UNIVERSITY OF ALBERTA

Consolidated Financial Statements

For the Year Ended
March 31, 2015

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FINANCIAL REPORTING

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STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED MARCH 31, 2015

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, 2015 and the results of its operations 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 Committee. With the exception of the President, all members of the Audit Committee are not employees of the university. The Audit 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 Committee, with and without the presence of management.

These consolidated financial statements have been reported on by the Auditor General of the Province 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 Dr. Indira Samarasekera
President

Original signed by Phyllis Clark
Vice-President (Finance & Administration)
Chief Financial Officer

Independent Auditor's Report

To the Board of Governors of the University of Alberta

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the University of Alberta, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, remeasurement gains and losses, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University of Alberta as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 1, 2015

Edmonton, Alberta

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015
(thousands of dollars)

		2015		2014
ASSETS				
Cash and cash equivalents (note 4)	**$**	**57,963**	$	25,188
Portfolio investments (note 5)		**1,982,296**		1,883,164
Accounts receivable		**142,499**		110,461
Inventories and prepaid expenses		**13,493**		15,825
Tangible capital assets (note 7)		**2,770,078**		2,739,548
	$	**4,966,329**	$	4,774,186
LIABILITIES				
Accounts payable and accrued liabilities	**$**	**222,726**	$	251,036
Employee future benefit liabilities (note 8)		**253,389**		250,303
Debt (note 9)		**224,384**		202,023
Deferred revenue (note 10)		**2,577,093**		2,633,778
		3,277,592		3,337,140
NET ASSETS				
Endowments (note 11)		**1,181,493**		993,688
Accumulated operating surplus (note 12)		**477,197**		404,461
Accumulated remeasurement gains and losses		**30,047**		38,897
		1,688,737		1,437,046
	$	**4,966,329**	$	4,774,186

Contingent liabilities and contractual obligations (note 13 and 14)

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

	Budget (note 15)	**2015**	2014
REVENUE			
Government of Alberta grants (note 16)	$ 861,493	**$ 897,033**	$ 891,613
Federal and other government grants	188,670	**179,567**	188,057
Student tuition and fees	313,594	**316,223**	304,321
Sales of services and products	192,917	**186,557**	192,081
Donations and other grants	133,247	**149,195**	115,862
Investment income	58,900	**102,199**	72,601
	1,748,821	**1,830,774**	1,764,535
EXPENSE			
Learning	976,489	**983,239**	966,522
Research	441,921	**428,983**	438,905
Facility operations and maintenance	126,853	**126,623**	127,624
Special purpose	83,656	**117,934**	115,025
Ancillary services	110,404	**98,708**	98,085
	1,739,323	**1,755,487**	1,746,161
Excess of revenue over expense	9,498	**75,287**	18,374
Transfer (to) from endowments (note 11)	10,000	**(2,551)**	(14)
Change in accumulated operating surplus	19,498	**72,736**	18,360
Accumulated operating surplus, beginning of year	404,461	**404,461**	386,101
Accumulated operating surplus, end of year (note 12)	$ 423,959	**$ 477,197**	$ 404,461

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

	2015	2014
OPERATING TRANSACTIONS		
Excess of revenue over expense	**$ 75,287**	$ 18,374
Add (deduct) non-cash items:		
Amortization of tangible capital assets	**169,186**	169,151
Expended capital recognized as revenue	**(113,379)**	(114,226)
Losses on disposal of tangible capital assets	**986**	1,386
Inventory writedown	**-**	547
Increase in employee future benefit liabilities	**3,086**	10,608
(Increase) decrease in accounts receivable	**(32,038)**	12,261
Decrease (increase) in inventories and prepaid expenses	**2,332**	(3,367)
(Decrease) increase in accounts payable and accrued liabilities	**(28,403)**	46,150
Increase in deferred revenue, less expended capital recognized as revenue	**37,606**	29,875
Cash provided by operating transactions	**114,663**	170,759
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets, net of proceeds on disposals	**(181,614)**	(150,965)
Cash applied to capital transactions	**(181,614)**	(150,965)
INVESTING TRANSACTIONS		
Purchases of portfolio investments, net of sales	**(29,268)**	(118,665)
Endowment investment gains	**26,950**	60,227
Cash applied to investing transactions	**(2,318)**	(58,438)
FINANCING TRANSACTIONS		
Endowment donations	**79,683**	20,475
Debt repayment	**(12,639)**	(11,874)
Debt - new financing	**35,000**	38,075
Cash provided by financing transactions	**102,044**	46,676
Increase in cash and cash equivalents	**32,775**	8,032
Cash and cash equivalents, beginning of year	**25,188**	17,156
Cash and cash equivalents, end of year (note 4)	**$ 57,963**	$ 25,188

