



# **UNIVERSITY OF CALGARY**

## **Consolidated Financial Statements**

For the Year Ended  
March 31, 2022

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## STATEMENT OF MANAGEMENT RESPONSIBILITY

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The consolidated financial statements of the University of Calgary ("the University") have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the University as at March 31, 2022 and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

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

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

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

These consolidated financial statements have been reported on by the Auditor General of 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 Ed McCauley]  
President and Vice-Chancellor

[Original signed by Ron Kim]  
Vice-President Finance and Chief Financial Officer

## Independent Auditor's Report

To the Board of Governors of the University of Calgary

### **Report on the Consolidated Financial Statements**

#### **Opinion**

I have audited the consolidated financial statements of the University of Calgary (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for opinion**

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

#### **Other information**

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

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

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

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

## **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 27, 2022  
Edmonton, Alberta

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**  
(in thousands)



	2022	2021
<b>Financial assets excluding portfolio investments restricted for endowments</b>		
Cash	\$ 247,779	\$ 252,955
Portfolio investments - non-endowment (Note 3)	933,080	927,068
Accounts receivable	118,262	104,627
Inventories held for sale	6,053	6,359
Investment in government business enterprise (Note 5)	(3,715)	(4,688)
	<b>\$ 1,301,459</b>	<b>\$ 1,286,321</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 183,440	\$ 202,471
Employee future benefit liabilities (Note 7)	107,820	108,941
Debt (Note 8)	159,539	148,026
Deferred revenue (Note 9)	744,362	681,591
	<b>\$ 1,195,161</b>	<b>\$ 1,141,029</b>
<b>Net financial assets excluding portfolio investments restricted for endowments</b>	<b>\$ 106,298</b>	<b>\$ 145,292</b>
Portfolio investments - restricted for endowments (Note 3)	\$ 1,162,862	\$ 1,119,998
<b>Net financial assets</b>	<b>\$ 1,269,160</b>	<b>\$ 1,265,290</b>
<b>Non-financial assets</b>		
Prepaid expenses	\$ 16,025	\$ 14,921
Tangible capital assets (Note 6)	2,142,820	2,104,718
	<b>\$ 2,158,845</b>	<b>\$ 2,119,639</b>
<b>Net assets before spent deferred capital contributions</b>	<b>\$ 3,428,005</b>	<b>\$ 3,384,929</b>
Spent deferred capital contributions (Note 10)	\$ 1,446,574	\$ 1,446,920
<b>Net assets (Note 11)</b>	<b>\$ 1,981,431</b>	<b>\$ 1,938,009</b>
<b>Net assets is comprised of:</b>		
Accumulated surplus	\$ 1,764,351	\$ 1,701,513
Accumulated remeasurement gains	217,080	236,496
	<b>\$ 1,981,431</b>	<b>\$ 1,938,009</b>

Contingent assets and contractual rights (Note 12 and 14)

Contingent liabilities and contractual obligations (Note 13 and 15)

**Approved by the Board of Governors:**

[Original signed by Geeta Sankappanavar]  
Chair, Board of Governors

[Original signed by Elaine Wong]  
Chair, Audit Committee

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

**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2022**  
(in thousands)



	2022 Budget (Note 16)	2022	2021
<b>Revenue</b>			
Government of Alberta grants (Note 21)	\$ 594,959	\$ 609,275	\$ 627,917
Federal and other government grants (Note 21)	194,124	200,020	194,316
Sales of services and products	85,537	109,808	76,636
Student tuition and fees	300,952	300,964	269,638
Donations and other grants	155,370	175,241	147,778
Investment income (Note 17)	68,021	72,818	81,424
Investment income (loss) from government business enterprise (Note 5)	-	973	(4,516)
	<b>\$ 1,398,963</b>	<b>\$ 1,469,099</b>	<b>\$ 1,393,193</b>
<b>Expense</b>			
Academic costs and institutional support	\$ 883,459	\$ 843,333	\$ 829,563
Research	352,960	427,457	404,738
Special purpose and trust	70,067	68,232	70,109
Facilities operations and maintenance	64,746	70,865	68,932
Ancillary services	27,731	32,928	29,926
	<b>\$ 1,398,963</b>	<b>\$ 1,442,815</b>	<b>\$ 1,403,268</b>
<b>Annual operating surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 26,284</b>	<b>\$ (10,075)</b>
<b>Endowment contributions and capitalized investment income</b>			
Endowment contributions		8,987	15,431
Endowment capitalized investment income (Note 17)		27,567	-
		<b>\$ 36,554</b>	<b>\$ 15,431</b>
<b>Annual surplus</b>		<b>\$ 62,838</b>	<b>\$ 5,356</b>
<b>Accumulated surplus, beginning of year</b>		<b>1,701,513</b>	1,696,157
<b>Accumulated surplus, end of year (Note 11)</b>		<b>\$ 1,764,351</b>	<b>\$ 1,701,513</b>

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

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2022**  
(in thousands)



	2022 Budget (Note 16)	2022	2021
Annual surplus	\$ -	\$ 62,838	\$ 5,356
Acquisition of tangible capital assets	(222,023)	(192,220)	(160,451)
Proceeds from sale of tangible capital assets	-	75	90
Amortization of tangible capital assets	162,382	154,117	147,727
Gain on disposal of tangible capital assets	-	(74)	(74)
Increase in prepaid expenses		(1,104)	(673)
Decrease spent deferred capital contributions		(346)	(3,518)
(Decrease) increase in accumulated remeasurement gains		(19,416)	214,725
<b>Increase in net financial assets</b>	<b>\$</b>	<b>3,870</b>	<b>\$</b> 203,182
<b>Net financial assets, beginning of year</b>	<b>\$</b>	<b>1,265,290</b>	<b>\$</b> 1,062,108
<b>Net financial assets, end of year</b>	<b>\$</b>	<b>1,269,160</b>	<b>\$</b> 1,265,290

