



# **Consolidated Financial Statements**

**For the Year Ended  
March 31, 2022**

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### FINANCIAL REPORTING

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**STATEMENT OF MANAGEMENT RESPONSIBILITY  
YEAR ENDED MARCH 31, 2022**

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The consolidated financial statements of the University of Alberta have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the university as at March 31, 2022 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*

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President and Vice-Chancellor

*Original signed by Todd Gilchrist*

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Vice-President (University Services and Finance)

**INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED MARCH 31, 2022**

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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, 2022, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, 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.

## **INDEPENDENT AUDITOR'S REPORT YEAR ENDED MARCH 31, 2022**

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### **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.

**INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED MARCH 31, 2022**

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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 30, 2022  
Edmonton, Alberta

**UNIVERSITY OF ALBERTA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**  
*(thousands of dollars)*

	Note	2022	2021
<b>Financial assets excluding portfolio investments restricted for endowments</b>			
Cash and cash equivalents	3	\$ 19,183	\$ 96,308
Portfolio investments - non-endowment	4	1,466,323	1,220,291
Accounts receivable		139,640	136,446
Inventories held for sale		2,931	3,325
Investment in government business enterprise	7	(768)	(214)
		<b>1,627,309</b>	1,456,156
<b>Liabilities</b>			
Accounts payable and accrued liabilities	8	207,081	190,626
Employee future benefit liabilities	9	233,193	233,669
Debt	10	380,433	386,084
Deferred revenue	11	770,075	694,549
		<b>1,590,782</b>	1,504,928
<b>Net financial assets (net debt) excluding portfolio investments restricted for endowments</b>		<b>36,527</b>	(48,772)
Portfolio investments - restricted for endowments	4	1,639,760	1,573,993
<b>Net financial assets</b>		<b>1,676,287</b>	1,525,221
<b>Non-financial assets</b>			
Tangible capital assets	12	2,703,428	2,680,949
Prepaid expenses		12,141	9,614
		<b>2,715,569</b>	2,690,563
<b>Net assets before spent deferred capital contributions</b>		<b>4,391,856</b>	4,215,784
Spent deferred capital contributions	13	1,825,517	1,807,927
<b>Net assets</b>		<b>\$ 2,566,339</b>	\$ 2,407,857
<b>Net assets is comprised of:</b>			
Accumulated surplus		\$ 2,121,162	\$ 1,967,594
Accumulated rereasurement gains		445,177	440,263
		<b>\$ 2,566,339</b>	\$ 2,407,857

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

**UNIVERSITY OF ALBERTA**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

	Note	Budget (Note 21)	2022	2021
<b>Revenue</b>				
Government of Alberta grants	22	\$ 739,412	\$ 726,710	\$ 779,987
Federal and other government grants	22	202,366	212,289	228,655
Student tuition and fees		424,908	434,622	387,315
Sales of services and products		182,482	182,153	140,635
Donations and other grants		124,361	135,311	119,957
Investment income	23	91,269	176,489	103,685
Investment loss from government business enterprise	7		(554)	(214)
Gain on sale of tangible capital assets	12		34,917	-
		1,764,798	1,901,937	1,760,020
<b>Expense</b>				
	24			
Academic costs and institutional support		977,945	985,683	980,618
Research		454,099	467,814	450,162
Facility operations and maintenance		147,304	141,493	122,764
Special purpose		97,020	96,958	99,235
Ancillary services		85,277	79,721	71,748
		1,761,645	1,771,669	1,724,527
<b>Annual operating surplus</b>		3,153	130,268	35,493
<b>Endowment contributions and capitalized investment income</b>				
Endowment contributions	14		17,570	18,059
Endowment capitalized investment income	14		5,730	98
			23,300	18,157
<b>Annual surplus</b>		\$ 3,153	153,568	53,650
<b>Accumulated surplus, beginning of year</b>			1,967,594	1,913,944
<b>Accumulated surplus, end of year</b>	14		\$ 2,121,162	\$ 1,967,594

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, 2022**  
*(thousands of dollars)*

	Budget (Note 21)	2022	2021
Annual surplus	\$ 3,153	\$ <b>153,568</b>	\$ 53,650
Acquisition of tangible capital assets	(202,612)	<b>(197,122)</b>	(187,659)
Proceeds on disposal of tangible capital assets		<b>48,569</b>	5,159
Amortization of tangible capital assets	159,873	<b>156,133</b>	157,883
(Gain) loss on sale and disposal of tangible capital assets	-	<b>(30,059)</b>	748
Increase in prepaid expenses	(208)	<b>(2,527)</b>	(327)
Increase in spend deferred capital contributions	9,019	<b>17,590</b>	8,456
Increase in accumulated remeasurement gains	55,539	<b>4,914</b>	371,359
<b>Increase in net financial assets</b>	24,764	<b>151,066</b>	409,269
<b>Net financial assets, beginning of year</b>	1,525,221	<b>1,525,221</b>	1,115,952
<b>Net financial assets, end of year</b>	\$ 1,549,985	\$ <b>1,676,287</b>	\$ 1,525,221

**UNIVERSITY OF ALBERTA**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**YEAR ENDED MARCH 31, 2022**  
*(thousands of dollars)*

