79
	\$ 76,839	\$ 18,059	\$ 1,193	\$ 432	\$ 65,463	\$ 19,955	\$ 1,090	\$ 745
Liability								
Accrued benefit obligation								
Balance, beginning of year	\$ 1,396,194	\$ 42,653	\$ 19,618	\$ 7,034	\$ 1,327,412	\$ 38,136	\$ 19,095	\$ 9,564
Current service cost	48,434	15,384	969	184	48,489	17,815	929	349
Interest cost	79,065	1,881	771	252	75,406	1,812	749	317
Benefits paid	(65,516)	(18,186)	(997)	(1,425)	(58,743)	(17,854)	(1,110)	(3,162)
Actuarial losses (gains)	79,891	(210)	(3,609)	(36)	3,630	2,744	(45)	(34)
Balance, end of year	1,538,068	41,522	16,752	6,009	1,396,194	42,653	19,618	7,034
Plan assets	(1,398,043)	-	-	-	(1,140,526)	-	-	-
Plan deficit	140,025	41,522	16,752	6,009	255,668	42,653	19,618	7,034
Unamortized actuarial (losses) gains	(12,959)	(2,201)	10,172	520	(139,997)	(3,205)	7,110	488
Accrued benefit liability	\$ 127,066	\$ 39,321	\$ 26,924	\$ 6,529	\$ 115,671	\$ 39,448	\$ 26,728	\$ 7,522

⁽¹⁾ The university plans to use its working capital to finance these future obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. 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:

	2021			2020		
	UAPP	SRP, leave	LTD, GI, early retirement	UAPP	SRP, leave	LTD, GI, early retirement
	%	%	%	%	%	%
Accrued benefit obligation						
Discount rate	5.2	3.6	3.6	5.6	3.8	3.8
Long-term average compensation increase	3.0	2.0	2.0	3.0	3.0	3.0
Benefit cost						
Discount rate	5.6	3.8	3.6	5.6	3.9	3.8
Long-term average compensation increase	3.0	3.0	2.0	3.0	3.0	3.0
Alberta inflation (long-term)	2.0	2.0	2.0	2.0	2.0	2.0
Estimated average remaining service life	10.6 yrs	Note ⁽¹⁾	1 - 9 yrs	10.6 yrs	Note ⁽¹⁾	1 - 13 yrs

⁽¹⁾ 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 \$27,278 (2020 - \$29,602).

An actuarial valuation of the PSPP was carried out as at December 31, 2019 and was then extrapolated to December 31, 2020. At December 31, 2020, the PSPP reported an actuarial surplus of \$2,223,582 (2019 - surplus of \$2,759,320). For the year ended December 31, 2020 PSPP reported employer contributions of \$323,497 (2019 - \$321,306). For the 2020 calendar year, the university's employer contributions were \$27,932 (2019 calendar year - \$29,728).

(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. The expense recognized in these consolidated financial statements is \$6,685 (2020 - \$4,680).

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10. Debt

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

	Maturity Date	Weighted average interest rate %	2021	2020
Collateral				
Title to land, building	August 2024 - March 2048	3.726	\$ 178,689	\$ 185,918
Cash flows from facility	September 2028 - December 2047	5.011	39,194	41,988
General Security Agreement	December 2028 - June 2049	2.922	155,238	161,470
None	December 2025 - September 2036	4.733	12,963	14,174
Balance, end of year			\$ 386,084	\$ 403,550

Interest expense on debt recognized in these consolidated financial statements is \$13,199 (2020 - \$13,380).

Land and buildings pledged as collateral have a net book value of \$274,701 (2020 - \$283,262).