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

**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**YEAR ENDED MARCH 31, 2022**  
(in thousands)



	2022	2021
<b>Accumulated remeasurement gains, beginning of year</b>	\$ 236,496	\$ 21,771
Unrealized gains (losses) attributable to:		
Foreign exchange	1,204	(397)
Quoted in active market financial instruments		
Portfolio investments - non-endowments	2,557	(328)
Portfolio investments - restricted for endowments	439	1,265
Designated fair value financial instruments		
Portfolio investments - non-endowments	(35,853)	31,912
Portfolio investments - restricted for endowments	24,034	206,684
Utility price hedges	2,213	1,353
Amounts reclassified to consolidated statement of operations:		
Foreign exchange	397	302
Quoted in active market financial instruments		
Portfolio investments - non-endowments	-	-
Portfolio investments - restricted for endowments	(220)	(47)
Designated fair value financial instruments		
Portfolio investments - non-endowments	4,903	(8,060)
Portfolio investments - restricted for endowments	(17,943)	(17,959)
Utility price hedges	(1,147)	-
Change in accumulated remeasurement gains	\$ (19,416)	\$ 214,725
<b>Accumulated remeasurement gains, end of year (Note 11)</b>	<b>\$ 217,080</b>	<b>\$ 236,496</b>
<b>Accumulated remeasurement gains (losses) is comprised of:</b>		
Foreign exchange	\$ 1,204	\$ (397)
Portfolio investments - non-endowments	(7,999)	20,394
Portfolio investments - restricted for endowments	221,456	215,146
Utility price hedges	2,419	1,353
	<b>\$ 217,080</b>	<b>\$ 236,496</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED MARCH 31, 2022**  
(in thousands)



	2022	2021
<b>Operating transactions</b>		
Annual surplus	\$ 62,838	\$ 5,356
Add (deduct) non-cash items:		
Amortization of tangible capital assets	154,117	147,727
Gain on sale of portfolio investments	(23,067)	(17,960)
Gain on sale of tangible capital assets	(74)	(74)
Capital gifts in-kind received	(7)	(20)
Expended capital contributions recognized as revenue	(96,708)	(95,052)
(Increase) decrease in investment in government business enterprises	(973)	4,516
(Decrease) increase in employee future benefit liabilities	(1,121)	8,540
Change in non-cash items	\$ 32,167	\$ 47,677
(Increase) decrease in accounts receivable, less change in utility price hedges	(12,569)	232
Increase in prepaid expenses	(1,104)	(673)
Decrease in inventories held for sale	306	228
(Decrease) increase in accounts payable and accrued liabilities	(19,031)	4,326
Increase in deferred revenue	62,771	111,932
Cash provided by operating transactions	\$ 125,378	\$ 169,078
<b>Capital transactions</b>		
Acquisition of tangible capital assets less gift in-kind	\$ (189,725)	\$ (158,194)
Proceeds on sale of tangible capital assets	75	90
Cash applied to capital transactions	\$ (189,650)	\$ (158,104)
<b>Investing transactions</b>		
Purchases of portfolio investments	\$ (60,206)	\$ (128,638)
Proceeds on sale of portfolio investments	13,915	159,135
Cash (applied to) provided by investing transactions	\$ (46,291)	\$ 30,497
<b>Financing transactions</b>		
Debt - repayment	\$ (6,370)	\$ (6,082)
Debt - new financing	17,883	70
Increase in spent deferred capital, less expended capital contributions recognized as revenue, less in-kind donations	93,874	89,297
Cash provided by financing transactions	\$ 105,387	\$ 83,285
<b>(Decrease) increase in cash</b>	<b>\$ (5,176)</b>	<b>\$ 124,756</b>
<b>Cash, beginning of year</b>	<b>\$ 252,955</b>	<b>\$ 128,199</b>
<b>Cash, end of year</b>	<b>\$ 247,779</b>	<b>\$ 252,955</b>

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

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



**1. Authority and purpose**

The Governors of the University of Calgary is a corporation that manages and operates the University of Calgary (“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 university 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 subsidiaries, University Technologies Group, University of Calgary Properties Group Ltd., University District Trust, and University Innovation Quarter Trust.

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

**(a) General – Canadian Public Sector Accounting Standards and use of estimates**

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (“PSAS”).

The measurement of certain assets and 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. Amortization of tangible capital assets, recognition of deferred revenue related to restricted grants and donations, determining the fair value of in-kind donations, and employee future benefit liabilities 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 measured as follows:

<b>Financial statement component</b>	<b>Measurement</b>
Cash	Cost
Portfolio investments	Fair value
Inventories held for sale	Lower of cost or net realizable value
Accounts receivable	Lower of cost or net recoverable value
Utility price hedge	Fair value
Accounts payable and accrued liabilities	Cost
Debt	Amortized cost

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

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value that is other than temporary 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 portfolio investments are accounted for using trade-date accounting.

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

**(b) Valuation of financial assets and liabilities (Continued)**

The University does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes. The University uses utility price hedges to reduce exposure to fluctuations in utility prices. Utility price hedges are initially recognized at fair value on inception and are subsequently measured at fair value. Fair value is calculated by comparing the contracted hedge prices to the wholesale forward market for comparative time periods.