	Note	2022	2021
<b>Accumulated remeasurement gains, beginning of year</b>		<b>\$ 440,263</b>	\$ 68,904
Unrealized gains attributable to:			
Portfolio investments - non-endowment:			
Quoted in an active market		<b>19,558</b>	70,446
Designated at fair value		<b>21,782</b>	48,092
Portfolio investments - restricted for endowments:			
Quoted in an active market		<b>83,546</b>	273,632
Designated at fair value		<b>43,585</b>	43,483
Amounts reclassified to consolidated statement of operations:			
Portfolio investments - non-endowment:			
Quoted in an active market		<b>(23,360)</b>	(15,058)
Designated at fair value		<b>(23,751)</b>	(2,747)
Portfolio investments - restricted for endowments:			
Quoted in an active market		<b>(76,525)</b>	(40,114)
Designated at fair value		<b>(39,921)</b>	(6,375)
Net change for the year		<b>4,914</b>	371,359
<b>Accumulated remeasurement gains, end of year</b>	14	<b>\$ 445,177</b>	\$ 440,263
<b>Accumulated remeasurement gains is comprised of:</b>			
Portfolio investments - non-endowment		<b>\$ 99,963</b>	\$ 105,734
Portfolio investments - restricted for endowments		<b>345,214</b>	334,529
		<b>\$ 445,177</b>	\$ 440,263

**UNIVERSITY OF ALBERTA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2022**  
*(thousands of dollars)*

	2022	2021
<b>Operating transactions</b>		
Annual surplus	\$ 153,568	\$ 53,650
Add (deduct) non-cash items:		
Amortization of tangible capital assets	156,133	157,883
Expended capital contributions recognized as revenue	(92,331)	(96,455)
Investment loss from government business enterprise	554	214
Gain on sale of portfolio investments	(163,557)	(64,294)
(Gain) loss on sale and disposal of tangible capital assets	(30,059)	748
(Decrease) increase in employee future benefit liabilities	(476)	14,612
Change in non-cash items	(129,736)	12,708
(Increase) decrease in accounts receivable	(2,817)	12,524
Decrease (increase) in inventories held for sale	394	(1,331)
Increase in accounts payable and accrued liabilities	17,559	802
Increase in deferred revenue	75,526	124,807
Increase in prepaid expenses	(2,527)	(327)
<b>Cash provided by operating transactions</b>	<b>111,967</b>	<b>202,833</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets, less in-kind donations	(192,142)	(183,746)
Proceeds on sale and disposal of tangible capital assets	48,569	5,159
<b>Cash applied to capital transactions</b>	<b>(143,573)</b>	<b>(178,587)</b>
<b>Investing transactions</b>		
Purchases of portfolio investments	(409,095)	(343,403)
Proceeds on sale of portfolio investments	264,286	256,590
<b>Cash applied to investing transactions</b>	<b>(144,809)</b>	<b>(86,813)</b>
<b>Financing transactions</b>		
Debt repayment	(20,816)	(17,466)
Debt - new financing	15,165	-
Increase in spent deferred capital contributions, less in-kind donations	104,941	100,998
<b>Cash provided by financing transactions</b>	<b>99,290</b>	<b>83,532</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(77,125)</b>	<b>20,965</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>96,308</b>	<b>75,343</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 19,183</b>	<b>\$ 96,308</b>

**UNIVERSITY OF ALBERTA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

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**1. Authority and purpose**

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

**2. Summary of significant accounting policies and reporting practices**

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

These consolidated financial statements have been prepared in accordance with PSAS. The measurement of certain assets, liabilities, revenues and expenses is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets, 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.

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

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

**(c) Revenue recognition**

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

**Government grants, non-government grants and donations**

Government transfers are referred to as government grants.

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

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

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

**Grants and donations related to land**

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

**Endowment contributions**

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

**Investment income**

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

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

**(d) Endowments**

Endowments consist of:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**  
*(thousands of dollars)*

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**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

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 YEAR ENDED MARCH 31, 2022

(thousands of dollars)

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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 certain former executive staff based on years of service and earnings. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

The university provides non-contributory defined contribution supplementary retirement benefits to eligible executive, academic, and management and professional staff based on 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 YEAR ENDED MARCH 31, 2022

*(thousands of dollars)*

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

#### (i) Investment in partnerships

Proportionate consolidation is used to recognize the university's share of the following partnerships:

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

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

During the year there were changes in the status of two partnerships that were previously consolidated. TEC Edmonton partnership was wound down and ceased operations on June 30, 2021. Tri-University Meson Facility changed from a joint venture partnership to an independent not-for-profit corporate entity on June 1, 2021. Neither of these partnerships are consolidated in the current year but remain consolidated in the comparative figures.

#### (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. In 2021, UAPTI commenced operations and is now included in the consolidated financial statements using the modified equity method. Under the modified equity method, the accounting policies of UAPTI are not adjusted to conform to those of the university. Thus, the university's investment in the entity is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

#### (k) Liability for contaminated sites

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

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

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

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

(thousands of dollars)

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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 changes in accounting standards

In fiscal 2023, the university will adopt PS 3280 Asset retirement obligations. This accounting standard provides guidance on how to account for and report liabilities for retirement of a tangible capital asset. The university will adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the consolidated financial statements is currently being analyzed.