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, 2015
(thousands of dollars)

	2015	2014
Accumulated remeasurement gains, beginning of year	**$ 38,897**	$ 14,830
Unrealized gains (losses) attributable to:		
Portfolio investments	**36,000**	38,573
Derivatives	**-**	(1,292)
Amounts reclassified to consolidated statement of operations:		
Portfolio investments	**(46,142)**	(13,214)
Derivatives	**1,292**	-
Accumulated remeasurement gains, end of year	**$ 30,047**	$ 38,897

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

1. Authority and purpose

"The Governors of The University of Alberta" is a corporation which 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 Innovation and Advanced Education, with the exception of the Chancellor and President, who are ex officio members. Under the *Post-secondary Learning Act*, Campus Alberta Sector Regulation, 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.

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 and amortization of tangible capital assets 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) Net debt model presentation

PSAS require a net debt presentation for the consolidated statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as net debt or net financial assets as an indicator of future revenues required to pay for past transactions and events. The university operates within the government reporting entity and does not finance all its expenditures by independently raising revenues. Accordingly, these consolidated financial statements do not report a net debt indicator.

(c) Valuation of financial assets and liabilities

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

Portfolio investments - fair value
Cash and cash equivalents, Accounts receivable, Accounts payable and accrued liabilities, Debt - amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in accumulated remeasurement gains and losses, except for the restricted amount which is recognized as deferred revenue or endowment net assets. Upon settlement, the gains and losses are reclassified from accumulated remeasurement gains and losses and recognized as revenue or expense.

All financial assets are assessed annually for impairment. Impaired financial losses are recognized as a decrease in revenue, except for the restricted amount which is recognized as a decrease in deferred revenue or a decrease in endowment net assets. A write-down of an investment to reflect a loss 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.

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.

Derivatives are recorded at fair value in the consolidated statement of financial position. Derivatives with a positive or negative fair value are recognized as assets or liabilities. Unrealized gains and losses from changes in the fair value of derivatives are recognized in accumulated remeasurement gains and losses, except for the restricted amount which is recognized as deferred revenue or endowment net assets. Upon settlement, the gains and losses are reclassified from accumulated remeasurement gains and losses and recognized as revenue or expense.

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

(d) Revenue recognition

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. Unrestricted non-government grants and donations 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 and materials are recognized at fair value when a fair value can be reasonably determined. Volunteers as well as university staff contribute an indeterminable number of hours per year to assist the university in carrying out its mission; such contributed services are not recognized in these consolidated financial statements.

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 recorded at nominal value.

Endowments
Donations that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable. Investment income and unrealized gains and losses that also must be maintained in perpetuity are recognized as endowment net assets when received or receivable.

Investment income
Investment income includes dividends, interest income and realized gains and losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments from unrestricted grants and donations are recognized in accumulated remeasurement gains and losses until settlement. Once realized, these gains and losses are recognized as investment income. 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.

(e) Inventories

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method.

(f) Tangible capital assets

Tangible capital asset acquisitions are recorded at cost, which includes amounts that are directly related, such as design, construction, development, improvement or betterment of the asset. Cost includes overhead directly attributable to construction and development.

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 - 40 years
Equipment, furnishings and systems	3 - 10 years
Learning resources	10 years

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

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

(g) 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 and is 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 recorded 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 plans is charged to expense in full when the event occurs which obligates the university to provide the benefits. The cost of these benefits 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 benefits 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 executive based on years of service and earnings. The expense for these plans 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 and academic staff based on years of service and earnings. The expense for this plan 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 to accrue a paid leave of absence at the end of their executive appointment. The expense for these plans 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 plans is charged to expense in full when the event occurs which obligates the university to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method and management's best estimate of the period of employee disability.

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

(h) Investment in government partnerships

Proportionate consolidation is used to record 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) (8.33% interest) - a joint venture with eleven 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.

(i) Investment in government business enterprises

Effective March 11, 2015, the university established a wholly owned government business enterprise, University of Alberta Property Trust Inc. Government business enterprises are included in the consolidated financial statements using the modified equity method. As at March 31, 2015, this entity had no transactions.

(j) Expense by function

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

Learning
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.

(k) Future accounting changes

In March 2015, the Public Sector Accounting Board issued PS 2200 - Related party disclosures and PS 3420 Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these new standards on the consolidated financial statements. The university discloses transactions and balances related to the Government of Alberta in (note 16).

(thousands of dollars)

3. Change in accounting standard

In June 2010, the Public Sector Accounting Board issued PS 3260 (Liability for Contaminated Sites). This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, sediment of material (chemical, organic, radioactive) or live organism that exceeds an environmental standard. The adoption of this standard did not result in any adjustments to these consolidated financial statements.