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 University's normal purchase, sale or usage requirements are not recognized as financial assets or liabilities. The University does not have any embedded derivatives.

**(c) Revenue recognition**

All revenue is reported on the accrual basis of accounting. Cash received for which goods or services 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 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 asset.

Government grants without terms for the use of the grant are recognized as revenue when the University is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured.

In-kind donations of services, materials, and tangible capital assets are recognized at fair value when such value can reasonably be determined. Transfers of tangible capital assets from related parties are recorded 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 reasonably be determined, the in-kind grant or donation is recorded at nominal value.

**Investment income**

Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on investments from unrestricted grants, unrestricted donations, and endowments are recognized in the accumulated remeasurement gains and losses until settlement. Once realized, these gains and losses are recognized as revenue or expense in the consolidated statement of operations. 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 in the consolidated statement of operations when the terms of the grants or donations are met.

Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the statement of operations as a component of endowment contributions and capitalized investment income.

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

(c) Revenue recognition (Continued)

**Endowment contributions**

Endowment contributions consist of externally restricted donations received by the University and internal allocations by the University's Board of Governors, the principal of which is required to be maintained intact in perpetuity.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as University's policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

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

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

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

Endowment contributions and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the Consolidated Statement of Operations in the period in which they are received.

(d) Inventories held for sale

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

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which include amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset, and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development, as well as interest costs that are 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 that are classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets. Capital lease liabilities are recognized at the present value of the future minimum lease payments at the inception of the lease, excluding executor costs. The discount rate used to determine the present value of the lease payments is the lower of the University's rate for incremental borrowing or the interest rate implicit in the lease.

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

Buildings	20-40 years
Furnishings, equipment and systems	3-10 years
Learning resources	10 years

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

**(e) Tangible capital assets (Continued)**

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

**(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 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.

**(g) Employee future benefits**

**Pension**

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

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service and is allocated to each participant based on their respective percentage of pensionable earnings. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life.

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

**Long-term disability (LTD)**

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the University's long-term disability plans is charged to expense in full when the event occurs which obligates the University to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate and administration'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 amortized over the average expected period the benefits will be paid.

**Supplementary retirement plan (SRP)**

The expense for the defined benefit SRP 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 service lifetime for each plan participant.

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

**(h) Investment in government nonprofit organization, other government organization, and partnerships**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. The following organizations are consolidated in these financial statements. Inter-organizational transactions, balances and activities have been eliminated upon consolidation.

- Arctic Institute of North America, a nonprofit organization controlled by the University, operates under the authority of the Act of the Federal Parliament (910 George VI, Chapter 45) to initiate, encourage and support northern research and to advance the study of arctic conditions.
- University Technologies Group, a group of entities operating to facilitate the transfer of intellectual property from the University to private business, thereby commercializing the scientific innovations of University researchers.
- University of Calgary Properties Group Ltd. ("UCPG"), is the sole trustee of University District Trust ("UDT") and University Innovation Quarter Trust ("UIQT").
- University Innovation Quarter Trust ("UIQT"), a trust created to operate, manage, and develop University Innovation Quarter lands (previously named University Research Park) to support an innovation ecosystem on behalf of the University.

Proportionate consolidation is used to record the University's share of Western Canadian Universities Marine Sciences Society ("WCUMSS") (20% interest), a partnership with five other universities to provide research infrastructure in the marine sciences for its member universities and the worldwide scientific community. All partnership inter-entity accounts and transactions between WCUMSS and the University are eliminated upon consolidation. This partnership is not material to the University's consolidated financial statements; therefore, separate condensed financial information is not presented.

During the fiscal year ended March 31, 2022, the Tri-University Meson Facility ("TRIUMF"), of which the University had a 7.14% interest, ceased being a partnership and incorporated as a not-for-profit organization. The University does not control nor have shared control over the newly created not-for-profit organization TRIUMF Inc. and its financial results are not included in these consolidated financial statements.

**(i) Investment in government business enterprise**

Government business enterprises, owned or controlled by the University but not dependent on the University for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the accounting policies of the GBE 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. The University's wholly-owned entity accounted for by the modified equity basis is University District Trust ("UDT").

**(j) 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.

**(k) Liability for Contaminated Sites**

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. It does not include airborne contaminants. The University recognizes a liability for remediation of contaminated sites when the following criteria have been 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.
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**2. Summary of significant accounting policies and reporting practices (Continued)**

**(k) Liability for Contaminated Sites (Continued)**

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 and environmental standards.

When an environmental standard does not exist or contamination does not exceed an environmental standard, a liability for remediation 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 University have already occurred.

**(l) Expense by Function**

The University uses the following function categories on its consolidated statement of operations:

**Academic costs and institutional support**

Academic costs and institutional support includes expenses relating to activities directly and indirectly supporting innovative learning, programming, and teaching as well as administration and governance functions of the University.

**Research**

Research expenses relate primarily to activity funded by externally sponsored research funds intended for specific research purposes as well as internal funds designated for research related spending.

**Special purpose and trust**

Special purpose and trust is comprised of expenses relating to externally restricted funding for non-research related activities including scholarships and community service.

**Facilities operations and maintenance**

Facilities operations and maintenance function includes centralized management and maintenance of grounds and facilities, and buildings. Examples include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, and major repairs and renovations.

**Ancillary services**

Ancillary expenses relate to secondary services available to students, faculty, and staff. Services include on campus residence, food services, university bookstores, Hotel Alma, parking, and conference services.

