Statement of Management Responsibility

The financial statements of the Southern Alberta Institute of Technology ("the Institute") have been prepared by management in accordance with Canadian public sector accounting standards. The financial statements present fairly the financial position of the Institute, as at June 30, 2018 and the results of its operations, changes in net financial assets, remeasurement gains and losses, 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 the Institute's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

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

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit Committee. With the exception of the President, all members of the Audit Committee are not employees of the Institute. 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 presence of management.

These 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 financial statements.

[Original signed by Dr. David G. Ross]

Dr. David G. Ross
President and CEO

[Original signed by Roy Daykin]

Roy Daykin, MA, CPA, CGA
CFO and VP, Corporate Services

Auditor General OF ALBERTA

Independent Auditor's Report

To the Board of Governors of the Southern Alberta Institute of Technology

Report on the Financial Statements

I have audited the accompanying financial statements of the Southern Alberta Institute of Technology, which comprise the statement of financial position as at June 30, 2018 and the statements of operations, change in net financial assets (net debt), 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Southern Alberta Institute of Technology as at June 30, 2018, 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.

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

September 11, 2018
Edmonton, Alberta

STATEMENT OF FINANCIAL POSITION

As at June 30, 2018 (in thousands)		2018		2017
Financial assets excluding portfolio investments restricted for endowments				
Cash and cash equivalents (Note 4)	**$**	**150,668**	$	167,592
Portfolio investments - non-endowment (Note 5)		**40,691**		37,600
Investment in government business partnership (Note 6)		**1,217**		980
Accounts receivable		**8,317**		7,666
Inventories held for sale		**1,139**		1,390
		202,032		215,228
Liabilities				
Accounts payable and accrued liabilities		**55,577**		55,449
Employee future benefit liabilities (Note 8)		**9,166**		9,972
Debt (Note 9)		**127,712**		132,344
Deferred revenue (Note 10)		**44,674**		50,506
		237,129		248,271
Net debt excluding portfolio investments restricted for endowments		**(35,097)**		(33,043)
Portfolio investments - restricted for endowments (Note 5)		**49,390**		45,431
Net financial assets	**$**	**14,293**	$	12,388
Non-financial assets				
Tangible capital assets (Note 11)		**726,614**		706,811
Prepaid expenses		**1,592**		2,152
		728,206		708,963
Net assets before spent deferred capital contributions		**742,499**		721,351
Spent deferred capital contributions (Note 12)		**437,951**		437,419
Net assets (Note 13)	**$**	**304,548**	$	283,932
Net assets is comprised of:				
Accumulated surplus	**$**	**302,093**	$	278,681
Accumulated remeasurement gains		**2,455**		5,251
	$	**304,548**	$	283,932

Contingent assets and contractual rights (Notes 14 and 16)
Contingent liabilities and contractual obligations (Notes 15 and 17)

Approved by the Board of Governors

[Original signed by Heather Culbert]

Heather Culbert
Chair, Board of Governors

[Original signed by Sophia Langlois]

Sophia Langlois
Chair, Audit Committee

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

STATEMENT OF OPERATIONS

For the Year Ended June 30, 2018 (in thousands)	Budget (Note 23)	**2018**	2017
Revenues			
Government of Alberta grants (Note 21)	$ 188,128	**$ 191,246**	$ 190,640
Federal and other government grants (Note 21)	5,560	**4,476**	8,702
Student tuition and fees	106,975	**104,155**	107,132
Sales of services and products	37,214	**37,676**	35,549
Donations and other contributions	12,227	**11,663**	13,352
Investment income	3,259	**10,308**	3,790
Gain on sale of capital assets held for resale	–	**–**	3,292
	353,363	**359,524**	362,457
Expenses			
Academic costs and institutional support	250,418	**245,446**	254,971
Facility operations and maintenance	73,786	**72,141**	67,978
Ancillary services	24,832	**23,038**	23,514
Sponsored research	4,327	**4,296**	4,910
	353,363	**344,921**	351,373
Annual operating surplus	–	**14,603**	11,084
Endowment contributions	–	**1,402**	2,028
Endowment capitalized investment income	–	**7,407**	990
Annual surplus	–	**23,412**	14,102
Accumulated surplus, beginning of year	–	**278,681**	264,579
Accumulated surplus, end of year	$ –	**$ 302,093**	$ 278,681

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

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

For the Year Ended June 30, 2018 (in thousands)		2018		2017
Annual surplus	**$**	**23,412**	$	14,102
Acquisition of tangible capital assets (Note 11)		**(69,893)**		(37,905)
Proceeds from sale of tangible capital assets		**313**		650
Amortization of tangible capital assets (Note 11)		**49,108**		47,281
Loss on the disposal of tangible capital assets		**669**		1,408
Change in prepaid expenses		**560**		(358)
Change in spent deferred capital contributions		**532**		(9,764)
Change in accumulated remeasurement gains (losses)		**(2,796)**		906
Decrease in net debt		**1,905**		16,320
Net financial assets (net debt), beginning of year		**12,388**		(3,932)
Net financial assets, end of year	**$**	**14,293**	$	12,388

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

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended June 30, 2018 (in thousands)		2018		2017
Accumulated remeasurement gains, beginning of year	**$**	**5,251**	$	4,345
Unrealized gains (losses) attributable to:				
Portfolio investments - non-endowment		**3,277**		1,837
Foreign exchange		**(22)**		(49)
Amounts reclassified to the statement of operations:				
Portfolio investments - non-endowment		**(6,100)**		(887)
Foreign exchange		**49**		5
Accumulated remeasurement gains, end of year	**$**	**2,455**	$	5,251
Accumulated remeasurement gains is comprised of:				
Portfolio investments - non-endowment	**$**	**2,477**	$	5,300
Foreign exchange		**(22)**		(49)
	$	**2,455**	$	5,251