4. Cash and cash equivalents

	2015	2014
Cash	**$ 26,569**	$ 20,202
Money market funds	**31,394**	4,986
	$ 57,963	$ 25,188

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

5. Portfolio investments

	2015	2014
Fair value		
Cash and money market funds	**$ 551,101**	$ 601,750
Floating rate notes	**6,982**	115,317
Canadian government and corporate bonds	**214,477**	175,505
Canadian equity	**339,872**	283,084
Foreign equity	**718,715**	574,741
Pooled hedge funds	**74,641**	64,516
Real estate funds	**70,090**	65,113
	1,975,878	1,880,026
Other at amortized cost	**6,418**	3,138
	$ 1,982,296	$ 1,883,164

As at March 31, 2015, the average effective yields and the terms to maturity are as follows:

- Money market funds: 1.11% (2014 - 1.29%); term to maturity: less than one year.
- Canadian government and corporate bonds: 0.75% (2014 - 1.99%); terms to maturity: range from less than one year to more than 10 years.

(thousands of dollars)

5. Portfolio investments (continued)

The categorization of portfolio investments measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable is as follows:

	2015				2014			
	Level 1 (1)	**Level 2 (2)**	**Level 3 (3)**	**Total**	Level 1	Level 2	Level 3	Total
Cash and money market funds	**$ 12,888**	**$ 538,213**	**$ -**	**$ 551,101**	$ 26,983	$ 574,767	$ -	$ 601,750
Floating rate notes	**-**	**-**	**6,982**	**6,982**	-	108,725	6,592	115,317
Canadian government and corporate bonds	**-**	**214,477**	**-**	**214,477**	-	175,505	-	175,505
Canadian equity	**330,825**	**-**	**9,047**	**339,872**	277,305	-	5,779	283,084
Foreign equity	**712,541**	**-**	**6,174**	**718,715**	574,741	-	-	574,741
Pooled hedge funds	**-**	**74,641**	**-**	**74,641**	-	64,516	-	64,516
Real estate funds	**2,274**	**-**	**67,816**	**70,090**	8,574	-	56,539	65,113
	$ 1,058,528	**$ 827,331**	**$ 90,019**	**$1,975,878**	$ 887,603	$ 923,513	$ 68,910	$ 1,880,026

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 (unobservable inputs).

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

	2015	2014
Balance, beginning of year	**$ 68,910**	$ 153,434
Unrealized gains	**10,813**	24,059
Purchases	**11,031**	2,904
Proceeds on sale	**(735)**	(3,620)
Floating rate notes from level 3 to level 2	**-**	(108,725)
Other	**-**	858
	$ 90,019	$ 68,910

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 subcommittee of the Board of Governors, has the delegated authority for oversight of the university's portfolio investments. The university's management for 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 Unitized Endowment Pool over a four year period as determined by the BNY Mellon Asset Servicing consulting report. At March 31, 2015, if market prices had a 7.0% (2014 - 7.7%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and endowment net assets for the year would be $82,705 (2014 - $76,917).

Foreign exchange risk
The university is exposed to foreign exchange risk on portfolio investments that are denominated in foreign currencies, specifically U.S dollars. The university does not use currency hedging or currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes.

(thousands of dollars)

6. Financial risk management (continued)

Credit risk

The university is exposed to credit risk on portfolio investments arising from the potential failure of a counterparty, debtor or issuer to honour its contractual obligations. To manage this risk, the university has established an investment policy with required minimum credit quality standards and issuer limits. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The distribution of money market funds (including floating rate notes) by risk rating area are as follows:

- Money market funds: R-1(high) 76.0% (2014 - 76.9%); R-1(mid) 24.0% (2014 - 23.1%).
- Bonds: AAA 95.4% (2014 - 25.4%); AA 2.9% (2014 - 35.5%); A 0.0% (2014 - 32.9%); BBB 0.0% (2014 - 1.4%); not rated 1.7% (2014 - 4.8%).

Liquidity risk

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 to ensure that funds are available to meet current and forecasted financial requirements. In 2015, the line of credit was not drawn upon.

Interest rate risk

Interest rate risk is the risk to the university's earnings that 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. Interest rate risk on the university's debt is managed through fixed interest rate agreements with Alberta Capital Finance Authority (note 9).