**(m) Future changes in accounting standards**

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(in thousands)**



**3. Portfolio investments**

	2022	2021
Portfolio investments - non-endowment	\$ 933,080	\$ 927,068
Portfolio investments - restricted for endowments	1,162,862	1,119,998
	<b>\$ 2,095,942</b>	<b>\$ 2,047,066</b>

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

	2022			
	Level 1	Level 2	Level 3	Total
<b>Bonds</b>				
Canadian government and corporate	\$ -	\$ 556,109	\$ -	\$ 556,109
Foreign government and corporate	-	24,420	-	24,420
Pooled investments funds	-	108,833	-	108,833
<b>Equities</b>				
Canadian equities	9,007	-	-	9,007
Foreign equities	2,780	-	-	2,780
Pooled investments funds	-	951,694	-	951,694
<b>Other</b>				
Cash and money market funds	4,961	-	-	4,961
Pooled canadian mortgages	-	305,968	-	305,968
Pooled hedge funds	-	80,530	-	80,530
Private equity	-	-	27,891	27,891
Infrastructure	-	-	23,749	23,749
	<b>\$ 16,748</b>	<b>\$ 2,027,554</b>	<b>\$ 51,640</b>	<b>\$ 2,095,942</b>

	2021			
	Level 1	Level 2	Level 3	Total
<b>Bonds</b>				
Canadian government and corporate	\$ -	\$ 545,367	\$ -	\$ 545,367
Foreign government and corporate	-	17,421	-	17,421
Pooled investments funds	-	99,284	-	99,284
<b>Equities</b>				
Canadian equities	2,988	-	-	2,988
Foreign equities	2,635	-	-	2,635
Pooled investments funds	-	937,751	-	937,751
<b>Other</b>				
Cash and money market funds	39,598	-	-	39,598
Guaranteed investment certificate (GICs)	-	3,096	-	3,096
Pooled canadian mortgages	-	306,493	-	306,493
Pooled hedge funds	-	70,353	-	70,353
Private equity	-	-	10,020	10,020
Infrastructure	-	-	12,060	12,060
	<b>\$ 45,221</b>	<b>\$ 1,979,765</b>	<b>\$ 22,080</b>	<b>\$ 2,047,066</b>

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**3. Portfolio investments (Continued)**

The above tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.

Level 2 fair value measurements are those derived from 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).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

The following table provides reconciliation of the changes in fair value of Level 3 investments:

	2022	2021
Balance, beginning of year	\$ 22,080	\$ 3,302
Unrealized gains	6,954	2,536
Purchases	22,606	16,242
Balance, end of year	\$ 51,640	\$ 22,080

**4. Financial risk management**

**Market price risk**

The University 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 University has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits and is designed to achieve a long-term rate of return with an acceptable level of risk.

The following details the University's portfolio sensitivity to a 11.1% increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the portfolio investments over a four year period. At March 31, 2022, if market prices had a 11.1% (2021 - 10.5%) increase or decrease with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses, unrestricted net assets, and endowment net assets for the year would have totalled \$232,001 (2021 - \$211,267).

The University's management of market price risk has not changed from the prior year.

**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 currency risk on investments that are denominated in foreign currencies.

The impact of a change in value of foreign currency portfolio investments is as follows:

	Fair Value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
U.S. and International	\$ 727,190	\$ 709,010	\$ 719,918	\$ 734,462	\$ 745,370

The University has a contract with the Qatari government to operate a campus in Qatar. Expenses incurred are recovered from the government of Qatar and claims are adjusted to reflect currency fluctuations, thus reducing exchange risk exposure to the University.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**4. Financial risk management (Continued)**

**Credit risk**

The University is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honour its contractual obligations. To manage this risk, the University only invests in investment grade issuers as guided by the University's Investment policy. The credit risk from accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures. Given the nature of the University's accounts receivable balances, and current economic outlook, management has assessed the impact to credit risk as low.

The credit rating for Canadian government and corporate bonds held is as follows:

<b>Credit Rating</b>	<b>2022</b>	<b>2021</b>
AAA	<b>37.37 %</b>	32.71 %
AA	<b>17.69 %</b>	28.73 %
A	<b>31.52 %</b>	24.10 %
BBB	<b>13.42 %</b>	14.46 %
	<b>100.00 %</b>	100.00 %

**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 line of credit designed to ensure availability of funds to meet current and forecasted financial requirements as cost effectively as possible. 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. At March 31, 2022, the University has committed borrowing facilities of \$18,750 (2021 - \$18,750), none of which has been drawn.

**Interest rate risk**

Interest rate risk is the risk that future cash flows or fair values will fluctuate due to the volatility of market interest rates. The University is exposed to this risk on its interest bearing assets and bonds. Bonds are affected indirectly as they are subject to fluctuations in market values. Bonds are currently invested at the shorter end of the yield curve to reduce market value volatility. Interest risk on the University's debt is managed through fixed-rate agreements with the Department of Treasury Board and Finance as described in Note 8. If interest rates increased by 1% and all other variables are held constant, the potential loss in fair value on bonds and mortgage funds to the University would be \$31,793 (2021 - \$30,778).

The terms to maturity of interest-bearing securities held by the University are as follows:

<b>Asset class</b>	<b>&lt; 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>	<b>Average effective market yield</b>
Money market funds	100.00 %	-	-	0.62 %
Government and corporate bonds	8.07 %	76.02 %	15.91 %	2.77 %
Canadian mortgage fund	17.47 %	55.70 %	26.83 %	4.03 %

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**5. Investment in government business enterprise**

The University District Trust ("UDT") subleases land to developers for the commercialization of residential and commercial development. The University is the beneficiary of UDT 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.