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

(thousands of dollars)

**3. Cash and cash equivalents**

	2022	2021
Cash	\$ 3,595	\$ 3,271
Money market holdings	15,588	93,037
	<b>\$ 19,183</b>	<b>\$ 96,308</b>

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**

	2022	2021
Portfolio investments - non-endowment	<b>\$ 1,466,323</b>	\$ 1,220,291
Portfolio investments - restricted for endowments	<b>1,639,760</b>	1,573,993
	<b>\$ 3,106,083</b>	<b>\$ 2,794,284</b>

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

	2022				2021			
	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>	Total	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>	Total
Cash and money market holdings	\$ 57,679	\$ 397,207	\$ -	\$ 454,886	\$ 98,086	\$ 309,478	\$ -	\$ 407,564
Canadian bonds	-	57,136	-	57,136	-	110,120	-	110,120
Foreign bonds	-	265,015	-	265,015	-	274,499	-	274,499
Canadian equity	349,666	-	-	349,666	357,794	-	-	357,794
Foreign equity	1,086,732	-	-	1,086,732	1,074,053	-	-	1,074,053
Hedge funds	-	379,643	-	379,643	-	270,654	-	270,654
Private equity	-	-	326,969	326,969	-	-	156,772	156,772
Private credit	-	-	65,951	65,951	-	-	42,149	42,149
Private real estate	-	-	120,047	120,047	-	-	100,637	100,637
	<b>1,494,077</b>	<b>1,099,001</b>	<b>512,967</b>	<b>3,106,045</b>	<b>1,529,933</b>	<b>964,751</b>	<b>299,558</b>	<b>2,794,242</b>
Other at amortized cost				<b>38</b>				<b>42</b>
	<b>\$ 1,494,077</b>	<b>\$ 1,099,001</b>	<b>\$ 512,967</b>	<b>\$ 3,106,083</b>	<b>\$ 1,529,933</b>	<b>\$ 964,751</b>	<b>\$ 299,558</b>	<b>\$ 2,794,284</b>

The fair value measurements are those derived from:

- <sup>(1)</sup> Quoted prices in active markets for identical assets.
- <sup>(2)</sup> 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).
- <sup>(3)</sup> Third-party financial statements from private equity and real estate fund managers. For investments where statements don't exist then valuation techniques that include inputs for the assets that are not based on observable market data.

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

	2022	2021
<b>Balance, beginning of year</b>	<b>\$ 299,558</b>	<b>\$ 186,047</b>
Unrealized gains	<b>69,913</b>	12,034
Purchases	<b>156,637</b>	112,905
Proceeds on sale	<b>(13,141)</b>	(11,428)
	<b>\$ 512,967</b>	<b>\$ 299,558</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**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 less than one year. As at March 31, 2022, the university held commodity futures contracts for settlement between May 2022 and December 2022, with a notional amount of \$43,320 (2021 - \$38,845). The fair value of outstanding commodity futures contracts receivable is \$3,912 (2021 - \$3,535) and of commodity futures contracts payables is \$nil (2021 - \$1,104).

**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, 2022, if market prices had a 8.9% (2021 - 9.0%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains for the year would be \$190,632 (2021 - \$176,819).

**Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The university is exposed to foreign exchange risk on portfolio investments that are denominated in foreign currencies. The university does not hedge its foreign currency exposure with currency forward contracts or any other type of derivative financial instruments. Approximately 84% of the university's foreign currency exposure is in USD (2021 - 82%).

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

	<b>Fair Value</b>	<b>2.5% decrease</b>	<b>1.0% decrease</b>	<b>1.0% increase</b>	<b>2.5% increase</b>
Foreign currency exposure	\$ 1,569,132	\$ (39,228)	\$ (15,691)	\$ 15,691	\$ 39,228

**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 the current economic outlook 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) 25.7% (2021 - 80.4%); R-1(mid) 69.7% (2021 - 16.4%); R-1(low) 4.6% (2021 - 3.2%).
- Bonds: AAA 39.2% (2021 - 46.8%); AA 5.5% (2021 - 6.2%); A 11.9% (2021 - 10.8%); BBB 22.4% (2021 - 18.8%); below BBB and not rated 21.0% (2021 - 17.4%).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**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 (2021 - \$20,000) to ensure that funds are available to meet current and forecasted financial requirements. In 2022, the line of credit was not drawn upon (2021 - not drawn upon). The university believes, based on its assessment of future cash flows it will have access to sufficient capital through internally generated cash flows, external sources and the undrawn short-term line of credit to meet current spending forecasts. Management continues to monitor the university's liquidity position on a regular basis.