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 funds	100.0	-	-	1.1
Canadian government and corporate bonds	16.6	48.2	35.2	0.8
Floating rate notes	-	95.9	4.1	0.5

(thousands of dollars)

7. Tangible capital assets

	2015				
	Buildings and utilities	**Equipment, furnishings and systems**	**Learning resources**	**Land**	**Total**
Cost					
Beginning of year	**$ 3,227,490**	**$ 1,230,750**	**$ 360,319**	**$ 88,533**	**$ 4,907,092**
Acquisitions	**120,143**	**60,560**	**19,749**	**250**	**200,702**
Disposals	**(40)**	**(9,122)**	**-**	**-**	**(9,162)**
	3,347,593	**1,282,188**	**380,068**	**88,783**	**5,098,632**
Accumulated amortization					
Beginning of year	**1,008,629**	**897,807**	**261,108**	**-**	**2,167,544**
Amortization expense	**84,227**	**66,934**	**18,025**	**-**	**169,186**
Disposals	**(40)**	**(8,136)**	**-**	**-**	**(8,176)**
	1,092,816	**956,605**	**279,133**	**-**	**2,328,554**
	$ 2,254,777	**$ 325,583**	**$ 100,935**	**$ 88,783**	**$ 2,770,078**

	2014				
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total
Cost					
Beginning of year	$ 3,115,848	$ 1,197,978	$ 339,854	$ 85,463	$ 4,739,143
Acquisitions	111,642	44,003	20,465	3,070	179,180
Disposals	-	(11,231)	-	-	(11,231)
	3,227,490	1,230,750	360,319	88,533	4,907,092
Accumulated amortization					
Beginning of year	931,481	835,467	241,290	-	2,008,238
Amortization expense	77,148	72,185	19,818	-	169,151
Disposals	-	(9,845)	-	-	(9,845)
	1,008,629	897,807	261,108	-	2,167,544
	$ 2,218,861	$ 332,943	$ 99,211	$ 88,533	$ 2,739,548

Included in buildings and utilities is $150,572 (2014 - $145,612) recorded as construction in progress, which is not amortized as the assets are not in service.

Acquisitions include in kind donations in the amount of $19,088 (2014 - $28,215).

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.

(thousands of dollars)

8. Employee future benefit liabilities

	2015			2014		
	Academic staff	**Support staff**	**Total**	Academic staff	Support staff	Total
UAPP	**$ 167,833**	**$ -**	**$ 167,833**	$ 170,303	$ -	$ 170,303
Long-term disability	**7,700**	**19,529**	**27,229**	8,166	19,529	27,695
Early retirement	**8**	**25,265**	**25,273**	28	24,485	24,513
SRP (defined contribution)	**16,526**	**-**	**16,526**	13,663	-	13,663
SRP (defined benefit)	**9,259**	**-**	**9,259**	8,528	-	8,528
Administrative/professional leave	**4,792**	**-**	**4,792**	4,340	-	4,340
General illness	**1,577**	**900**	**2,477**	742	519	1,261
	$ 207,695	**$ 45,694**	**$ 253,389**	$ 205,770	$ 44,533	$ 250,303

(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, 2012 and was then extrapolated to March 31, 2015, resulting in a UAPP deficit of $1,129,894 (2014 - $1,056,921) consisting of a pre-1992 deficit ($883,098) and a post-1991 deficit ($246,796). 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 deficit for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2014 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.87% (2014 - 2.87%) of salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions is $313,536 at March 31, 2015. The unfunded deficit for service after December 31, 1991 is financed by special payments of 5.79% (2014 - 5.54%) of pensionable earnings shared equally between employees and employers until December 31, 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. The most recent actuarial valuation for these benefits was as at March 31, 2015. The long-term disability plans provide 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 bridge benefits and a retirement allowance. Bridge benefits allow 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 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. The early retirement benefit for academic staff was for bridge benefits and was terminated in 2004. Participants already receiving these benefits when the benefit was terminated will continue to receive bridge benefits under the original terms. An actuarial valuation of these benefits was carried out as at March 31, 2015.

Supplementary retirement plans (SRP)
The university provides non-contributory defined benefit supplementary retirement benefits to executive. The SRP obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries. An actuarial valuation of these benefits was carried out as at March 31, 2015.

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. An actuarial valuation of these benefits was carried out as at March 31, 2015.

(thousands of dollars)

8. Employee future benefit liabilities (continued)
(a) Defined benefit plans accounted for on a defined benefit basis (continued)