**Statement of Financial Position:**

	December 31, 2021	December 31, 2020
<b>Assets</b>		
Cash	\$ 2,267	\$ 1,062
Accounts receivable	1,492	817
Deposit	222	228
Prepaid expenses	243	243
Investments	118,402	82,308
Capital assets	1,682	2,006
Development costs	46,359	42,986
	<b>\$ 170,667</b>	<b>\$ 129,650</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 11,216	\$ 10,235
Land lease payable	18,159	13,039
Deferred revenue	1,263	2,534
Promissory note	3,750	3,750
Long-term debt	132,737	96,603
Cost to complete	7,257	8,177
	<b>\$ 174,382</b>	<b>\$ 134,338</b>
<b>Equity</b>		
Deficit	\$ (3,715)	\$ (4,688)
	<b>\$ 170,667</b>	<b>\$ 129,650</b>

**Statement of Operations:**

	December 31, 2021	December 31, 2020
Rental revenue	\$ 4,085	\$ 883
Rental operating expenses	1,599	266
	<b>\$ 2,486</b>	<b>\$ 617</b>
Land lease revenue	\$ 12,615	\$ 587
Cost of land lease	7,313	-
	<b>\$ 5,302</b>	<b>\$ 587</b>
Expenses	\$ 6,815	\$ 5,720
Net income (loss)	\$ 973	(4,516)
	<b>\$ 973</b>	<b>\$ (4,516)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**6. Tangible capital assets**

	2022					2021
	Buildings	Furnishings, equipment and systems	Learning resources	Land	Total	Total
<b>Cost</b>						
Beginning of year	\$ 3,059,059	\$ 600,963	\$ 259,180	\$ 47,913	\$ 3,967,115	\$ 3,823,518
Acquisitions	147,824	34,747	9,649	-	192,220	160,451
Disposals	-	(1,083)	-	-	(1,083)	(16,854)
	\$ 3,206,883	\$ 634,627	\$ 268,829	\$ 47,913	\$ 4,158,252	\$ 3,967,115
<b>Accumulated amortization</b>						
Beginning of year	\$ 1,201,565	\$ 444,239	\$ 216,593	\$ -	\$ 1,862,397	\$ 1,731,508
Amortization expense	94,411	51,132	8,574	-	154,117	147,727
Disposals	-	(1,082)	-	-	(1,082)	(16,838)
	\$ 1,295,976	\$ 494,289	\$ 225,167	\$ -	\$ 2,015,432	\$ 1,862,397
<b>Net book value at March 31, 2022</b>	\$ 1,910,907	\$ 140,338	\$ 43,662	\$ 47,913	\$ 2,142,820	\$ 2,104,718
Net book value as at March 31, 2021	\$ 1,857,494	\$ 156,724	\$ 42,587	\$ 47,913	\$ 2,104,718	

Tangible capital assets include work-in-progress at March 31, 2022 totaling \$207,615 (2021 - \$133,958) comprised of buildings \$196,057 (2021 - \$107,539) and furnishings, equipment and systems \$11,558 (2021 - \$26,419). Work-in-progress is not amortized as the assets are not available for use.

Acquisitions during the year included in-kind contributions (such as learning resources, equipment and software) in the amount of \$2,495 (2021 - \$2,257).

**7. Employee future benefit liabilities**

Employee future benefit liabilities are comprised of the following:

	2022	2021
Universities Academic Pension Plan	\$ 89,767	\$ 91,402
Long-term disability	4,126	4,294
Administrative leave (Note 22)	328	226
Supplementary retirement plan	13,599	13,019
	\$ 107,820	\$ 108,941

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

**UAPP**

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2020 and was then extrapolated to March 31, 2022, resulting in a UAPP deficit of \$247,933 (2021 - \$817,447) consisting of a pre-1992 deficit of \$797,730 (2021 - \$832,342) and a post-1991 surplus of \$549,797 (2021 - \$14,895). The University's portion of the UAPP pre-1992 deficit and post-1991 surplus has been allocated based on its percentage of the plan's total employer contributions for the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**7. Employee future benefit liabilities (Continued)**

The unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2021 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.04% (2021 - 2.90%) of salaries until June 30, 2022 and 3.57% (2021 - 3.04%) of salaries thereafter until December 31, 2043 to eliminate the unfunded deficiency. The Government of Alberta's obligation for the future additional contributions was \$226,028 (2021 - \$249,339) at March 31, 2022. Any unfunded deficiency for service after December 31, 1991 is financed by special payments shared equally between employees and employers of 2.50% of pensionable earnings until June 30, 2022, then reducing to 0.00% of salaries thereafter (2021 - 3.38% of salaries until June 30, 2020, then reducing to 3.24% of salaries until December 31, 2021, 1.71% of salaries for 2022 and 2023, 0.70% of salaries for 2024 and 2025, and 0.25% of salaries for 2026 and 2027).

**SRP**

The University provides non-contributory defined benefit supplementary retirement benefits to executives. An actuarial valuation of these benefits was carried out as at March 31, 2022.