**Interest rate risk**

Interest rate risk is the risk that the university's earnings will be affected by the fluctuation and degree of volatility in interest rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income instruments that the university holds. If interest rates increase by 0.25% (2021 - 0.25%), and all variables are held constant, the potential loss in fair value to the university would be approximately \$4,578 (2021 - \$5,053). 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:

	<b>&lt; 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>	<b>Average effective market yield</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Money market holdings	100.0	-	-	0.7
Canadian government, corporate and foreign bonds	14.6	39.1	46.3	3.1

**7. Investment in government business enterprise**

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

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

**Statement of Financial Position:**

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	<b>\$ 995</b>	\$ -
Property and equipment	<b>3</b>	-
Property under development	<b>394</b>	-
	<b>1,392</b>	-
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<b>160</b>	214
Loan payable	<b>2,000</b>	-
	<b>2,160</b>	214
<b>Equity</b>		
Deficit	<b>(768)</b>	(214)
	<b>\$ 1,392</b>	\$ -

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**  
*(thousands of dollars)*

**7. Investment in government business enterprise (continued)**

**Statement of Operations:**

	2021	2020
Revenue	\$ 1	\$ -
Expense	555	214
<b>Net loss</b>	<b>\$ (554)</b>	<b>\$ (214)</b>

**8. Accounts payable and accrued liabilities**

	2022	2021
Trade payables	\$ 99,505	\$ 85,877
Accrued liabilities	63,749	64,672
Vacation liability	30,855	32,534
Environmental liability	11,929	6,500
Contaminated sites	1,043	1,043
	<b>\$ 207,081</b>	<b>\$ 190,626</b>

The increase to the environmental liability is due to an increase in the estimated reclamation costs for salt soil contamination at the university's two snow bank sites. The estimate was determined based on management's estimate derived from similar contractor costs.

**9. Employee future benefit liabilities**

	2022			2021		
	Academic staff	Support staff	Total	Academic staff	Support staff	Total
Universities Academic Pension Plan	\$ 125,541	\$ -	\$ 125,541	\$ 127,066	\$ -	\$ 127,066
Long-term disability	11,404	25,679	37,083	10,814	27,419	38,233
Early retirement	-	26,019	26,019	-	26,924	26,924
SRP (defined contribution)	37,266	-	37,266	33,829	-	33,829
SRP (defined benefit)	4,929	-	4,929	5,615	-	5,615
Administrative/professional leave	868	-	868	914	-	914
General illness	823	664	1,487	560	528	1,088
	<b>\$ 180,831</b>	<b>\$ 52,362</b>	<b>\$ 233,193</b>	<b>\$ 178,798</b>	<b>\$ 54,871</b>	<b>\$ 233,669</b>

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

**Universities Academic Pension Plan (UAPP)**

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2020 and was then extrapolated to March 31, 2022, resulting in a UAPP deficit of \$247,933 (2021 - \$817,447) consisting of a pre-1992 deficit of \$797,730 (2021 - \$832,342) and a post-1991 surplus of \$549,797 (2021 - \$14,895). 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% (2021 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.04% until June 30, 2022 and 3.57% thereafter of salaries required to eliminate the unfunded deficiency by December 31, 2043 (2021 - 3.04% of salaries until December 31, 2043). The Government of Alberta's obligation for the future additional contributions is \$226,028 (2021 - \$249,339) at March 31, 2022.

The unfunded deficiency for service after December 31, 1991 is financed by special payments of 2.50% of salaries until June 30, 2022, 0.00% thereafter, shared equally between employees and employers (2021 - 1.71% of salaries for 2022 and 2023; 0.70% of salaries for 2024 and 2025 and 0.25% of salaries for 2026 and 2027).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

(thousands of dollars)

**9. Employee future benefit liabilities (continued)**

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

**Long-term disability (LTD) and general illness (GI)**

The university provides long-term disability and general illness defined benefits to its academic and support staff. An actuarial valuation of these benefits was carried out as at March 31, 2022. The long-term disability plan provides pension and non-pension benefits after employment, but before the employee's normal retirement date. The general illness plan provides similar benefits but for a maximum of 26 weeks (academic staff) or 120 days (support staff).

**Early retirement**

The early retirement benefits for support staff include a bridge benefit (2022 - \$18,279; 2021 - \$19,117) and a retirement allowance (2022 - \$7,740; 2021 - \$7,807). An actuarial valuation of these benefits was carried out as at March 31, 2022. 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, 2022. 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, 2022.

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

	2022				2021			
	UAPP	LTD, GI <sup>(1)</sup>	Early retirement <sup>(1)</sup>	SRP, leave <sup>(1)</sup>	UAPP	LTD,GI <sup>(1)</sup>	Early retirement <sup>(1)</sup>	SRP, leave <sup>(1)</sup>
<b>Expense</b>								
Current service cost	\$ 53,242	\$ 14,159	\$ 762	\$ 200	\$ 48,434	\$ 15,384	\$ 969	\$ 184
Interest cost, net of earnings	8,377	1,694	608	209	15,198	1,881	771	252
Amortization of actuarial losses (gains)	1,223	504	(1,131)	(101)	13,207	794	(547)	(4)
	\$ 62,842	\$ 16,357	\$ 239	\$ 308	\$ 76,839	\$ 18,059	\$ 1,193	\$ 432
<b>Liability</b>								
<b>Accrued benefit obligation</b>								
Balance, beginning of year	\$ 1,538,068	\$ 41,522	\$ 16,752	\$ 6,009	\$ 1,396,194	\$ 42,653	\$ 19,618	\$ 7,034
Current service cost	53,242	14,159	762	200	48,434	15,384	969	184
Interest cost	80,952	1,694	608	209	79,065	1,881	771	252
Benefits paid	(69,089)	(17,108)	(1,144)	(1,028)	(65,516)	(18,186)	(997)	(1,425)
Actuarial losses (gains)	5,884	(891)	(1,087)	-	79,891	(210)	(3,609)	(36)
Balance, end of year	1,609,057	39,376	15,891	5,390	1,538,068	41,522	16,752	6,009
Plan assets	(1,603,705)	-	-	-	(1,398,043)	-	-	-
Plan deficit	5,352	39,376	15,891	5,390	140,025	41,522	16,752	6,009
Unamortized actuarial (losses) gains	120,189	(806)	10,128	407	(12,959)	(2,201)	10,172	520
Accrued benefit liability	\$ 125,541	\$ 38,570	\$ 26,019	\$ 5,797	\$ 127,066	\$ 39,321	\$ 26,924	\$ 6,529