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

	2015				2014			
	UAPP	**LTD, GI** [1]	**Early retirement** [1]	**SRP, leave** [1]	UAPP	LTD,GI [1]	Early Retirement [1]	SRP, leave [1]
Expense								
Current service cost	**$ 37,272**	**$ 11,830**	**$ 1,094**	**$ 1,326**	$ 38,731	$ 12,272	$ 1,100	$ 1,756
Interest cost	**12,940**	**1,841**	**1,170**	**587**	13,437	1,878	1,210	593
Amortization of actuarial (gains) losses	**1,830**	**543**	**(181)**	**(485)**	4,444	579	(64)	(16)
	$ 52,042	**$ 14,214**	**$ 2,083**	**$ 1,428**	$ 56,612	$ 14,729	$ 2,246	$ 2,333
Liability								
Accrued benefit obligation								
Balance, beginning of year	**$ 962,719**	**$ 30,980**	**$ 22,507**	**$10,422**	$ 864,438	$ 31,042	$ 22,925	$10,099
Current service cost	**37,272**	**11,830**	**1,094**	**1,326**	38,731	12,272	1,100	1,756
Interest cost	**64,556**	**1,841**	**1,170**	**587**	54,835	1,878	1,210	593
Benefits paid	**(43,752)**	**(13,464)**	**(1,323)**	**(244)**	(37,458)	(14,478)	(1,497)	(77)
Actuarial (gains) losses	**55,240**	**(1,569)**	**(804)**	**1,324**	42,173	266	(1,231)	(1,949)
Balance, end of year	**1,076,035**	**29,618**	**22,644**	**13,415**	962,719	30,980	22,507	10,422
Plan assets	**(874,302)**	**-**	**-**	**-**	(776,681)	-	-	-
Plan deficit	**201,733**	**29,618**	**22,644**	**13,415**	186,038	30,980	22,507	10,422
Unamortized actuarial gains (losses)	**(33,900)**	**88**	**2,629**	**636**	(15,735)	(2,024)	2,006	2,446
	$ 167,833	**$ 29,706**	**$ 25,273**	**$14,051**	$ 170,303	$ 28,956	$ 24,513	$12,868

[1] The university plans to use its working capital to finance these future obligations.

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

	2015		2014	
	UAPP, SRP, leave	**LTD, GI, early retirement**	UAPP, SRP, leave	LTD, GI, early retirement
	%	%	%	%
Accrued benefit obligation				
Discount rate	**4.8 - 6.1**	**4.8**	5.1 - 6.2	5.1
Long-term average compensation increase	**0.0 - 3.5**	**3.0**	0.0 - 3.5	3.0
Benefit cost				
Discount rate	**5.1 - 6.6**	**4.8**	5.2 - 6.6	5.1
Long-term average compensation increase	**2.0 - 3.5**	**3.0**	2.0 - 3.5	3.0
Alberta inflation (long-term)	**2.25**	**2.5**	2.25	2.5
Estimated average remaining services life [1]	**8.6 yrs**	**4 - 11 yrs**	8.6 yrs	4 - 11 yrs

[1] SRP actuarial gains and losses are amortized over the remaining contract terms of the participants.

8. Employee future benefit liabilities (continued)

(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 recorded in these consolidated financial statements is $32,186 (2014 - $31,984).

An actuarial valuation of the PSPP was carried out as at December 31, 2013 and was then extrapolated to December 31, 2014. At December 31, 2014, the PSPP reported an actuarial deficit of $803,299 (2013 - $1,254,678). For the year ended December 31, 2014 PSPP reported employer contributions of $326,134 (2013 - $315,830). For the 2014 calendar year, the university's employer contributions were $31,968 (2013 calendar year - $32,101). PSPP's deficit is being discharged through additional contributions from both employees and employers until 2026 (2013 - 2026). Other than the requirement to make increased contributions, the university does not bear any risk related to the PSPP deficit.

(c) Defined contribution plan

Supplementary retirement plan (SRP)
The university provides non-contributory defined contribution supplementary retirement benefits to eligible executive and academic staff members. The expense recorded in these statements is $2,863 (2014 - $2,904).

(thousands of dollars)

9. Debt

The university has the following debt with Alberta Capital Finance Authority:

	Collateral	Maturity Date	Interest rate %	2015	2014
Natural Resources Engineering Facility	2	June 2014	4.974	**$ -**	$ 1,000
Energy Management Program, Year 1	3	September 2014	4.551	**-**	215
Energy Management Program, Year 2	3	March 2016	4.525	**476**	931
Natural Resources Engineering Facility	2	June 2017	5.056	**2,389**	3,264
Health Research Innovation Facility	3	June 2017	5.053	**4,866**	6,649
Extension Centre	3	October 2017	8.750	**809**	1,037
Energy Management Program, Year 3	3	December 2017	4.493	**1,218**	1,589
Energy Management Program, Year 4	3	March 2019	3.718	**1,556**	1,911
Steam Turbine Generator	2	May 2020	6.250	**7,358**	8,345
Newton Place	1	August 2024	6.000	**9,198**	9,856
Newton Place Renovation	1	August 2024	6.000	**1,590**	1,704
Energy Management Program, Year 5	3	December 2025	3.885	**2,754**	2,952
Energy Management Program, Year 6	3	September 2027	2.599	**3,007**	3,208
Lister Residence II	1	November 2027	5.875	**14,949**	15,703
Windsor Car Park	2	September 2028	6.000	**5,017**	5,242
Saville Centre	2	December 2028	5.875	**3,295**	3,444
Energy Management Program, Year 7	4	December 2028	3.295	**3,387**	3,575
East Campus Village	1	March 2029	4.960	**6,677**	7,001
Centennial Centre for Interdisciplinary Science Phase I	3	September 2029	5.353	**7,300**	7,626
Energy Management Program, Year 8	4	December 2029	2.676	**5,000**	-
Health Research Innovation Facility	3	June 2032	5.191	**4,673**	4,834
Students' Union Building Renovations	4	December 2033	3.623	**12,548**	13,000
Physical Activity & Wellness Centre	4	June 2034	3.216	**29,460**	-
Killam Centre	3	September 2036	4.810	**1,759**	1,805
Enterprise Square	1	September 2036	4.627	**36,092**	37,056
East Campus Village - Graduate Housing	2	September 2040	4.886	**23,137**	23,586
East Campus Village - 2012	1	June 2043	3.273	**20,849**	21,287
Jubilee Carpark	2	December 2047	4.814	**15,020**	15,203
				$ 224,384	$ 202,023