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

	March 31, 2022			March 31, 2021		
	UAPP	Long-term disability <sup>(1)</sup>	SRP <sup>(1)</sup>	UAPP	Long-term disability <sup>(1)</sup>	SRP <sup>(1)</sup>
<b>Expenses</b>						
Current service cost	\$ 39,425	\$ 788	\$ 375	\$ 35,556	\$ 814	\$ 495
Interest cost	6,183	93	342	11,144	102	320
Amortization of net actuarial loss (gain)	1,159	(621)	366	9,846	(713)	460
<b>Total expenses</b>	<b>\$ 46,767</b>	<b>\$ 260</b>	<b>\$ 1,083</b>	<b>\$ 56,546</b>	<b>\$ 203</b>	<b>\$ 1,275</b>
<b>Financial Position</b>						
<b>Accrued benefit obligation:</b>						
Balance, beginning of year	\$ 1,138,926	\$ 4,294	\$ 13,557	\$ 1,024,944	\$ 4,502	\$ 13,667
Current service cost	39,425	788	375	35,556	814	495
Interest cost	59,944	93	342	58,041	102	320
Benefits paid	(51,159)	(428)	(503)	(48,096)	(411)	(460)
Actuarial loss (gain)	22,850	(621)	(661)	68,481	(713)	(465)
<b>Balance, end of year</b>	<b>\$ 1,209,986</b>	<b>\$ 4,126</b>	<b>\$ 13,110</b>	<b>\$ 1,138,926</b>	<b>\$ 4,294</b>	<b>\$ 13,557</b>
Plan assets	1,205,962	-	-	1,035,239	-	-
<b>Plan deficit</b>	<b>\$ (4,024)</b>	<b>\$ (4,126)</b>	<b>\$ (13,110)</b>	<b>\$ (103,687)</b>	<b>\$ (4,294)</b>	<b>\$ (13,557)</b>
Unamortized net actuarial (gain) loss	\$ (85,743)	\$ -	\$ (489)	\$ 12,285	\$ -	\$ 538
<b>Accrued benefit liability</b>	<b>\$ (89,767)</b>	<b>\$ (4,126)</b>	<b>\$ (13,599)</b>	<b>\$ (91,402)</b>	<b>\$ (4,294)</b>	<b>\$ (13,019)</b>

<sup>(1)</sup> The University plans to use its working capital to finance these future obligations.

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**7. Employee future benefit liabilities (Continued)**

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

	March 31, 2022			March 31, 2021		
	UAPP	Long-term disability	SRP	UAPP	Long-term disability	SRP
<b>Accrued benefit obligation:</b>						
Discount rate	5.10 %	3.20 %	3.20 %	5.20 %	1.90 %	2.50 %
Long-term average compensation increase	3.00 %	n/a	2.00 %	3.00 %	n/a	2.00 %
<b>Benefit cost:</b>						
Discount rate	5.20 %	3.20 %	2.50 %	5.60 %	1.90 %	2.30 %
Long-term average compensation increase	3.00 %	n/a	2.00 %	3.00 %	n/a	2.00 %
Alberta inflation (long-term)	2.00 %	n/a	2.00 %	2.00 %	n/a	1.50 %
Estimated average remaining service life	10.6 yrs	6.48 yrs	3 yrs	10.6 yrs	6.47 yrs	3 yrs

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

**PSPP**

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, PSPP is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is \$21,513 (2021 - \$22,258).

An actuarial valuation of the PSPP was carried out as at December 31, 2020 and was then extrapolated to December 31, 2021. At December 31, 2021, the PSPP reported an actuarial surplus of \$4,588,479 (December 31, 2020 - \$2,223,582). For the year ended December 31, 2021 PSPP reported employer contributions of \$310,371 (2020 - \$323,497). For the 2021 calendar year, the University's employer contributions were \$21,908 (2020 - \$22,776).

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**8. Debt**

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

	Collateral	Maturity date	Interest rate %	2022	2021
Debtures payable to the Department of Treasury Board and Finance:					
Debenture for Cascade Hall	(1)	May 2025	6.25%	\$ 4,553	\$ 5,529
Debenture for Residences	(1)	December 2038	3.90%	68,012	70,789
Debenture for International Residence House	(1)	June 2039	5.10%	22,260	23,033
Debenture for Phase VI Residence	(1)	March 2040	4.73%	45,997	47,588
Mortgage payable:					
Mortgage for University Innovation Quarter Trust Alastair Ross Technology Centre	(2)	December 2026	3.28%	17,883	-
Bank loans payable:					
Demand loan for Western Canadian Universities Marine Sciences Society	(3)	April 2026	3.76%	177	191
Demand loan for Western Canadian Universities Marine Sciences Society	(3)	June 2022	2.45%	69	69
				<b>\$ 158,951</b>	<b>\$ 147,199</b>
Obligations under capital leases				<b>\$ 588</b>	<b>\$ 827</b>
				<b>\$ 159,539</b>	<b>\$ 148,026</b>

(1) General security agreement

(2) Secured by a demand collateral leasehold mortgage over UIQT's interest in all lands, in addition to a general security agreement

(3) None

Interest expense on debt recorded in these consolidated statements is \$6,511 (2021 - \$6,790) of which \$ nil (2021 - \$ nil) was capitalized. Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 7,948	\$ 6,809	\$ 14,757
2024	7,990	6,492	14,482
2025	8,124	6,170	14,294
2026	8,456	5,838	14,294
2027	7,431	5,491	12,922
Thereafter	119,590	40,185	159,775
		<b>\$ 159,539</b>	<b>\$ 70,985</b>
			<b>\$ 230,524</b>

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**9. Deferred revenue**

	2022		
	Unspent externally restricted grants and donations	Tuition and other fees	Total
Balance, beginning of year	\$ 660,423	\$ 21,168	\$ 681,591
Grants, tuition and donations received	555,635	286,416	842,051
Investment income	42,717	-	42,717
Transfer to spent deferred capital contributions	(96,362)	-	(96,362)
Recognized as revenue	(449,716)	(275,919)	(725,635)
	<b>\$ 712,697</b>	<b>\$ 31,665</b>	<b>\$ 744,362</b>

  

	2021		
	Unspent externally restricted grants and donations	Tuition and other fees	Total
Balance, beginning of year	\$ 544,965	\$ 24,694	\$ 569,659
Grants, tuition and donations received	584,619	235,935	820,554
Investment income	44,078	-	44,078
Transfer to spent deferred capital contributions	(91,534)	-	(91,534)
Recognized as revenue	(421,705)	(239,461)	(661,166)
	<b>\$ 660,423</b>	<b>\$ 21,168</b>	<b>\$ 681,591</b>

**10. Spent deferred capital contributions**

Spent deferred capital contributions are comprised of externally restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue).