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**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:

	2022			2021		
	UAPP	SRP, leave	LTD, GI, early retirement	UAPP	SRP, leave	LTD, GI, early retirement
	%	%	%	%	%	%
<b>Accrued benefit obligation</b>						
Discount rate	5.1	3.6	3.6	5.2	3.6	3.6
Long-term average compensation increase	3.0	2.0	2.0	3.0	2.0	2.0
<b>Benefit cost</b>						
Discount rate	5.2	3.6	3.6	5.6	3.8	3.6
Long-term average compensation increase	3.0	2.0	2.0	3.0	3.0	2.0
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 <sup>(1)</sup>	1 - 8 yrs	10.6 yrs	Note <sup>(1)</sup>	1 - 9 yrs

<sup>(1)</sup> 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 \$24,734 (2021 - \$27,278).

An actuarial valuation of the PSPP was carried out as at December 31, 2020 and was then extrapolated to December 31, 2021. At December 31, 2021, the PSPP reported an actuarial surplus of \$4,588,479 (2020 - \$2,223,582). For the year ended December 31, 2021 PSPP reported employer contributions of \$310,371 (2020 - \$323,497). For the 2021 calendar year, the university's employer contributions were \$25,815 (2020 calendar year - \$27,932).

**(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 \$5,963 (2021 - \$6,685).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**10. Debt**

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

	<b>Maturity Date</b>	<b>Weighted average interest rate %</b>	<b>2022</b>	<b>2021</b>
<b>Collateral</b>				
Title to land, building	November 2027 - March 2048	3.642	\$ 167,223	\$ 178,689
General Security Agreement	December 2028 - June 2049	2.881	163,766	155,238
Cash flows from facility	September 2028 - December 2047	5.001	37,746	39,194
None	December 2025 - September 2036	4.761	11,698	12,963
<b>Balance, end of year</b>			<b>\$ 380,433</b>	<b>\$ 386,084</b>

Interest expense on debt recognized in these consolidated financial statements is \$12,821 (2021 - \$13,199).

Land and buildings pledged as collateral have a net book value of \$254,671 (2021 - \$274,701).

Principal and interest payments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 16,555	\$ 13,125	\$ 29,680
2024	17,180	12,500	29,680
2025	17,831	11,849	29,680
2026	18,508	11,172	29,680
2027	18,900	10,470	29,370
Thereafter	291,459	90,949	382,408
	<b>\$ 380,433</b>	<b>\$ 150,065</b>	<b>\$ 530,498</b>

**11. Deferred revenue**

	<b>2022</b>			<b>2021</b>
	<b>Unspent externally restricted grants and donations</b>	<b>Student tuition and other revenue</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 633,476</b>	<b>\$ 61,073</b>	<b>\$ 694,549</b>	<b>\$ 569,742</b>
<b>Net change for the year</b>				
Grants, donations, endowment spending allocation and tuition	751,267	454,799	1,206,066	1,124,559
Transfers to spent deferred capital contributions	(109,921)	-	(109,921)	(104,911)
Recognized as revenue	(571,667)	(448,952)	(1,020,619)	(894,841)
<b>Net change for the year</b>	<b>69,679</b>	<b>5,847</b>	<b>75,526</b>	<b>124,807</b>
<b>Balance, end of year</b>	<b>\$ 703,155</b>	<b>\$ 66,920</b>	<b>\$ 770,075</b>	<b>\$ 694,549</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

(thousands of dollars)

**12. Tangible capital assets**

	2022					2021
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total	Total
<b>Cost</b>						
Beginning of year	\$ 3,806,894	\$ 1,390,634	\$ 503,876	\$ 81,607	\$ 5,783,011	\$ 5,615,326
Acquisitions	120,826	56,378	18,918	1,000	197,122	187,659
Disposals	(28,978)	(21,967)	(5,061)	(2,890)	(58,896)	(19,974)
	<b>3,898,742</b>	<b>1,425,045</b>	<b>517,733</b>	<b>79,717</b>	<b>5,921,237</b>	<b>5,783,011</b>
<b>Accumulated amortization</b>						
Beginning of year	1,585,018	1,130,562	386,482	-	3,102,062	2,958,246
Amortization expense	75,048	59,229	21,856	-	156,133	157,883
Disposals	(14,888)	(20,437)	(5,061)	-	(40,386)	(14,067)
	<b>1,645,178</b>	<b>1,169,354</b>	<b>403,277</b>	<b>-</b>	<b>3,217,809</b>	<b>3,102,062</b>
<b>Net book value, March 31, 2022</b>	<b>\$ 2,253,564</b>	<b>\$ 255,691</b>	<b>\$ 114,456</b>	<b>\$ 79,717</b>	<b>\$ 2,703,428</b>	<b>\$ 2,680,949</b>
Net book value, March 31, 2021	\$ 2,221,876	\$ 260,072	\$ 117,394	\$ 81,607	\$ 2,680,949	