1 - title to land, building; 2 - cash flows from facility; 3 - none; 4 - general security agreement

Interest expense on debt recorded in these consolidated financial statements is $10,283 (2014 - $10,088).

Principal and interest payments are as follows:

	Principal	Interest	Total
2016	$ 12,818	$ 10,037	$ 22,855
2017	12,945	9,417	22,362
2018	12,017	8,783	20,800
2019	10,241	8,240	18,481
2020	10,302	7,756	18,058
Thereafter	166,061	66,658	232,719
	$ 224,384	$ 110,891	$ 335,275

(thousands of dollars)

10. Deferred revenue

Deferred revenue is comprised of restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue), unspent externally restricted grants and donations and unearned tuition and other revenue.

	2015				
	Restricted				
	Research and special purpose	**Capital**	**Total**	**Student tuition and other revenue**	**Total**
Balance, beginning of year	**$ 453,240**	**$ 2,156,782**	**$ 2,610,022**	**$ 23,756**	**$ 2,633,778**
Net change for the year					
Grants, donations, tuition	**587,142**	**27,913**	**615,055**	**318,298**	**933,353**
Investment income	**1,624**	**(393)**	**1,231**	**-**	**1,231**
Unearned capital acquisition transfers	**(55,085)**	**55,085**	**-**	**-**	**-**
Debt repayment	**(46)**	**46**	**-**	**-**	**-**
Recognized as revenue	**(556,395)**	**(113,379)**	**(669,774)**	**(321,495)**	**(991,269)**
Total net change for the year	**(22,760)**	**(30,728)**	**(53,488)**	**(3,197)**	**(56,685)**
	$ 430,480	**$ 2,126,054**	**$ 2,556,534**	**$ 20,559**	**$ 2,577,093**

	2014				
	Restricted				
	Research and special purpose	Capital	Total	Student tuition and other revenue	Total
Balance, beginning of year	$ 450,066	$ 2,215,497	$ 2,665,563	$ 24,351	$ 2,689,914
Net change for the year					
Grants, donations, tuition	526,710	(1,269)	525,441	305,434	830,875
Investment income	850	89	939	-	939
Unearned capital acquisition transfers	(56,647)	56,647	-	-	-
Debt repayment	(44)	44	-	-	-
Recognized as revenue	(467,695)	(114,226)	(581,921)	(306,029)	(887,950)
Total net change for the year	3,174	(58,715)	(55,541)	(595)	(56,136)
	$ 453,240	$ 2,156,782	$ 2,610,022	$ 23,756	$ 2,633,778

Capital is comprised of $2,050,263 (2014 - $2,060,596) restricted grants and donations spent on tangible capital acquisitions and $75,791 (2014 - $96,186) of unspent restricted grants and donations. The expended capital is deferred and will be recognized as revenue when the terms are met.

(thousands of dollars)

11. Endowments

Endowments consist of externally restricted donations 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 on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as university policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and by reinvesting unexpended income.

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

- Income earned by the endowments to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.
- Encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment 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 cumulative capitalized income. However, for individual endowments without sufficient cumulative capitalized income, endowment principal is used in that year. This amount is expected to be recovered by future investment income.

	2015	2014
Balance, beginning of year	**$ 993,688**	$ 879,861
Donations	**79,683**	20,475
Investment - unrealized gains capitalized	**78,621**	33,111
Investment - realized gains capitalized	**26,950**	60,227
Transfer to endowments	**2,551**	14
	$ 1,181,493	$ 993,688

Endowments are comprised of:

	2015	2014
Donations	**$ 764,470**	$ 684,787
Capitalized income	**417,023**	308,901
	$ 1,181,493	$ 993,688

In 2015, donations include the capitalization of an Innovation and Advanced Education Access to the Future Fund grant of $54,380.