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

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018 (in thousands)	2018	2017
Operating Transactions		
Annual surplus	**$ 23,412**	$ 14,102
Add (deduct) non-cash items:		
Amortization of tangible capital assets	**49,108**	47,281
Gain on sale of portfolio investments	**(6,100)**	(887)
Loss on disposal of tangible capital assets	**669**	1,408
Capital gifts in kind received	**(1,690)**	(305)
Gain on disposal of capital assets held for sale	**–**	(3,292)
Expended capital recognized as revenue (Note 12)	**(24,822)**	(26,280)
Change in investment in government business enterprise	**(237)**	472
(Decrease) increase in employee future benefit liabilities	**(806)**	820
Change in non-cash items	**39,534**	33,319
(Increase) decrease in accounts receivable	**(651)**	508
Decrease in lease receivable	**–**	1,520
Decrease (increase) in inventories held for sale	**251**	(114)
Increase in accounts payable and accrued liabilities	**128**	6,969
(Decrease) increase in deferred revenue	**(348)**	765
Decrease (increase) in prepaid expenses	**560**	(358)
Cash provided by operating transactions	**39,474**	42,609
Capital Transactions		
Acquisition of tangible capital assets, less in-kind donations	**(68,203)**	(37,600)
Proceeds on sale of tangible capital assets	**313**	650
Proceeds on sale of capital assets held for sale	**–**	4,925
Cash applied to capital transactions	**(67,890)**	(32,025)
Investing Transactions		
Purchases of portfolio investments	**(64,930)**	(10,111)
Proceeds on sale of portfolio investments	**55,700**	6,896
Cash applied to investing transactions	**(9,230)**	(3,215)
Financing Transactions		
Debt repayment	**(4,632)**	(4,405)
Increase in spent deferred capital contributions, less expended capital recognized as revenue	**25,354**	16,516
Cash provided by financing transactions	**20,722**	12,111
(Decrease) increase in cash and cash equivalents	**(16,924)**	19,480
Cash and cash equivalents, beginning of year	**167,592**	148,112
Cash and cash equivalents, end of year (Note 4)	**$ 150,668**	$ 167,592

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

Notes to the Financial Statements

For the Year Ended June 30, 2018 (in thousands)

NOTE 1. AUTHORITY AND PURPOSE

The Board of Governors of the Southern Alberta Institute of Technology is a corporation which manages and operates the Southern Alberta Institute of Technology ("the Institute") 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 President, who is an *ex officio* member. Under the *Post-Secondary Learning Act*, Campus Alberta Sector Regulation, the Institute is a polytechnic institute offering degree, diploma, and certificate programs as well as a full range of continuing education programs and activities. The Institute is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

A. General – Public Sector Accounting Standards (PSAS) and Use of Estimates

The Institute's financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS).

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. The Institute's management uses judgment to determine such estimates. Employee future benefit liabilities and amortization of tangible capital assets and the recognition of revenue for expended capital 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 financial statements and, together with the following notes, should be considered an integral part of the financial statements.

B. Valuation of Financial Assets and Liabilities

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

Financial Statement Component	Measurement
Cash and cash equivalents	Cost or amortized cost
Portfolio investments	Fair value
Inventories held for sale	Lower of cost or net realizable value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost

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

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments 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.

The Institute does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement 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 Institute's normal purchase, sale, or usage requirements are not recognized as financial assets or financial liabilities. The Institute does not have any embedded derivatives that require separate measurement in the financial statements.

C. Revenue Recognition

All revenues are reported on the accrual basis of accounting. Cash received for goods or services that have not been provided by year end is recognized as deferred revenue.

i. 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 the use, or the terms along with the Institute's actions and communications as to the use thereof, create a liability. These grants and donations are recognized as revenue as 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 recorded as revenue when the Institute is eligible to receive the funds. Unrestricted non-government grants are recorded as revenue in the year received or in the year the funds are committed to the Institute, if the amount can be reasonably estimated and collection is reasonably assured.

In-kind donations of services, materials, and tangible capital assets are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist the Institute, the value of their services is not recognized as revenue or expenses in the financial statements because fair value cannot be reasonably determined. Transfers of tangible capital assets from related parties are recorded at the carrying value.

ii. 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.

The Institute recognizes in-kind contributions of land as revenue at the fair value of the land, when a fair value can be reasonably determined. When the Institute cannot determine the fair value, such in-kind contributions are recognized at nominal value.

iii. Endowments

Endowments consist of externally restricted donations received by the Institute and internal allocations by the Institute'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 Institute policy, stipulate the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation can be funded either from accumulated capitalized income or operational investment income.

Endowment contributions and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the statement of operations in the year in which they are received.

iv. Investment income

Investment income includes dividend and interest income, and realized gains or 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 income 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 the use by the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the statement of operations.

D. Inventories Held for Sale

Inventories held for sale are valued at the lower of cost and expected net realizable value, and are determined using the first in, first out (FIFO) method.

E. Tangible Capital Assets

Tangible capital assets are recognized at cost, which includes amounts that are directly related to the acquisition, 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, as well as interest costs directly attributable to the acquisition or construction of the asset. Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service. Assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Amortization of the asset ceases when the asset is classified as held for sale.