Principal and interest payments are as follows:

	Principal	Interest	Total
2022	\$ 16,678	\$ 13,650	\$ 30,328
2023	17,336	12,991	30,327
2024	18,024	12,304	30,328
2025	18,741	11,587	30,328
2026	18,024	10,839	28,863
Thereafter	297,281	97,732	395,013
	\$ 386,084	\$ 159,103	\$ 545,187

11. Deferred revenue

	2021			2020
	Unspent externally restricted grants and donations	Student tuition and other revenue	Total	Total
Balance, beginning of year	\$ 536,542	\$ 33,200	\$ 569,742	\$ 578,758
Net change for the year				
Grants, donations, endowment spending allocation and tuition	703,444	421,115	1,124,559	910,337
Transfers to spent deferred capital contributions	(104,911)	-	(104,911)	(68,112)
Recognized as revenue	(501,599)	(393,242)	(894,841)	(851,241)
Net change for the year	96,934	27,873	124,807	(9,016)
Balance, end of year	\$ 633,476	\$ 61,073	\$ 694,549	\$ 569,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
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12. Tangible capital assets

	2021					2020
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total	Total
Cost						
Beginning of year	\$ 3,701,957	\$ 1,339,177	\$ 490,165	\$ 84,027	\$ 5,615,326	\$ 5,493,009
Acquisitions	108,930	57,783	20,946	-	187,659	157,590
Disposals	(3,993)	(6,326)	(7,235)	(2,420)	(19,974)	(35,273)
	3,806,894	1,390,634	503,876	81,607	5,783,011	5,615,326
Accumulated amortization						
Beginning of year	1,511,283	1,075,069	371,894	-	2,958,246	2,808,919
Amortization expense	74,625	61,435	21,823	-	157,883	182,376
Disposals	(890)	(5,942)	(7,235)	-	(14,067)	(33,049)
	1,585,018	1,130,562	386,482	-	3,102,062	2,958,246
Net book value, March 31, 2021	\$ 2,221,876	\$ 260,072	\$ 117,394	\$ 81,607	\$ 2,680,949	\$ 2,657,080
Net book value, March 31, 2020	\$ 2,190,674	\$ 264,108	\$ 118,271	\$ 84,027	\$ 2,657,080	

Included in buildings and utilities is \$152,633 (2020 - \$68,683) 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 \$3,913 (2020 - \$7,478).

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.

13. 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.

	2021	2020
Balance, beginning of year	\$ 1,799,471	\$ 1,847,187
Net change for the year		
Transfers from unspent externally restricted grants and donations	104,911	68,112
Expended capital recognized as revenue	(96,455)	(115,828)
Net change for the year	8,456	(47,716)
Balance, end of year	\$ 1,807,927	\$ 1,799,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Net assets

	Unrestricted	Investment in tangible capital assets	Internally restricted	Endowments	Total
Net assets, March 31, 2019	\$ 138,328	\$ 553,831	\$ 55,051	\$ 1,432,304	\$ 2,179,514
Annual operating deficit	(40,246)	-	-	-	(40,246)
Transfer from internally restricted	15,000	-	(15,000)	-	-
Endowments					
New contributions	-	-	-	25,506	25,506
Capitalized investment income	-	-	-	84	84
Transfer to endowments	(2,327)	-	-	2,327	-
Transfer from endowments	30,522	-	-	(30,522)	-
Tangible capital assets					
Acquisitions	(87,313)	87,313	-	-	-
Debt repayment	(14,564)	14,564	-	-	-
Debt - financing allocation	20,024	(20,024)	-	-	-
Amortization	66,548	(66,548)	-	-	-
Change in accumulated remeasurement gains	(36,879)	-	-	(145,131)	(182,010)
Net assets, March 31, 2020	\$ 89,093	\$ 569,136	\$ 40,051	\$ 1,284,568	\$ 1,982,848
Annual operating surplus	35,493	-	-	-	35,493
Transfer to internally restricted	(14,949)	-	14,949	-	-
Endowments					
New contributions	-	-	-	18,059	18,059
Capitalized investment income	-	-	-	98	98
Transfer to endowments	(1,308)	-	-	1,308	-
Transfer from endowments	666	-	-	(666)	-
Tangible capital assets					
Acquisitions	(76,902)	76,902	-	-	-
Debt repayment	(16,233)	16,233	-	-	-
Debt - financing allocation	34,125	(34,125)	-	-	-
Amortization	61,428	(61,428)	-	-	-
Change in accumulated remeasurement gains	100,733	-	-	270,626	371,359
Net assets, March 31, 2021	\$ 212,146	\$ 566,718	\$ 55,000	\$ 1,573,993	\$ 2,407,857