Capitalized income includes cumulative investment unrealized gains of $169,506 (2014 - $90,885).

(thousands of dollars)

12. Accumulated operating surplus

	Accumulated deficit from operations	Investment in tangible capital assets	Total accumulated operating surplus
Balance as at March 31, 2013	$ (76,132)	$ 462,233	$ 386,101
Excess of revenue over expense	18,374	-	18,374
Transfer to endowments	(14)	-	(14)
Acquisition of tangible capital assets	(99,354)	99,354	-
Debt repayment	(10,229)	10,229	-
Debt - new financing	22,274	(22,274)	-
Net book value of asset disposals	707	(707)	-
Amortization of tangible capital assets	55,201	(55,201)	-
Balance as at March 31, 2014	$ (89,173)	$ 493,634	$ 404,461
Excess of revenue over expense	75,287	-	75,287
Transfer to endowments	(2,551)	-	(2,551)
Acquisition of tangible capital assets	(98,875)	98,875	-
Debt repayment	(10,268)	10,268	-
Debt - new financing	37,319	(37,319)	-
Net book value of asset disposals	220	(220)	-
Amortization of tangible capital assets	55,807	(55,807)	-
Balance as at March 31, 2015	**$ (32,234)**	**$ 509,431**	**$ 477,197**

13. 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 recording 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 assets will be recorded 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.

(thousands of dollars)

14. 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 are as follows:

	Service contracts	Capital projects	Long-term leases	Total
2016	$ 84,294	$ 124,940	$ 5,718	$ 214,952
2017	42,922	41,036	4,983	88,941
2018	30,263	13,508	2,578	46,349
2019	16,980	-	1,640	18,620
2020	9,167	-	1,128	10,295
Thereafter	962	-	3,673	4,635
	$ 184,588	$ 179,484	$ 19,720	$ 383,792

The significant service contracts are as follows:

- In order to manage its exposure to the volatility in the electrical industry, the university has entered into contracts to fix a portion of its electrical cost. The six contracts (2014 - six contracts) with expenditures totaling $88,101 (2014 - $91,440) expire over the next five years.

- Effective November 1, 2010, the university entered into an agreement with an external party for dining and catering services. The agreement has four months remaining with a total estimated cost of $3,500 (2014 - $14,000).

- Effective July 1, 2010 the university entered into an agreement for infrastructure management services. The agreement has three months remaining with a cost of $887 (2014 - $3,018). Effective July 1, 2013 the university entered into an agreement for application management services. The agreement has three months remaining with a cost of $687 (2014 - $3,435).

- Effective August 1, 2014, the university entered into an agreement with an external party for custodial services. The agreement has two years remaining with a cost of $17,344 (2014 - $2,000).

(b) The university is one of 58 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, 2014 CURIE had a surplus of $74,231 (2013 - $71,331), of which the university's pro rata share is approximately 7.18% (2014 - 7.13%). This surplus is not recorded in the consolidated financial statements.

15. Budget

The university's 2014-15 budget was approved by the Board of Governors and was presented to the Minister of Innovation and Advanced Education as part of the university's submission of its 2014-15 Comprehensive Institutional Plan.

(thousands of dollars)

16. Government of Alberta grants

	2015	2014
Innovation and Advanced Education - Campus Alberta grant	**$ 588,813**	$ 579,924
Innovation and Advanced Education - Access to the Future Fund grant	**58,714**	-
Innovation and Advanced Education - other grants	**107,005**	94,273
Infrastructure	**-**	22,455
Health - Academic Alternative Relationship Plans	**62,240**	58,027
Health - other grants	**59,816**	69,205
Alberta Health Services	**8,803**	4,726
Other departments and agencies	**13,120**	18,773
	898,511	847,383
Restricted expended capital recognized as revenue	**91,476**	93,608
Deferred revenue	**(92,954)**	(49,378)
	$ 897,033	$ 891,613

The net amount receivable is $17,387 (2014 - $1,401).

The university holds $11,395 on behalf of government agencies.