Included in buildings and utilities is \$250,739 (2021 - \$152,633) 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 \$4,980 (2021 - \$3,913).

Disposals include the sale of two ancillary services buildings which resulted in a gain of \$34,917 (2021 - \$nil).

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.

	2022	2021
<b>Balance, beginning of year</b>	<b>\$ 1,807,927</b>	<b>\$ 1,799,471</b>
<b>Net change for the year</b>		
Transfers from unspent externally restricted grants and donations	109,921	104,911
Expended capital contributions recognized as revenue	(92,331)	(96,455)
Net change for the year	17,590	8,456
<b>Balance, end of year</b>	<b>\$ 1,825,517</b>	<b>\$ 1,807,927</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

(thousands of dollars)

**14. Net assets**

	Note	Unrestricted	Investment in tangible capital assets	Internally restricted	Endowments	Total
<b>Net assets, March 31, 2020</b>		\$ 89,093	\$ 569,136	\$ 40,051	\$ 1,284,568	\$ 1,982,848
<b>Annual operating surplus</b>		35,493	-	-	-	35,493
<b>Transfer to internally restricted</b>	23	(14,949)	-	14,949	-	-
<b>Endowments</b>						
New contributions		-	-	-	18,059	18,059
Capitalized investment income		-	-	-	98	98
Transfer to endowments		(1,308)	-	-	1,308	-
Transfer from endowments - encroachment		666	-	-	(666)	-
<b>Tangible capital assets</b>						
Acquisitions		(76,902)	76,902	-	-	-
Debt repayment		(16,233)	16,233	-	-	-
Debt - financing allocation		34,125	(34,125)	-	-	-
Amortization		61,428	(61,428)	-	-	-
<b>Change in accumulated remeasurement gains</b>		100,733	-	-	270,626	371,359
<b>Net assets, March 31, 2021</b>		\$ 212,146	\$ 566,718	\$ 55,000	\$ 1,573,993	\$ 2,407,857
<b>Annual operating surplus</b>		130,268	-	-	-	130,268
<b>Transfer to internally restricted</b>	23	(48,000)	-	48,000	-	-
<b>Endowments</b>						
New contributions		-	-	-	17,570	17,570
Capitalized investment income		-	-	-	5,730	5,730
Transfer to endowments		(594)	-	-	594	-
Transfer to endowments - encroachment		(31,188)	-	-	31,188	-
<b>Tangible capital assets</b>						
Acquisitions		(68,754)	68,754	-	-	-
Debt repayment		(19,301)	19,301	-	-	-
Debt - financing allocation		26,771	(26,771)	-	-	-
Amortization		63,802	(63,802)	-	-	-
<b>Change in accumulated remeasurement gains</b>		(5,771)	-	-	10,685	4,914
<b>Net assets, March 31, 2022</b>		\$ 259,379	\$ 564,200	\$ 103,000	\$ 1,639,760	\$ 2,566,339

**Net assets is comprised of:**

Accumulated surplus	\$ 159,416	\$ 564,200	\$ 103,000	\$ 1,294,546	\$ 2,121,162
Accumulated remeasurement gains <sup>(1)</sup>	99,963	-	-	345,214	445,177
	\$ 259,379	\$ 564,200	\$ 103,000	\$ 1,639,760	\$ 2,566,339

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**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. Of the total reserve, \$32,000 has been appropriated by management to the Strategic Initiatives Fund per the University Funds Investment Policy. These amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them.

	2022	2021
Investment income reserve	\$ 71,000	\$ 55,000
Strategic initiatives	32,000	-
	<b>\$ 103,000</b>	<b>\$ 55,000</b>

During the fiscal year, the university earned \$143,365 (2021 - \$70,682) of investment income from its endowment investments. This was sufficient to cover the current year endowment spending allocation of \$75,077, the temporary endowment encroachment of \$31,188, and the cumulative future commitment of \$31,370 as provided per the University Endowment Pool (UEP) Spending policy. The remaining amount earned of \$5,730 has been capitalized per university policy as it is not required to meet endowment spending obligations.

In fiscal years 2020 and 2021, the university incurred cumulative endowment expenditures of \$31,188 but did not earn sufficient endowment income to fund these expenditures. These expenditures were funded by transfers from endowment net assets which resulted in a temporary encroachment on endowment principal. These funding transfers flowed through unrestricted net assets. The encroachment recovery transfer in the current year also flowed through unrestricted net assets to endowment net assets. Since the expenditures were funded by an encroachment on endowment principal at no time during the past three fiscal years was the university's unrestricted net assets position impacted.