Capital lease liabilities are recognized at the present value of the future minimum lease payments at the inception of the lease, excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Institute's rate for incremental borrowing or the interest rate implicit in the lease.

Significant assets that have separately identifiable components with materially different useful lives are amortized according to the components' useful life when determinable and reasonable estimates can be made of the lives of separate components.

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 site improvements	10 – 40 years
Furnishings, equipment and systems	5 – 10 years
Computer hardware and software	3 years
Vehicles	5 years

Tangible capital assets are written down when conditions indicate they no longer contribute to the Institute's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are recognized as expenses in the statement of operations.

Intangible assets, works of art, historical property and 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.

F. 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 statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the statement of operations, and the respective cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

G. Employee Future Benefits

i. Pension

The Institute participates with other employers in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the Institute's participating employees based on years of service and earnings.

The Institute does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the LAPP 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 to provide the plan's future benefits.

ii. Supplementary retirement plans

The Institute maintains a supplementary pension plan for its senior executives. The pension expense for the defined benefit Supplementary Executive Retirement Plan (SERP) is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life.

The pension expense for the Defined Contribution Registered Pension Plan (DCRPP) is the employer's current year contribution to the plan as calculated in accordance with the plan rules.

iii. Long-term disability

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the Institute's long-term disability plans is charged to expense in full when the event occurs which obligates the Institute to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate and management's best estimate of the retirement ages of employees, expected health care costs and the period of employee disability. Actuarial gains or losses on the accrued benefit obligation are recognized immediately.

iv. Deferred salary plan

The Institute provides employee future benefits in the form of compensated absences. Costs for these benefits are estimated using reasonable assumptions of discount rates and are included in these financial statements.

H. Investment in Government Business Partnership

The financial statements use the modified equity method to record the Institute's investment in the following joint venture:

i. PanGlobal Training Systems Limited (33% interest) – a joint venture with two other polytechnic institutions to produce and market Power Engineering multimedia learning products.

This joint venture is not material to the Institute's financial statements; and therefore, separate condensed financial information is not presented.

I. 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 the soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from an operation that is no longer in productive use and is recognized when all of the following criteria are met:

i. an environmental standard exists;

ii. contamination exceeds the environmental standard;

iii. the Institute is directly responsible or accepts responsibility;

iv. it is expected that future economic benefits will be given up; and

v. a reasonable estimate of the amount can be made.

At June 30, 2018 the Institute does not have any contaminated sites.

J. Expense by Function

The Institute uses the following categories of functions in its statement of operations:

Academic costs and institutional support

Expenses related to program and training delivery, support of instructional delivery and of the student body, and institution-wide administrative services. This function also includes expenses related to non-sponsored research and scholarly activity undertaken by faculty.

Facility operations and maintenance

Expenses related to centralized management and maintenance of grounds, facilities, and buildings. Examples include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, and major repairs and renovations. Amortization is included in this category, except amounts attributable to ancillary services.

Ancillary services

Expenses related to secondary services available to students, faculty and staff. Services include student residence, food services, bookstore, parking, and conference services. Includes amortization attributable to ancillary services.

Sponsored research

Expenses related to research activities funded by restricted grants and donations from external organizations and undertaken within the Institute to produce research outcomes.

K. Funds and Reserves

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

L. Future Accounting Changes

In June 2015, the Public Sector Accounting Board issued PS 3430 *Restructuring Transactions*. This accounting standard is effective for fiscal years starting on or after April 1, 2018. PS 3430 *Restructuring Transactions* defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

In March 2018, the Public Sector Accounting Board issued PS 3280 *Asset Retirement Obligations*. This accounting standard is effective for fiscal years starting on or after April 1, 2021. PS 3280 *Asset Retirement Obligations* provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

Management is currently assessing the impact of these new standards on the financial statements.

NOTE 3. ADOPTION OF NEW ACCOUNTING STANDARDS

Inter-entity Transactions

Effective July 1, 2017 the Institute prospectively adopted the new standard PS 3420 *Inter-entity Transactions.* PS 3420 establishes how to account for and report transactions between public sector entities that comprise a government's reporting entity from the provider's and recipient's perspective. The new standard provides guidance on cost allocation, measurement of transactions, unallocated costs, and transfer of assets. When there is a policy of cost allocation and recovery for provision of goods and services, the provider reports all revenue and expenses on a gross basis and the recipient reports expenses on a gross basis. Previously, if a provider and recipient were in an agent relationship, the provider was permitted to record revenue and expenses on a net basis.

Related Party Disclosures

Effective July 1, 2017 the Institute adopted the new standard PSAS 2200 *Related Party Disclosure.* PS 2200 contains standards for disclosures for related parties and related party transactions, including key management personnel, Board of Governors, and their close family members. This new section requires disclosure when transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and when the transactions have, or could have, a material financial effect on the financial statements. The new disclosure is included in Note 20.

Assets

Effective July 1, 2017 the Institute adopted the new standard PS 3210 *Assets*. PS 3210 establishes definitions and disclosure requirements for assets. There was no impact to the financial statements.

Contingent Assets

Effective July 1, 2017 the Institute adopted the new standard PS 3320 *Contingent Assets*. PS 3320 contains standards for defining and disclosing contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. This new disclosure has been included in Note 14.

Contractual Rights

Effective July 1, 2017 the Institute adopted the new standard PS 3380 *Contractual Rights*. PS 3380 requires disclosure of information about contractual rights, including a description of their nature, extent, and their timing. This new disclosure has been included in Note 16.