Net assets is comprised of:

Accumulated surplus	\$ 106,412	\$ 566,718	\$ 55,000	\$ 1,239,464	\$ 1,967,594
Accumulated remeasurement gains ⁽¹⁾	105,734	-	-	334,529	440,263
	\$ 212,146	\$ 566,718	\$ 55,000	\$ 1,573,993	\$ 2,407,857

(1) Accumulated remeasurement gains are unrealized gains which are not recognized as revenue until realized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
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14. Net assets (continued)

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. This amount is not available for other purposes without the approval of the Board and does not have interest allocated to it.

	2021	2020
Investment income reserve	\$ 55,000	\$ 40,051

The university's investment income earned from endowment investments was not sufficient to fund the current year's endowment spending allocation. Investment income earned was \$70,682 (2020 - \$13,822) leaving an unfunded allocation of \$4,514 (2020 - \$58,044). Of that amount, \$666 (2020 - \$30,522) was spent by endowment holders. As such, the university recorded a temporary encroachment on its endowment net assets of \$666 (2020 - \$30,522). As at March 31, 2021, the university has a cumulative temporary encroachment balance of \$31,188 (2020 - \$30,522).

The university also has a cumulative future commitment of \$31,370 (2020 - \$27,522) representing the unspent allocation provided per the University Endowment Pool (UEP) Spending policy. Since this \$31,370 represents a future commitment at March 31, 2021, it has not been recorded in the consolidated financial statements.

15. Liability for contaminated sites

The university recognized an estimated liability of \$1,043 (2020 - \$nil) 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 professional assessment of the clean-up required for the site. The balance is recorded in accounts payable and accrued liabilities. The site's remediation cost was previously recorded as an environmental liability but during the current year was no longer considered to be in productive use. No additional contaminated sites were identified in the year.

16. 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.

17. Contingent liabilities

- (a) 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.
- (b) The university has identified a potential liability related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the university may be required to take appropriate remediation procedures to remove the asbestos. As the university has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these facilities will be recognized in the period in which there is certainty that the renovation or demolition project will proceed and there is sufficient information to estimate fair value of the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
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18. 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
2022	\$ 1,793	\$ 2,863	\$ 4,656
2023	1,150	2,815	3,965
2024	697	2,761	3,458
2025	465	2,276	2,741
2026	204	742	946
Thereafter	159	3,776	3,935
	\$ 4,468	\$ 15,233	\$ 19,701
Total at March 31, 2020	\$ 4,896	\$ 15,244	\$ 20,140

In the prior year, 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 \$6,520 (2020 - \$6,797).

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

19. 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
2022	\$ 191,920	\$ 81,798	\$ 2,374	\$ 276,092
2023	83,677	23,841	2,080	109,598
2024	57,261	13,706	1,977	72,944
2025	-	12,129	1,324	13,453
2026	-	4,530	789	5,319
Thereafter	-	156	1,029	1,185
	\$ 332,858	\$ 136,160	\$ 9,573	\$ 478,591
Total at March 31, 2020	\$ 415,707	\$ 96,267	\$ 13,081	\$ 525,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
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19. Contractual obligations (continued)