	2022	2021
Balance, beginning of year	\$ 1,446,920	\$ 1,450,438
Transfer from unspent externally restricted grants and donations	96,362	91,534
Expended capital contributions recognized as revenue	(96,708)	(95,052)
	<b>\$ 1,446,574</b>	<b>\$ 1,446,920</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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11. Net Assets

	2022					2021
	Unrestricted	Investment in tangible capital assets	Internally restricted	Endowments	Total	Total
<b>Net Assets, beginning of year</b>	\$ 30,222	\$ 509,772	\$ 278,017	\$ 1,119,998	\$ 1,938,009	\$ 1,717,928
<b>Annual operating surplus (deficit)</b>	26,284	-	-	-	26,284	(10,075)
<b>Transfer to internally restricted net of expenditures</b>	(21,286)	-	21,286	-	-	-
<b>Endowment</b>						
New contributions	-	-	-	8,987	8,987	15,431
Capitalized investment income	-	-	-	27,567	27,567	-
<b>Tangible capital assets</b>						
Acquisition of capital assets	(35,735)	95,857	(60,122)	-	-	-
Amortization of capital assets	57,409	(57,409)	-	-	-	-
Debt repayment	(6,370)	6,370	-	-	-	-
Debt - new financing	17,883	(17,883)	-	-	-	-
<b>Change in accumulated remeasurement gains</b>	(25,726)	-	-	6,310	(19,416)	214,725
<b>Net assets at March 31, 2022</b>	\$ 42,681	\$ 536,707	\$ 239,181	\$ 1,162,862	\$ 1,981,431	\$ 1,938,009
<b>Net assets is comprised of:</b>						
Accumulated surplus	\$ 47,057	\$ 536,707	\$ 239,181	\$ 941,406	\$ 1,764,351	\$ 1,701,513
Accumulated remeasurement (losses) gains	(4,376)	-	-	221,456	217,080	236,496
<b>Net assets at March 31, 2022</b>	\$ 42,681	\$ 536,707	\$ 239,181	\$ 1,162,862	\$ 1,981,431	\$ 1,938,009

**Internally restricted net assets**

Internally restricted net assets represent amounts set aside by the University's Board of Governors for strategic initiatives in support of student learning, research, capital projects and community service. During the fiscal year ended March 31, 2022, the Board redirected internally restricted net asset amounts to fund strategic capital construction programs on campus. The academic, institutional, and research initiatives previously funded by internally restricted net assets are ongoing and will be funded through the University's annual budgeting process. Internally restricted net assets are summarized as follows:

	2022	2021
Capital projects	\$ 239,181	\$ 55,235
Academic and institutional initiatives	-	98,223
Research activities	-	124,559
	\$ 239,181	\$ 278,017

12. Contingent assets

The University is a defendant in a number of legal proceedings arising in the normal course of business and has insurance to recover any possible legal settlement. The future receipt of these assets is dependent on the outcome of the contingent liability occurring. These contingent assets are not recorded in the consolidated financial statements.

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FOR THE YEAR ENDED MARCH 31, 2022  
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**13. 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 recording a liability.

The University has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the University may be required to take appropriate remediation procedures to remove the asbestos. The University has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk. The asset retirement obligations for these assets will be recorded upon adoption of the PS 3280 Asset retirement obligations accounting standards (Note 2 (m)).

During the fiscal period ended March 31, 2022 the University eliminated all outstanding agreements that provided guarantees on employee housing loans. These amounts were not recorded in the consolidated financial statements. No new loan agreements were extended during the period (2021 - \$500).

**14. 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
2023	\$ 7,264	\$ 5,422	\$ 12,686
2024	5,987	1,159	7,146
2025	3,299	648	3,947
2026	1,663	482	2,145
2027	829	382	1,211
Thereafter	23,147	609	23,756
<b>March 31, 2022</b>	<b>\$ 42,189</b>	<b>\$ 8,702</b>	<b>\$ 50,891</b>
March 30, 2021	\$ 40,657	\$ 8,863	\$ 49,520

**15. Contractual obligations**

The University 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 amount payable for the unexpired terms of these contractual obligations are as follows:

	Service contracts	Capital projects	Long-term leases	Other	Total
2023	\$ 125,871	\$ 69,751	\$ 5,743	\$ 131,248	\$ 332,613
2024	96	1,669	5,567	-	7,332
2025	96	1,471	5,425	-	6,992
2026	87	1,514	5,448	-	7,049
2027	75	15	5,365	-	5,455
Thereafter	-	-	18,036	-	18,036
<b>March 31, 2022</b>	<b>\$ 126,225</b>	<b>\$ 74,420</b>	<b>\$ 45,584</b>	<b>\$ 131,248</b>	<b>\$ 377,477</b>
March 30, 2021	\$ 33,384	\$ 108,286	\$ 52,253	\$ 57,139	\$ 251,062

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(in thousands)**



**15. Contractual obligations (Continued)**

The University is one of 64 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2021 CURIE had a surplus of \$10,034 (2020 - \$11,400). The University participates in seven of the underwriting periods, which have an accumulated surplus of \$105,790 (2020 - \$99,449) of which the University's pro rata share is approximately 5.97% (2020 - 5.98%). This surplus is not recorded in the financial statements.