NOTE 4. CASH AND CASH EQUIVALENTS

	2018	2017
Cash	**$ 149,760**	$ 166,873
Money market funds, short-term notes, and treasury bills	**908**	719
Total cash and cash equivalents	**$ 150,668**	$ 167,592

Cash equivalents include short-term investments with a maturity less than three months from the date of acquisition.

For the Year Ended June 30, 2018 (in thousands)

NOTE 5. PORTFOLIO INVESTMENTS

		2018		2017
Portfolio investments – non-endowment	$	**40,691**	$	37,600
Portfolio investments – restricted for endowments		**49,390**		45,431
Total portfolio investments	$	**90,081**	$	83,031

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

		2018				
		Level 1		**Level 2**		**Total**
Portfolio investments at fair value						
Bonds						
Pooled investment funds	$	–	$	35,726	$	35,726
Equities						
Foreign equities		21,036		–		21,036
Pooled investment funds		–		31,522		31,522
Cash and money market		1,685		112		1,797
	$	**22,721**	$	**67,360**	$	**90,081**
		25%		**75%**		**100%**

		2017				
		Level 1		Level 2		Total
Portfolio Investments at fair value						
Bonds						
Pooled investment funds	$	–	$	23,126	$	23,126
Equities						
Foreign equities		12,831		–		12,831
Pooled investment funds		–		47,074		47,074
	$	12,831	$	70,200	$	83,031
		15%		85%		100%

The above tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 and 2 based on the degree to which the fair value is observable:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included with level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

NOTE 6. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIP

The Institute's investment in PanGlobal Training Systems Ltd. is $1,217 in the current year (2017 – $980).

NOTE 7. FINANCIAL RISK MANAGEMENT

The Institute is exposed to a variety of financial risks, including market risks (price risk, currency risk, and interest rate risk), credit risk, and liquidity risk. To manage these risks, the Institute invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long-term objectives of the Institute's investment policies is to achieve a long-term real rate of return in excess of fees and expenses and maintain the real value of the fund.

The Institute is exposed to the following risks:

Market price risk

The Institute is exposed to market price risk – 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 Institute has established an investment policy with a target mix that is diversified by asset class and sets individual issuer limits. The objective is to achieve a long-term rate of return that exceeds the rate of inflation and meets expenditure requirements.

The Institute assesses its portfolio sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total portfolio investment pool over a four year period as determined by BNY Mellon. At June 30, 2018, if market prices had a 13.0% (2017 – 12.9%) increase or decrease, with all other variables held constant, the increase or decrease in remeasurement gains and losses, portfolio net assets, and deferred revenue for the year would have been $11,307 (2017 – $10,234).[1]

[1] *Excludes the Franklin Bissett Canadian Dividend Fund.*

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 Institute is exposed to foreign exchange risk on investments denominated in foreign currencies. If the Canadian dollar had strengthened by between 5% and 10% as compared to major foreign currencies, at June 30, 2018, with all other variables held constant, the approximate decrease in the market value of portfolio investments would have been between $1,960 and $3,920 (2017 – $1,745 and $3,410).[1] The Institution's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

[1] *Excludes the Franklin Bissett Canadian Dividend Fund*

For the Year Ended June 30, 2018 (in thousands)

Credit risk

Counterparty credit risk is the risk of loss arising from failure of a counterparty to fully honour its financial obligations with the Institute. The Institute 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 credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors. Credit risk is managed through credit assessments, maintaining standard collection procedures, and restricted enrollment activities for students.

The credit risk on investments held as a percentage of total bond portfolio are as follows:

	2018	2017
Credit Rating:		
AAA	**32 %**	41 %
AA	**20 %**	22 %
A	**27 %**	22 %
BBB	**16 %**	15 %
Below BBB	**5 %**	–
	100 %	100 %

Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with its financial liabilities. The Institute maintains a short-term line of credit designed to ensure funds are available to meet current and forecasted financial requirements in the most cost effective manner. At June 30, 2018, the Institute had committed borrowing facilities of $4,000 (2017 – $4,000), none of which has been drawn (2017 – $Nil).

Interest rate risk

Interest rate risk is the risk to the Institute's earnings arising from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities the Institute holds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the Institute would be approximately 2.1% of total investments (2017 – 2.4%). Interest risk on the Institute's debt is managed through fixed-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
Cash and cash equivalents	100.0%	– %	– %	1.8%
Portfolio investments, fixed income	3.2%	35.7%	61.1%	3.0%

For the Year Ended June 30, 2018 (in thousands)

NOTE 8. EMPLOYEE FUTURE BENEFIT LIABILITIES

Employee future benefit liabilities are comprised of the following:

		2018		2017
Long-term disability	$	3,734	$	4,576
Supplementary Executive Retirement Plan (SERP)		3,786		3,840
Deferred salary plan		1,646		1,556
Total employee future benefit liabilities	$	9,166	$	9,972

A. Defined Benefit Accounted for on a Defined Benefit Basis

Long-term disability

The Institute provides long-term disability defined benefits to its employees (academic and support staff). The most recent actuarial valuation for these benefits was done as at June 30, 2018.

The long-term disability plans provide pension and non-pension benefits to employees while on disability leave but before the employee's normal retirement date. The impact on the statement of operations is an expense recovery of $842 (2017 – $457 expense).