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 three contracts (2020 - two contracts) with expenditures totaling \$10,472 (2020 - \$7,199) expire over the next two years.
 - Effective August 1, 2020, the university entered into an agreement with an external party for dining and catering services. The agreement has four years remaining with a total estimated cost of \$44,990 (2020 - \$3,467).
 - The university entered into agreements with two external parties for information technology support. The first agreement, effective July 1, 2020 for infrastructure management services, has two months remaining with a cost of \$664 (2020 - \$934, three months remaining). The second agreement, effective July 1, 2019 for application management services, has three months remaining with a cost of \$734 (2020 - \$3,667). One external party will be used for infrastructure (renewal effective June 1, 2021) and application management services (new agreement is effective July 1, 2021).
 - Effective August 1, 2019, the university entered into an agreement with an external party for custodial services. The agreement has four months remaining with a cost of \$2,373 (2020 - \$13,032). The agreement will be renewed effective August 1, 2021.
- (b) The university is one of 64 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, 2020, CURIE had an accumulated surplus of \$99,449 (2019 - \$90,185), of which the university's pro rata share is approximately 7.36% (2020 - 7.33%). This accumulated surplus is not recognized in the consolidated financial statements.

20. 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.

The university has debt with the Department of Treasury Board and Finance as described in note 10.

21. Budget

The university's 2020-21 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
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22. Government transfers

	2021	2020
Government of Alberta grants		
Advanced Education - Campus Alberta grant	\$ 560,964	\$ 626,861
Advanced Education - other grants	129,191	80,648
Alberta Health Services - Academic Medicine and Health Sciences Program	55,476	60,429
Alberta Health Services - other grants	5,320	6,642
Jobs, Economy, and Innovation	44,410	44,844
Health	25,331	25,081
Other departments and agencies	9,367	9,336
	830,059	853,841
Expended capital recognized as revenue	53,700	68,147
Deferred revenue	(103,772)	(49,959)
	\$ 779,987	\$ 872,029
Federal and other government grants		
Natural Sciences and Engineering Research Council	\$ 67,620	\$ 55,793
Canadian Institutes of Health Research	64,691	38,992
Social Sciences and Humanities Research Council	33,962	30,468
Tri-agency Institutional Programs Secretariat	18,257	2,953
Canada Research Chairs	17,352	15,497
Canadian Foundation for Innovation	16,888	13,156
Canada First Research Excellence Fund	12,139	12,264
Other	44,735	41,097
	275,644	210,220
Expended capital recognized as revenue	19,499	19,927
Deferred revenue	(66,488)	(16,494)
	\$ 228,655	\$ 213,653

The university currently holds \$11,500 (2020 - \$11,553) on behalf of federal and other government agencies. These amounts are not recognized in the university's consolidated financial statements.

23. Expense by object

	2021 Budget (Note 21)	2021	2020
Salaries	\$ 916,911	\$ 891,502	\$ 941,083
Employee benefits	198,992	208,711	209,241
Materials, supplies and services	288,450	215,026	279,345
Scholarships and bursaries	134,735	138,443	135,461
Maintenance and repairs	95,881	66,264	100,243
Utilities	51,671	46,698	47,521
Amortization of tangible capital assets	183,871	157,883	182,376
	\$ 1,870,511	\$ 1,724,527	\$ 1,895,270

Salaries and employee benefits include accrued termination benefits of \$4,331 (2020 - \$6,247) and \$212 (2020 - \$408) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021
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24. Salaries and employee benefits