**15. Liability for contaminated sites**

The university recognized an estimated liability of \$1,043 (2021 - \$1,043) for the remediation and monitoring of hydrocarbon and salt contaminants on a contaminated site resulting from a liner leak in a wastewater pond. The estimate was determined based on a professional assessment of the clean-up required for the site. The 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**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 potential asset retirement obligations 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. 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 new Asset Retirement Obligation standard, which becomes effective April 1, 2022, will require the university to estimate the fair value of the asbestos removal obligation and record the obligations in its financial results.

**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:

	<b>Operating leases</b>	<b>Other contracts</b>	<b>Total</b>
2023	\$ 1,771	\$ 2,853	\$ 4,624
2024	1,041	2,790	3,831
2025	751	2,303	3,054
2026	530	678	1,208
2027	295	406	701
Thereafter	390	3,098	3,488
	<b>\$ 4,778</b>	<b>\$ 12,128</b>	<b>\$ 16,906</b>
<b>Total at March 31, 2021</b>	<b>\$ 4,468</b>	<b>\$ 15,233</b>	<b>\$ 19,701</b>

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**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
2023	\$ 60,771	\$ 106,320	\$ 2,262	\$ 169,353
2024	31,698	39,731	2,080	73,509
2025	2,615	26,918	1,345	30,878
2026	-	7,294	806	8,100
2027	-	648	640	1,288
Thereafter	-	-	397	397
	<b>\$ 95,084</b>	<b>\$ 180,911</b>	<b>\$ 7,530</b>	<b>\$ 283,525</b>
Total at March 31, 2021	\$ 332,858	\$ 136,160	\$ 9,573	\$ 478,591

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 five contracts (2021 - three contracts) with expenditures totaling \$22,319 (2021 - \$10,472) expire over the next three years.
  - Effective August 1, 2020, the university entered into an agreement with an external party for dining and catering services. The agreement has three years remaining with a total estimated cost of \$34,667 (2021 - \$44,990).
  - The university entered into two agreements with an external party for information technology support effective June 1, 2021. Infrastructure management services has four years remaining with a cost of \$4,671 (2021 - \$664, two months remaining), and application management services has four years remaining with a cost of \$8,078 (2021 - \$734, three months remaining).
  - Effective August 1, 2021, the university entered into an agreement with an external party for custodial services. The agreement has two years remaining with a cost of \$24,258 (2021 - \$2,373).
- (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, 2021, CURIE had an accumulated surplus of \$105,790 (2020 - \$99,449), of which the university's pro rata share is approximately 7.38% (2021 - 7.36%). 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.

In 2020, the university entered into a 25 year lease to provide space to an entity under common control for a nominal amount. The remaining fair value over the lease term is estimated to be \$6,242 (2021 - \$6,520).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2022**

*(thousands of dollars)*

**21. Budget**

The university's 2021-22 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

**22. Government transfers**

	2022	2021
<b>Government of Alberta grants</b>		
Advanced Education - Base operating grant	\$ 500,854	\$ 560,964
Advanced Education - other grants	118,729	129,191
Alberta Health Services - Academic Medicine and Health Sciences Program	58,540	55,476
Alberta Health Services - other grants	5,815	5,320
Jobs, Economy, and Innovation	51,502	44,410
Health	26,796	25,331
Other departments and agencies	3,532	9,367
	<b>765,768</b>	830,059
Expended capital contributions recognized as revenue	59,210	53,700
Deferred revenue	(98,268)	(103,772)
	<b>\$ 726,710</b>	<b>\$ 779,987</b>
<b>Federal and other government grants</b>		
Natural Sciences and Engineering Research Council	\$ 57,498	\$ 67,620
Canadian Institutes of Health Research	51,952	64,691
Social Sciences and Humanities Research Council	33,768	33,962
Canadian Foundation for Innovation	19,518	16,888
Canada Research Chairs	16,057	17,352
Canada First Research Excellence Fund	11,972	12,139
Other	47,398	62,992
	<b>238,163</b>	275,644
Expended capital contributions recognized as revenue	17,075	19,499
Deferred revenue	(42,949)	(66,488)
	<b>\$ 212,289</b>	<b>\$ 228,655</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**  
*(thousands of dollars)*

**23. Investment income**

	Note	2022	2021
<b>Portfolio investments - non-endowment</b>			
In support of operations		\$ 20,302	\$ 24,879
Transfer to investment income reserve	14	48,000	14,949
<b>Portfolio investments - restricted for endowments</b>			
Spending allocation recognized as revenue		76,999	63,857
Encroachment recovery		31,188	-
		<b>\$ 176,489</b>	<b>\$ 103,685</b>

**Investment income reserve**

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

**Encroachment recovery**

During the year the university earned additional investment income to cover the temporary encroachment on endowment principal used to fund endowment expenditures in the prior two fiscal years. The total recovery is \$31,188 and relates to endowment expenditures made in the prior two years (2021 - \$666; 2020 - \$30,522). This investment income, therefore, is not available to fund current university operations or initiatives.