For the Year Ended June 30, 2018 (in thousands)

Supplementary Executive Retirement Plan (SERP)

The Institute provides non-contributory defined supplementary retirement benefits to current and past executives. An actuarial valuation of these benefits was carried out as at June 30, 2018.

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

		2018		2017
Expense				
Current service cost	$	579	$	680
Past service cost		20		52
Interest cost		133		137
Amortization of net actuarial (gains) losses		(252)		4
	$	480	$	873
Financial Position				
Accrued benefit obligation				
Balance, beginning of year	$	3,840	$	3,708
Current service cost		579		680
Interest cost		133		137
Recognition of past service		20		52
Benefits paid		(534)		(741)
Actuarial (gains) losses		(252)		4
Balance, end of year	$	3,786	$	3,840
Plan asset	$	–	$	–
Plan deficit		2,080		4,067
Unamortized net actuarial gains (losses)		1,706		(227)
Accrued benefit liability	$	3,786	$	3,840

The Institute plans to use its working capital to finance these future obligations.

For the Year Ended June 30, 2018 (in thousands)

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

	2018		2017	
	Long-term disability	**SERP**	Long-term disability	SERP
Accrued benefit obligation				
Discount rate	**2.50%**	**3.25%**	2.00%	3.00%
Long-term average compensation increase				
Year 1	**– %**	**– %**	2.00%	3.75%
Year 2 and thereafter	**2.00%**	**3.25%**	2.00%	3.75%
Benefit cost				
Discount rate	**– %**	**3.00%**	–	2.50%
Long-term average compensation increase	**– %**	**3.75%**	–	3.75%
Alberta inflation (long-term)	**– %**	**2.00%**	–	2.00%
Estimated average remaining service life(1)	**5 yrs**	**12 yrs**	6 yrs	14 yrs

(1) *SERP actuarial gains and losses are amortized over the remaining contract terms of the participants.*

Deferred Salary Plan

The Institute provides compensated absences for its employees under a special leave plan. Under this plan, employees contribute 15% of their gross monthly earnings for a contributory period of four years. For the fifth year, employees receive 85% of their gross salary as of the last day of their contributory period. The Institute funds the shortfall between contributed funds, including interest earned, and the gross salary to be paid in the fifth year. There are 22 active members participating in the plan.

B. Defined Benefit Plan Accounted for on a Defined Contribution Basis, Multi-Employer Pension Plans

LAPP is a multi-employer contributory defined benefit pension plan for staff members and is accounted for on a defined contribution basis. Approximately 1,500 staff of the Institute participate in this plan, which holds a membership of approximately 260,000 employees of local authorities across Alberta. At December 31, 2017, the LAPP reported an actuarial surplus of $4.8 billion (2016 – $637 million deficit). An actuarial valuation of the LAPP was carried out as at December 31, 2016 and was then extrapolated to December 31, 2017. The pension expense recorded in these financial statements is $16,614 (2017 – $17,814). Other than the requirement to make additional contributions, the Institute does not bear any risk related to the LAPP deficit.

C. Defined Contribution

Defined Contribution Registered Pension Plan (DCRPP)

The Institute provides non-contributory retirement benefits under a defined contribution plan to eligible employees. The Institute's total defined contribution plan expense was $418 (2017 – $480).

For the Year Ended June 30, 2018 (in thousands)

NOTE 9. DEBT

Debt is measured at amortized cost and is comprised of the following:

	Maturity	Interest rate	2018	2017
Debentures payable to Alberta Capital Finance Authority				
East Hall Residence	June 2025	6.50%	**$ 9,667**	$ 10,732
Tower Residence	December 2035	4.62%	**39,098**	40,525
Parking Garage	March 2039	4.80%	**78,947**	81,087
			$ 127,712	$ 132,344

Principal and interest repayments are as follows:

	Principal	Interest	Total
2019	$ 4,872	$ 6,182	**$ 11,054**
2020	5,125	5,930	**11,055**
2021	5,391	5,664	**11,055**
2022	5,671	5,384	**11,055**
2023	5,965	5,089	**11,054**
Thereafter	100,688	40,024	**140,712**
	$ 127,712	**$ 68,273**	**$ 195,985**

Interest expense on debt is $6,388 (2017 – $6,617) and is included in the statement of operations.

All debentures payable to Alberta Capital Finance Authority are collateralized by a pledge of all future cash flows generated from the respective facilities.

For the Year Ended June 30, 2018 (in thousands)

NOTE 10. DEFERRED REVENUE

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement.

	2018			2017
	Unspent externally restricted grants and donations	**Tuition and other fees**	**Total**	Total
Balance, beginning of year	$ 35,924	$ 14,582	**$ 50,506**	$ 47,276
Grants, tuition, donations	54,449	14,514	**68,963**	69,187
Investment income	1,675	–	**1,675**	1,525
Reclassification to endowments (Note 13)	(277)	–	**(277)**	10
Capitalized to endowments (Note 13)	(7)		**(7)**	
Unrealized (gains) losses	(5,484)	–	**(5,484)**	2,465
Transfers to spent deferred capital contributions (Note 12)	(23,496)	(168)	**(23,664)**	(16,211)
Recognized as revenue	(34,433)	(14,158)	**(48,591)**	(56,876)
Other	(619)	2,172	**1,553**	3,130
Balance, end of year	**$ 27,732**	**$ 16,942**	**$ 44,674**	**$ 50,506**

For the Year Ended June 30, 2018 (in thousands)

