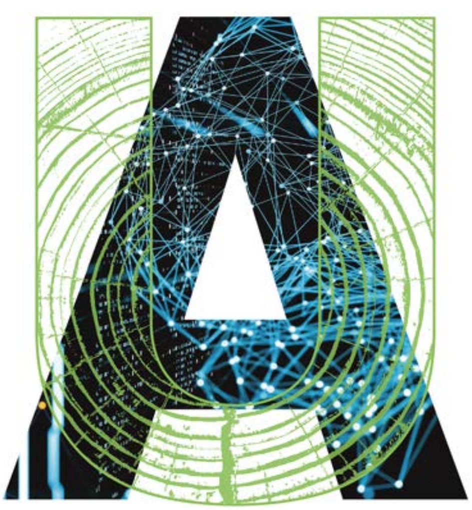
UNIVERSITY OF ALBERTA

Consolidated Financial Statements

For the year ended March 31, 2023



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FINANCIAL REPORTING

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

Fax: (780) 492-2846

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

E-mail: fsglje@ualberta.ca

STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED MARCH 31, 2023

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

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

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

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

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

Original signed by Bill Flanagan

President and Vice-Chancellor

Original signed by Todd Gilchrist

Vice-President (University Services and Finance)

Auditor General
OF ALBERTA

Independent Auditor's Report

To the Board of Governors of The University of Alberta

Report on the Consolidated Financial Statements

Opinion

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

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

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

May 29, 2023
Edmonton, Alberta

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

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

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

Contingent assets and contractual rights (note 17 and 19)

Contingent liabilities and contractual obligations (note 18 and 20)

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

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

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

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

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

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

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2023

(thousands of dollars)

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

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

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

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

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

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

1. Authority and purpose

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

2. Summary of significant accounting policies and reporting practices

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

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

(b) Valuation of financial assets and liabilities

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

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

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

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

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

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

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

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

(c) Revenue recognition

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

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

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

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

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

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

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

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

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

(d) Endowments

Endowments consist of:

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

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

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

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

(d) Endowments (continued)

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

(e) Inventories held for sale

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

(f) Tangible capital assets

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

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

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

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

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

(g) Foreign currency translation

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

(h) Employee future benefits

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

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

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

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

(h) Employee future benefits (continued)

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

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

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

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

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

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

(i) Investment in partnerships

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

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

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

(j) Investment in government business enterprises

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

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

(k) Liability for contaminated sites

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

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

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

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

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

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

(l) Asset Retirement Obligations

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

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

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

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

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

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

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

(l) Asset Retirement Obligations (continued)

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

(m) Expense by function

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

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

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

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

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

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

(n) Funds and reserves

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

(o) Future changes in accounting standards

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

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

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

(thousands of dollars)

3. New asset retirement obligations standard

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

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

A summary of the changes are as follows:

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

(thousands of dollars)

4. Cash and cash equivalents

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

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

5. Portfolio investments

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

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

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

The fair value measurements are those derived from:
(1) Quoted prices in active markets for identical assets.
(2) Inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
(3) Third-party financial statements from private equity and real estate fund managers. For investments where statements don't exist then valuation techniques that include inputs for the assets that are not based on observable market data.

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

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

(thousands of dollars)

6. Derivatives

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

7. Financial risk management

The university is exposed to the following risks:

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

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

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

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

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

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

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

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

(thousands of dollars)

7. Financial risk management (continued)

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

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

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

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

8. Investment in government business enterprise

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

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

Statement of Financial Position:

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

(thousands of dollars)

8. Investment in government business enterprise (continued)

Statement of Operations:

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

9. Accounts payable and accrued liabilities

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

10. Employee future benefit liabilities

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

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

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

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

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

(thousands of dollars)

10. Employee future benefit liabilities (continued)

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

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

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

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

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

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

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

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

(thousands of dollars)

10. Employee future benefit liabilities (continued)

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

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

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

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

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

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

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

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

(c) Defined contribution plans

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

(thousands of dollars)

11. Debt

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

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

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

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

Principal and interest payments are as follows:

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

12. Deferred revenue

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

(thousands of dollars)

13. Asset retirement obligations and environmental liabilities

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

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

The changes in asset retirement obligations are as follows:

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

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

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

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

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

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

(thousands of dollars)

14. Tangible capital assets

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

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

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

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

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

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

15. Spent deferred capital contributions

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

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

(thousands of dollars)

16. Net assets

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

(thousands of dollars)

16. Net assets (continued)

Net assets is comprised of:

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

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

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

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

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

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

17. Contingent assets

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

18. Contingent liabilities

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

(thousands of dollars)

19. Contractual rights

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

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

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

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

20. Contractual obligations

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

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

The significant service contracts are as follows:

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

(thousands of dollars)

20. Contractual obligations (continued)

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

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

21. Related parties

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

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

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

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

22. Budget

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

23. Government transfers

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

(thousands of dollars)

23. Government transfers (continued)

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

24. Investment income

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

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

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

(thousands of dollars)

25. Expense by object

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

26. Funds held on behalf of others

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

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

27. Salaries and employee benefits

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

(thousands of dollars)

27. Salaries and employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

(thousands of dollars)

27. Salaries and employee benefits (continued)

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

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

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

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

28. Approval of financial statements

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

29. Comparative figures

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