**24. Expense by object**

	2022 Budget (Note 21)	2022	2021
Salaries	\$ 873,496	\$ 891,931	\$ 891,502
Employee benefits	193,052	194,447	208,711
Materials, supplies and services	239,468	243,735	214,278
Scholarships and bursaries	142,179	150,100	138,443
Maintenance and repairs	103,194	73,800	66,264
Utilities	50,383	56,665	46,698
Amortization of tangible capital assets	159,873	156,133	157,883
Loss on disposal of tangible capital assets	-	4,858	748
	<b>\$ 1,761,645</b>	<b>\$ 1,771,669</b>	<b>\$ 1,724,527</b>

Salaries and employee benefits include accrued termination benefits of \$4,046 (2021 - \$4,331) and \$100 (2021 - \$212) respectively.

**25. Funds held on behalf of others**

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

	2022	2021
Alberta Cancer Foundation	\$ 12,308	\$ -
Canadian Glycomics Network	6,607	5,391
Canadian Mountain Network	4,847	6,109
	<b>\$ 23,762</b>	<b>\$ 11,500</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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*(thousands of dollars)*

**26. Salaries and employee benefits**

2022						
	Base salary <sup>(8)</sup>	Other cash benefits <sup>(9)</sup>	Non-cash benefits <sup>(10)</sup>	Non-cash benefits (DC SRP) <sup>(11)</sup>	Non-cash benefits (leave) <sup>(12)</sup>	Total
<b>Governance <sup>(1)</sup></b>						
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>Executive</b>						
President	447	6	48	33	87	621
Provost and Vice-President (Academic) <sup>(13)</sup>	415	(4)	47	63	-	521
Vice-President (Research and Innovation) <sup>(2) (13)</sup>	313	3	44	13	-	373
Vice-President (Facilities and Operations)	370	4	46	35	17	472
Vice-President (University Services and Finance)	390	5	46	16	80	537
Vice-President (External Relations)	330	5	45	19	34	433

2021						
	Base salary <sup>(8)</sup>	Other cash benefits <sup>(9)</sup>	Non-cash benefits <sup>(10)</sup>	Non-cash benefits (DC SRP) <sup>(11)</sup>	Non-cash benefits (leave) <sup>(12)</sup>	Total
<b>Governance <sup>(1)</sup></b>						
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>Executive</b>						
President <sup>(3)</sup>	449	47	49	51	88	684
Provost and Vice-President (Academic) <sup>(13)</sup>	415	(12)	44	52	-	499
Vice-President (Research and Innovation) <sup>(2)</sup>	283	11	41	16	-	351
Vice-President (Facilities and Operations)	370	9	43	33	44	499
Vice-President (University Services and Finance) <sup>(4)</sup>	402	13	57	22	59	553
Vice-President (External Relations) <sup>(5)</sup>	83	1	14	3	10	111
Vice-President (University Relations) <sup>(6)</sup>	105	59	22	5	-	191
Vice-President (Advancement) <sup>(7)</sup>	154	44	27	11	-	236

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

(2) In 2022, two individuals held this position (interim Vice-President for 3 months and current incumbent for 9 months). In 2021, two individuals held this position (previous incumbent for one month, and interim Vice-President for 11 months). The interim Vice-President did not participate in any executive benefit programs except the DC SRP.

(3) In 2021, two individuals held this position for 3 months and 9 months respectively.

(4) In 2021, 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. The acting Vice-President did not participate in any executive benefit programs except the DC SRP.

(5) On July 24, 2020, the university created this new role. The incumbent was appointed effective January 1, 2021.

(6) This position was eliminated January 1, 2021. 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.

(7) This position was eliminated January 1, 2021. The interim Vice-President did not participate in any executive benefit programs except the DC SRP.

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

(9) Other cash benefits include academic executive allowances, market supplements, administrative supplements, vacation payouts, car allowances, mobile allowances and personal leave plan.

(10) 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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*(thousands of dollars)*

**26. Salaries and employee benefits (continued)**

(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:

		2021		2022	
	Years of eligible University of Alberta service	DC SRP obligation	Service costs	Interest and investment earnings <sup>(11a)</sup>	DC SRP obligation
President	2.0	\$ 25	\$ 32	\$ 1	\$ 58
Provost and Vice-President (Academic)	7.0	228	37	26	291
Vice-President (Research and Innovation)	1.0	-	13	-	13
Interim Vice-President (Research and Innovation)	2.0	28	(1)	1	28
Vice-President (Facilities and Operations)	6.0	115	22	13	150
Vice-President (University Services and Finance)	1.0	8	16	-	24
Vice-President (External Relations)	1.0	3	19	-	22

(11a) 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.

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

		2021		2022		
	Years of eligible University of Alberta service	Accrued benefit obligation	Service costs	Interest and other costs	Actuarial (gain) loss	Accrued benefit obligation <sup>(12a)</sup>
President	1.8	\$ 61	\$ 82	\$ 5	\$ -	\$ 148
Vice-President (Facilities and Operations)	5.0	172	10	7	(18)	171
Vice-President (University Services and Finance)	1.4	32	76	4	(8)	104
Vice-President (External Relations)	1.3	10	32	2	(5)	39

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

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

**27. Approval of financial statements**

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

**28. Comparative figures**

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