	2021							Total
	Base salary ⁽⁷⁾	Other cash benefits ⁽⁸⁾	Non-cash benefits ⁽⁹⁾	Non-cash benefits (DB SRP) ⁽¹⁰⁾	Non-cash benefits (DC SRP) ⁽¹¹⁾	Non-cash benefits (leave) ⁽¹²⁾		
Governance ⁽¹⁾								
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Executive								
President ⁽²⁾	449	47	49	-	51	88	684	
Provost and Vice-President (Academic) ⁽¹³⁾	415	(12)	44	-	52	-	499	
Vice-President (Research and Innovation) ⁽³⁾	283	11	41	-	16	-	351	
Vice-President (Facilities and Operations)	370	9	43	-	33	44	499	
Vice-President (University Services and Finance) ⁽⁴⁾	402	13	57	-	22	59	553	
Vice-President (External Relations)	83	1	14	-	3	10	111	
Vice-President (University Relations) ⁽⁵⁾	105	59	22	-	5	-	191	
Vice-President (Advancement) ⁽⁶⁾	154	44	27	-	11	-	236	
	2020							Total
	Base salary ⁽⁷⁾	Other cash benefits ⁽⁸⁾	Non-cash benefits ⁽⁹⁾	Non-cash benefits (DB SRP) ⁽¹⁰⁾	Non-cash benefits (DC SRP) ⁽¹¹⁾	Non-cash benefits (leave) ⁽¹²⁾		
Governance ⁽¹⁾								
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Executive								
President	500	250	52	31	64	63	960	
Provost and Vice-President (Academic) ⁽¹³⁾	415	-	44	-	50	-	509	
Vice-President (Research and Innovation)	375	10	42	-	26	77	530	
Vice-President (Facilities and Operations)	370	9	43	-	28	30	480	
Vice-President (Finance and Administration)	375	9	52	-	30	32	498	
Vice-President (University Relations) ⁽⁵⁾	230	476	34	-	15	13	768	
Vice-President (Advancement)	206	74	39	-	16	-	335	

During the year, as part of the university's overall U of A for Tomorrow reorganization strategy, changes were made to the senior leadership team. These changes were announced under the Service Excellence Transformation (SET) part of the U of A for Tomorrow strategy. Under this initiative the following changes were announced:

- On July 24, 2020, the university created the new role of Vice-President, External Relations. This role was filled on January 1, 2021.
- On November 3, 2020, the name of the role of Vice-President, Finance and Administration changed to Vice-President, University Services and Finance. During the year three individuals occupied this role, one for the first 6 months, a second for 1 month (in an acting capacity) and the third for the final 5 months of the year.
- On January 1, 2021, the roles of Vice-President, Advancement and Vice-President, University Relations were abolished. The accountabilities of these two positions were moved to the Vice-President, External Relations.

- The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.
- In 2021, two individuals held this position for 3 months and 9 months respectively.
- In 2021, two individuals held this position, the current one on an interim basis for 11 months. The interim Vice-President did not participate in any executive benefit programs except the DC SRP.
- The acting Vice-President did not participate in any executive benefit programs except the DC SRP.
- The interim Vice-President, who served in this role on a part-time basis, did not participate in any executive benefit programs except the DC SRP. In 2020, two individuals held this position for 6 months and 4.5 months respectively.
- The interim Vice-President did not participate in any executive benefit programs except the DC SRP.
- Base salary includes pensionable base pay for all executive.
- Other cash benefits include academic executive allowances, salary supplements, performance pay, market supplements, vacation payouts, car allowances, mobile allowances, administrative supplements and personal leave plan. Other cash benefits in 2020 also includes severance payments (salary continuance and lump sum payment) and a vacation payout for the former Vice-President (University Relations).
- 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 and forgivable housing loans.

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24. Salaries and employee benefits (continued)

⁽¹⁰⁾ Under the terms of the Defined Benefit Supplementary Retirement Plan (DB 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 estimated cost to provide supplementary retirement benefits. The DB SRP provides future benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro rated on service, a market interest rate, and other assumptions included in the Canadian Institute of Actuaries' lump sum commuted value standard. Net actuarial gains and losses of the benefit obligations are amortized over the remaining terms of the participants' contracts. Current service cost is the actuarial present value of the benefits earned in the current year. The DB SRP was closed to new members effective June 30, 2014.