NOTE 11. TANGIBLE CAPITAL ASSETS

	2018						2017
	Land	**Buildings and site improvements**	**Furnishings, equipment, and systems**	**Computer hardware and software**	**Vehicles**	**Total**	Total
Cost (1)							
Balance, beginning of year	$ 23,627	$ 908,401	$ 148,203	$ 57,125	$ 3,957	**$ 1,141,313**	$ 1,119,423
Acquisitions (2)	–	56,272	5,895	7,699	27	**69,893**	37,905
Disposals, including write-downs	–	(8,162)	(1,944)	(4,526)	–	**(14,632)**	(16,015)
	23,627	956,511	152,154	60,298	3,984	**1,196,574**	1,141,313
Accumulated amortization							
Balance, beginning of year	–	296,912	89,905	44,801	2,884	**434,502**	401,178
Amortization expense	–	28,325	12,347	8,042	394	**49,108**	47,281
Effects on disposals, including write-downs	–	(8,132)	(1,917)	(3,601)	–	**(13,650)**	(13,957)
	–	**317,105**	**100,335**	**49,242**	**3,278**	**469,960**	434,502
Net book value at June 30, 2018	**$ 23,627**	**$ 639,406**	**$ 51,819**	**$ 11,056**	**$ 706**	**$ 726,614**	$ 706,811
Net book value at June 30, 2017	$ 23,627	$ 611,489	$ 58,298	$ 12,324	$ 1,073	$ 706,811	

The Institute did not capitalize any interest on debt related to construction-in-progress in 2018 or 2017.

(1) *Historic cost includes work-in-progress of:*

Year	*Buildings and site improvements*	*Equipment*	*Computer hardware and software*	*Total*
2018	*$ 37,201*	*$ 19*	*$ 3,160*	*$ 40,380*
2017	*22,765*	*132*	*2,869*	*25,766*

(2) *Acquisitions during the year include in-kind donations in the amount of $1,690 (2017 – $305).*

For the Year Ended June 30, 2018 (in thousands)

NOTE 12. SPENT DEFERRED CAPITAL CONTRIBUTIONS

Spent deferred capital contributions are comprised of externally restricted grants and donations spent on tangible capital acquisitions that have not yet been recognized in revenue.

	2018	2017
Spent deferred capital contributions		
Balance, beginning of year	**$ 437,419**	$ 447,183
Transfers from unspent externally restricted grants and donations (Note 10)	**23,664**	16,211
Expended capital recognized as revenue	**(24,822)**	(26,280)
Contributed equipment – gift in kind	**1,690**	305
Balance, end of year	**$ 437,951**	$ 437,419

For the Year Ended June 30, 2018 (in thousands)

NOTE 13. NET ASSETS

	Accumulated surplus	Investment in tangible capital assets	Internally restricted net assets	Endowments	Total
Net assets, as at June 30, 2016	$ 11,267	$ 136,427	$ 87,128	$ 34,102	$ 268,924
Annual operating surplus	11,084	–	–	–	11,084
Endowments					
New donations	(150)	–	–	2,188	2,038
Capitalized investment income	–	–	–	990	990
Reclassification from deferred revenue (Note 10)	–	–	–	(10)	(10)
Tangible capital assets					
Amortization of internally funded tangible capital assets	23,056	(23,056)	–	–	–
Acquisition of tangible capital assets	(21,158)	21,281	(123)	–	–
Debt repayment	(4,405)	4,405	–	–	–
Net book value of tangible capital asset disposal	1,636	(1,636)	–	–	–
Internal loan repayment	5,607	–	(5,607)	–	–
Operating expenses funded from internally restricted surplus	684	–	(684)	–	–
Net Board appropriation to internally restricted surplus	(15)	–	15	–	–
Change in accumulated remeasurement gains (losses)	906	–	–	–	906
Net assets, beginning of year	**$ 28,512**	**$ 137,421**	**$ 80,729**	**$ 37,270**	**$ 283,932**
Annual operating surplus	**14,603**	**–**	**–**	**–**	**14,603**
Endowments					
New donations	**–**	**–**	**–**	**1,125**	**1,125**
Capitalized investment income	**–**	**–**	**–**	**7,400**	**7,400**
Reclassification from deferred revenue (Note 10)	**–**	**–**	**–**	**277**	**277**
Capitalized from deferred revenue (Note 10)	**–**	**–**	**–**	**7**	**7**
Tangible capital assets					
Amortization of internally funded capital assets	**24,318**	**(24,318)**	**–**	**–**	**–**
Acquisition of capital assets	**(13,439)**	**44,283**	**(30,844)**	**–**	**–**
Debt repayment	**(4,632)**	**4,632**	**–**	**–**	**–**
Net book value of tangible capital asset disposals	**950**	**(950)**	**–**	**–**	**–**
Internal loan repayment	**902**	**–**	**(902)**	**–**	**–**
Operating expenses funded from internally restricted surplus	**2,370**	**–**	**(2,370)**	**–**	**–**
Change in accumulated remeasurement gains (losses)	**(2,796)**	**–**	**–**	**–**	**(2,796)**
Net assets, end of year	**$ 50,788**	**$ 161,068**	**$ 46,613**	**$ 46,079**	**$ 304,548**
Net assets is comprised of:					
Accumulated surplus	$ 48,333	$ 161,068	$ 46,613	$ 46,079	$ 302,093
Accumulated remeasurement gains and losses	2,455	–	–	–	2,455
Net assets, end of year	**$ 50,788**	**$ 161,068**	**$ 46,613**	**$ 46,079**	**$ 304,548**

For the Year Ended June 30, 2018 (in thousands)

A. Endowments

Total value of endowments is comprised of:

	2018	2017
Endowment donations component of accumulated surplus	$ 32,407	$ 31,005
Capitalized investment income	13,672	6,265
	$ 46,079	$ 37,270

B. Investment in Tangible Capital Assets

Investment in tangible capital assets represents the amount of the Institute's accumulated operating surplus that has been invested in the Institute's tangible capital assets.

C. Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the Institute's Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted net assets with significant balances include:

	2018	2017
Infrastructure management reserve	$ 8,180	$ 36,324
Campus expansion	28,418	30,850
Programs, operations and equipment (contingency)	10,000	10,000
System enhancement and revitalization	–	3,540
Centennial Initiative	15	15
	$ 46,613	$ 80,729

For the Year Ended June 30, 2018 (in thousands)

NOTE 14. CONTINGENT ASSETS

The Institute 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 Institute believes that any settlement will not have a material effect on the financial position or results of operations of the Institute. These contingent assets are not recognized in the financial statements.

For the fiscal year ending June 30, 2018 the Institute has outstanding insurance claims of approximately $170 (2017 – $178).

NOTE 15. CONTINGENT LIABILITIES

The Institute is a defendant in few legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the Institute believes any settlement will not have a materially adverse effect on the financial position or the results of operations of the Institute. Management has concluded these claims do not meet the criteria for being recorded under PSAS.

The Institute 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 Institute may be required to take appropriate remediation procedures to remove the asbestos. As the Institute 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. However, when there are plans to demolish or renovate a building that contains asbestos, the obligation related to demolition is determined and recorded as part of the project costs.

NOTE 16. CONTRACTUAL RIGHTS

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

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

	Operating Leases	Other Contracts	Total
2019	$ 143	$ 10,903	**$ 11,046**
2020	127	3,376	**3,503**
2021	118	1,567	**1,685**
2022	95	1,410	**1,505**
2023	47	759	**806**
Thereafter	–	610	**610**
Total at June 30, 2018	**$ 530**	**$ 18,625**	**$ 19,155**
Total at June 30, 2017	$ 167	$ 33,049	$ 33,216

Contracts are mainly for grant agreements and sales contracts.

For the Year Ended June 30, 2018 (in thousands)

NOTE 17. CONTRACTUAL OBLIGATIONS

The Institute has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

The estimated aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service contracts[1]	Capital projects[2]	Information systems and technology[3]	Operating leases[4]	Total
2019	$ 5,243	$ 3,740	$ 9,311	$ 2,162	**$ 20,456**
2020	1,927	–	2,150	1,901	**5,978**
2021	1,749	–	418	1,912	**4,079**
2022	255	–	302	1,938	**2,495**
2023	255	–	211	2,092	**2,558**
Thereafter	–	–	–	22,540	**22,540**
Total at June 30, 2018	**$ 9,429**	**$ 3,740**	**$ 12,392**	**$ 32,545**	**$ 58,106**
Total at June 30, 2017	$ 16,895	$ 36,750	$ 6,123	$ 32,208	$ 91,976

(1) *Service contracts totaling $9,429 primarily consist of campus security, residence management services, and campus utilities contracts.*

(2) *The Institute has several capital projects underway.*

(3) *A major revitalization to the Institute's enterprise resource planning system in addition to the regular maintenance contracts represent the majority of the $12,392 commitment for information systems and technology.*

(4) *The operating lease commitments of $32,545 are comprised of leases for the facility for the Crane and Hoisting Equipment Operator program, the Art Smith Aero Centre and the Culinary Campuses.*

For the Year Ended June 30, 2018 (in thousands)

NOTE 18. EXPENSE BY OBJECT

The following is a summary of expense by object:

	2018		2017
	Budget	**Actual**	Actual
Salaries	$ 172,860	**$ 174,731**	$ 176,384
Employee benefits	37,622	**32,879**	36,961
Materials, supplies, and services	38,377	**37,730**	41,860
Maintenance and repairs	19,566	**19,974**	17,144
Cost of goods sold	9,003	**8,006**	8,339
Scholarships, bursaries, awards, and projects	4,863	**4,206**	5,168
Utilities	12,364	**11,230**	10,211
Interest expense	6,388	**6,388**	6,617
Amortization of capital assets	51,390	**49,108**	47,281
Loss on disposal of capital assets	930	**669**	1,408
	$ 353,363	**$ 344,921**	$ 351,373

NOTE 19. FUNDS HELD ON BEHALF OF OTHERS

The Institute holds the following funds on behalf of other organizations over which the Board has no power of appropriation; accordingly, these funds are not included in the financial statements.

	2018	2017
Alberta Association in Higher Education for Information Technology	**$ 2,833**	$ 4,501
Other	**–**	69
	$ 2,833	$ 4,570

NOTE 20. RELATED PARTIES

The Institute is a related party to organizations within the Government of Alberta reporting entity. Key management personnel of the Institute, Board of Governors, and their close family members are also considered related parties. The Institute may enter into transactions with these entities and individuals in the normal course of operations and on normal terms.

The Institute has debt with Alberta Capital Finance Authority as described in Note 9.

During the year, the Institute provided and received the following services at nominal or reduced amounts:

- The Institute owns the land and building currently being used by the Alberta College of Art and Design (ACAD). This use is granted through a facility rental agreement in place between the Institute and ACAD at nominal value. The term of the rental is specified through renewable contractual agreement between the two parties determined at the discretion of the Minister of Advanced Education.
- The Institute has provided information system services to other post-secondary institutions, for projects initiated through the Alberta Association in Higher Education for Information Technology, and billed on a cost-recovery basis.