17. Expense by object

	2015 Budget	2015	2014
Salaries	$ 875,530	**$ 878,666**	$ 896,266
Employee benefits	177,093	**179,373**	182,899
Materials, supplies and services	199,759	**205,483**	179,424
Cost of goods sold	92,413	**101,376**	104,502
Scholarships and bursaries	85,158	**89,933**	89,150
Maintenance and repairs	84,259	**87,141**	78,423
Utilities	48,506	**44,329**	46,346
Amortization of tangible capital assets	176,605	**169,186**	169,151
	$ 1,739,323	**$ 1,755,487**	$ 1,746,161

(thousands of dollars)

18. Salaries and employee benefits

2015					
	Base salary [4]	**Non-cash benefits** [5]	**Non-cash benefits (SRP)** [6]	**Non-cash benefits (leave)** [7]	**Total**
Governance [1]					
Board of Governors	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Executive					
President	**549**	**50**	**274**	**107**	**980**
Provost and Vice-President (Academic) [2]	**450**	**39**	**43**	**76**	**608**
Vice-President (Research)	**504**	**95**	**76**	**93**	**768**
Vice-President (Facilities and Operations)	**477**	**42**	**115**	**72**	**706**
Vice-President (Finance and Administration)	**467**	**33**	**124**	**72**	**696**
Vice-President (University Relations)	**383**	**40**	**88**	**-**	**511**
Vice-President (Advancement) [3]	**386**	**34**	**58**	**-**	**478**

2014					
	Base salary [4]	Non-cash benefits [5]	Non-cash benefits (SRP) [6]	Non-cash benefits (leave) [7]	Total
Governance [1]					
Board of Governors	$ -	$ -	$ -	$ -	$ -
Executive					
President	544	47	426	127	1,144
Provost and Vice-President (Academic) [2]	420	36	40	206	702
Vice-President (Research)	496	95	104	109	804
Vice-President (Facilities and Operations)	472	41	166	99	778
Vice-President (Finance and Administration)	459	33	179	101	772
Vice-President (University Relations)	377	39	106	-	522
Vice-President (Advancement)	383	35	77	-	495

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

(2) In 2015, two individuals held this position. The interim Provost and Vice-President (Academic) does not participate in any executive benefit programs. In 2014, two individuals held this position. The acting Provost and Vice-President (Academic) did not participate in any executive benefit programs.

(3) In 2015, two individuals held this position. The interim Vice-President (Advancement) does not participate in any executive benefit programs.

(4) Base salary includes pensionable base pay for all executive, as well as an administrative stipend and market supplement for some executives. Certain base salary amounts also include a car allowance, a reduction for amounts recovered from workers' compensation, and a reduction for the optional personal leave program (days off without pay).

(5) 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 parking, supplemental life insurance, forgivable housing loans, mobile device allowances, and club dues. Additional non cash benefits for the President include expenses related to the personal use portion of the residence which the President rents from the university.

(6) Under the terms of the 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 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.

(thousands of dollars)

18. Salaries and employee benefits (continued)

The supplementary retirement plan current service cost and accrued obligation is as follows:

		2014	**2015**			
	Years of eligible University of Alberta service	Accrued obligation	**Service costs**	**Interest and other costs** (6b)	**Actuarial losses (gains)**	**Accrued obligation** (6d)
President	9.8	$ 2,160	**$ 247**	**$ 27**	**$ 572**	**$ 3,006**
Provost and Vice-President (Academic) (6a)	11.8	903	**84**	**11**	**162**	**1,160**
Vice-President (Research)	7.8	467	**69**	**7**	**129**	**672**
Vice-President (Facilities and Operations) (6b)	12.0	715	**105**	**10**	**222**	**1,052**
Vice-President (Finance and Administration) (6b)	12.7	740	**114**	**11**	**187**	**1,052**
Vice-President (University Relations)	4.7	306	**82**	**6**	**(33)**	**361**
Vice-President (Advancement) (6c)	-	194	**53**	**(240)**	**(7)**	**-**

(6a) The former Provost and Vice-President (Academic) continues to accrue pensionable service in accordance with the terms of an agreement with the university.

(6b) Includes additional costs with respect to plan amendments.

(6c) A benefit payment for the former Vice-President (Advancement) is included with interest and other costs.

(6d) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in (note 8).

(7) The leave plan current service cost and accrued obligation for each executive is as follows:

		2014	**2015**			
	Years of eligible University of Alberta service	Accrued obligation	**Service costs**	**Interest and other costs**	**Actuarial losses (gains)**	**Accrued obligation** (7c)
President	9.8	$ 909	**$ 104**	**$ 3**	**$ 41**	**$ 1,057**
Provost and Vice–President (Academic) (7a)	2.9	183	**74**	**1**	**43**	**301**
Vice-President (Research)	7.8	602	**89**	**4**	**63**	**758**
Vice-President (Facilities and Operations)	12.2	937	**71**	**2**	**86**	**1,096**
Vice-President (Finance and Administration) (7b)	12.5	975	**70**	**2**	**95**	**1,142**

(7a) The former Provost and Vice-President (Academic) includes service cost for the time in the position.

(7b) The Vice-President (Finance and Administration) has accrued the maximum leave eligibility available.

(7c) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in (note 8).

19. Approval of financial statements

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

20. Comparative figures

Certain 2014 comparative figures have been reclassified to conform to the 2015 presentation.