The DB SRP current service cost and accrued benefit obligation is as follows:

	2020		2021			
	Years of eligible University of Alberta service	Accrued benefit obligation	Service costs	Interest and other costs ^(10b)	Actuarial (gain) loss	Accrued benefit obligation ^(10c)
Former President ^(10a)	5	\$ 124	\$ -	\$ (141)	\$ 17	\$ -

^(10a) Includes service to June 30, 2020 and the DB SRP obligation shown is at June 30, 2020. The DB SRP was closed to new members effective June 30, 2014. However, a portion of the supplementary retirement benefit for the former President is calculated on a defined benefit basis, and the liability will be disclosed on this basis as service is provided.

^(10b) On April 1, 2020, the balance of the DB SRP accrued benefit obligation was transferred to the former President's DC SRP.

^(10c) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed note 9.

⁽¹¹⁾ 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:

	2020		2021		
	Years of eligible University of Alberta service	DC SRP obligation	Service costs ^(11f)	Interest and investment earnings ^(11g)	DC SRP obligation
Former President ^(11a)	5.0	\$ 244	\$ 150	\$ 17	\$ 411
President	0.8	-	25	-	25
Provost and Vice-President (Academic)	5.8	176	39	13	228
Former Vice-President (Research and Innovation) ^(11b)	2.0	50	2	(1)	51
Interim Vice-President (Research and Innovation)	1.7	13	13	2	28
Vice-President (Facilities and Operations)	4.6	82	24	9	115
Former Vice-President (Finance and Administration) ^(11c)	4.0	92	14	(1)	105
Acting Vice-President (Finance and Administration) ^(11d)	0.1	-	1	-	1
Vice-President (University Services and Finance)	0.4	-	8	-	8
Vice-President (External Relations)	0.3	-	3	-	3
Former Interim Vice-President (University Relations) ^(11e)	1.2	1	4	1	6
Former Interim Vice-President (Advancement) ^(11e)	2.2	22	8	3	33

^(11a) Includes service to June 30, 2020 and the DC SRP obligation shown is at June 30, 2020.

^(11b) Includes service to April 30, 2020 and the DC SRP obligation shown is at April 30, 2020.

^(11c) Includes service to October 31, 2020 and the DC SRP obligation shown is at October 31, 2020.

^(11d) Includes service from October 3 to October 25, 2020 and the DC SRP obligation shown is at October 25, 2020.

^(11e) Includes service to December 31, 2020 and the DC SRP obligation shown is at December 31, 2020.

^(11f) Service costs for the former President include the balance of the DB SRP accrued benefit obligation, which was transferred to the DC SRP on April 1, 2020. This amount is not a current year expense.

^(11g) 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 earnings are distributed to each plan participant based on the overall return of the plan's investments.

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24. Salaries and employee benefits (continued)

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

	Years of eligible University of Alberta service	2020		2021		Actuarial (gain) loss	Accrued benefit obligation ^(12c)
		Accrued benefit obligation	Service costs	Interest and other costs	Service costs		
Former President ^(12a)	5.0	\$ 445	\$ 23	\$ 5	\$ -	\$ -	\$ 473
President	0.8	-	59	1	1	1	61
Vice-President (Facilities and Operations)	4.6	133	37	7	(5)	(5)	172
Former Vice-President (Finance and Administration) ^(12b)	4.0	133	23	3	(159)	(159)	-
Vice-President (University Services and Finance)	0.4	-	32	1	(1)	(1)	32
Vice-President (External Relations)	0.3	-	10	-	-	-	10

(12a) Includes service to June 30, 2020 and the accrued benefit obligation shown is at June 30, 2020.

(12b) Includes service to October 31, 2020 and the accrued benefit obligation shown is at October 31, 2020. Based on the relevant employment agreement, no leave benefit will need to be paid out, so the accrued benefit obligation has been reduced to \$0.

(12c) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in note 9.

(13) The Provost and Vice-President (Academic) participates 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.

25. Approval of financial statements

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

26. Comparative figures

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

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