For the Year Ended June 30, 2018 (in thousands)

NOTE 21. GOVERNMENT TRANSFERS

The Institute operates under the authority and statutes of the Province of Alberta. Transactions and balances between the Institute and the Government of Alberta (GOA) are measured at the exchange amount and summarized below.

	2018	2017
Grants from Government of Alberta		
Advanced Education:		
Operating grants	**$ 155,978**	$ 152,351
Apprentice Technical Training grants	**15,412**	19,906
Maintenance Program grant	**7,226**	4,583
Strategic Investment Fund (SIF) grant	**7,844**	10,264
Other	**2,414**	1,956
Total Advanced Education	**188,874**	189,060
Other Government of Alberta departments and agencies		
Alberta Economic Development and Trade	**1,125**	1,000
Alberta Innovates Technology Futures	**383**	395
Alberta Health Services	**25**	–
Other GOA departments and agencies	**34**	299
Total contributions received	**190,441**	190,754
Expended capital recognized as revenue	**17,127**	16,549
Less: deferred revenue	**(16,322)**	(16,663)
	191,246	190,640
Federal and other government grants		
Contributions received	**5,850**	4,090
Expended capital recognized as revenue	**638**	2,425
Less: deferred revenue	**(2,012)**	2,187
	$ 4,476	$ 8,702

For the Year Ended June 30, 2018 (in thousands)

NOTE 22. SALARY AND EMPLOYEE BENEFITS

Under the authority of the *Fiscal Planning and Transparency Act*, the President of the Treasury Board and the Minister of Finance requires the disclosure of certain salary and employee benefits information.

	2018						2017
	Base salary[1]	**Other cash benefits[2]**	**Other non-cash benefits[3,4]**	**Subtotal**	**Unpaid retention benefit[5]**	**Total**	Total
Governance							
Chair of the Board of Governors	$ –	$ –	$ –	$ –	$ –	**$ –**	$ –
Members of the Board of Governors	–	15	–	15	–	**15**	12
Executives							
President and Chief Executive Officer	$ 352	$ 99	$ 147	$ 598	$ 425	**$ 1,023**	$ 614
Chief Financial Officer and Vice President, Corporate Services[6]	212	73	50	335	–	**335**	1,075
Vice President, Academic	225	51	78	354	–	**354**	361
Vice President, Corporate Development and Applied Research	225	49	132	406	–	**406**	415
Vice President, External Relations[7]	235	53	87	375	–	**375**	161

(1) *Base salary includes pensionable base pay.*

(2) *Other cash benefits include performance payments for executives, auto allowances, severance payments, relocation costs, and honoraria for the Board of Governors. Some Board members do not accept honoraria.*

(3) *Other non-cash benefits include the Institute's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships, and the employer's current and prior service cost of the unfunded Supplementary Executive Retirement Plan (SERP). When an automobile is provided to an executive, no dollar amount is included in the above.*

(4) *Under the terms of the SERP, the executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. The SERP provides future pension 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 services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the current year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.*

(5) *Represents a contractual retention incentive payable to the President and Chief Executive Officer in a future year, details of which are outlined below:*

For the Year Ended June 30, 2018 (in thousands)

	Accrued Liability at June 30, 2017	Current Year Expense	Benefit Paid	Accrued Liability at June 30, 2018
President and Chief Executive Officer	$ –	$ 425	$ –	$ 425

[(6)] *This position was occupied by two individuals during the year. It was occupied by one incumbent from July 1, 2017 to December 31, 2017; and a second incumbent from January 2, 2018 to June 30, 2018. Prior year balance includes severance payment to a senior executive.*

[(7)] *Prior year balance reflects a partial year.*

The current service cost and accrued obligation for each executive under the SERP is outlined in the following table:

	Accrued obligation at June 30, 2017	**Service cost**	**Interest cost**	**Actuarial gain**	**Benefits paid**	**Accrued obligation at June 30, 2018**
President and Chief Executive Officer	$ 453	**$ 105**	**$ 17**	**$ (139)**	**$ –**	**$ 436**
Vice Presidents:						
Chief Financial Officer and Vice President, Corporate Services[(1,2,3)]	(5)	**20**	**4**	**(80)**	**–**	**14**
Vice President, Academic	102	**44**	**4**	**(53)**	**–**	**97**
Vice President, Corporate Development and Applied Research	731	**45**	**23**	**(253)**	**–**	**546**
Vice President, External Relations	22	**53**	**2**	**(49)**	**–**	**28**

The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 8.

[(1)] *This position was occupied by two individuals during the year. The opening balance relates to the acting incumbent in place at July 1, 2017, and represents the obligation that had accrued during their time in the Vice President role prior to the current year.*

[(2)] *Costs for service, interest, and actuarial gains for the two incumbents have been prorated for the time they served in the Vice President role. One incumbent served from July 1, 2017 to December 31, 2017; and the second incumbent served from January 2, 2018 to June 30, 2018.*

[(3)] *The accrued benefit obligation at June 30, 2018 includes one incumbent who is the decision maker at June 30, 2018.*

NOTE 23. BUDGET FIGURES

The Institute's 2017/ 2018 budget was approved by the Institute's Board of Governors and was presented to the Minister of Advanced Education as part of the Institute's submission of its 2017/2018 Comprehensive Institutional Plan.

NOTE 24. COMPARATIVE FIGURES

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