**16. Budget comparison**

Budgeted figures have been provided for comparison purposes and have been derived from the University's budget as approved by the Board of Governors and submitted to the Minister of Advanced Education.

**17. Investment income**

	2022	2021
Portfolio investments - restricted for endowments	\$ 69,589	\$ 42,991
Portfolio investments - non-endowment	30,796	38,433
	\$ 100,385	\$ 81,424
Income capitalized to endowments	(27,567)	-
	\$ 72,818	\$ 81,424

**18. Expense by object**

	2022 Budget (Note 16)	2022	2021
Salaries	\$ 669,542	\$ 695,025	\$ 690,350
Employee benefits	129,331	136,786	144,080
Materials, supplies and services	268,003	282,570	259,092
Utilities	24,698	25,724	22,168
Maintenance and repairs	15,480	16,524	18,002
Scholarships and bursaries	122,048	119,090	114,053
Cost of goods sold	7,479	12,979	7,796
Amortization of tangible capital assets	162,382	154,117	147,727
	\$ 1,398,963	\$ 1,442,815	\$ 1,403,268

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



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

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

	2022	2021
University of Calgary Medical Group	\$ 8,494	\$ 12,875
Alberta Gambling Research Institute	437	963
State of Qatar	246	281
Alberta Sulphur Research	266	26
Others	181	85
	<b>\$ 9,624</b>	<b>\$ 14,230</b>

**20. Related parties**

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

The University has debt with the Department of Treasury Board and Finance as described in Note 8.

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

- The University operates its Spy Hill Campus on land leased from the Alberta Ministry of Infrastructure under a 42 year lease agreement. The University of Calgary has occupied the 131 acre Spy Hill Campus since 1972 and is charged a nominal annual amount.
- The University's Biogeoscience Institute is a leading field research station that operates in the Kananaskis Provincial Park in Alberta. By maintaining the site and being responsible for all costs, the University occupies the research station at nominal charge from the Alberta Ministry of Environment and Parks.
- The University has integrated programs and research activities with Alberta Health Services ("AHS"). As part of the collaborative environment with AHS and the close proximity of the University to Foothills Hospital and the Alberta Children's Hospital, the University leases 72,200 square feet of space to AHS at amounts covering operating costs.

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



**21. Government transfers**

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

	2022	2021
Grants from GOA		
Advanced Education:		
Operating	\$ 405,499	\$ 430,473
Capital	63,054	82,454
Research	8,413	9,066
Other	9,373	6,789
<b>Total Advanced Education</b>	<b>\$ 486,339</b>	<b>\$ 528,782</b>
<b>Other post-secondary institutions</b>	<b>\$ 3,326</b>	<b>\$ 2,966</b>
Other GOA departments and agencies:		
Alberta Health	\$ 86,630	\$ 84,261
Other	43,830	50,192
<b>Total other GOA departments and agencies</b>	<b>\$ 130,460</b>	<b>\$ 134,453</b>
<b>Total contributions received</b>	<b>\$ 620,125</b>	<b>\$ 666,201</b>
Restricted expended capital contributions recognized as revenue	69,898	68,986
Less: deferred revenue	(80,748)	(107,270)
<b>Government of Alberta grants</b>	<b>\$ 609,275</b>	<b>\$ 627,917</b>
Federal and other government grants		
Contributions received	\$ 224,481	\$ 249,995
Restricted expended capital contributions recognized as revenue	13,354	13,027
Less: deferred revenue	(37,815)	(68,706)
<b>Federal and other government grants</b>	<b>\$ 200,020</b>	<b>\$ 194,316</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(in thousands)**



**22. Salary and Employee Benefits**

	2022			Total
	Base salary <sup>(1)</sup>	Other cash benefits <sup>(2)</sup>	Other non-cash benefits <sup>(3) (4)</sup>	
<b>Governance <sup>(5)</sup></b>				
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	-	-
Chancellor honorarium	-	-	-	-
<b>Executive</b>				
President <sup>(6)(7)</sup>	447	6	269	722
Vice-Presidents:				
Provost and Vice President Academic <sup>(8)</sup>	401	25	161	587
Vice President Advancement				
Incumbent <sup>(9)</sup>	55	45	50	150
Past Interim Incumbent - Communications <sup>(9)</sup>	250	-	31	281
Past Interim Incumbent - Development <sup>(9)</sup>	250	-	31	281
Vice President Finance and Services				
Past Incumbent <sup>(10)</sup>	107	501	121	729
Interim Incumbent - Finance <sup>(10)</sup>	200	-	29	229
Interim Incumbent - Services <sup>(10)</sup>	190	-	28	218
Vice President Research	235	50	58	343

	2021			Total
	Base salary <sup>(1)</sup>	Other cash benefits <sup>(2)</sup>	Other non-cash benefits <sup>(3) (4)</sup>	
<b>Governance <sup>(5)</sup></b>				
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	-	-
Chancellor honorarium	-	-	-	-
<b>Executive</b>				
President <sup>(6)(7)</sup>	447	6	243	696
Vice-Presidents:				
Provost and Vice President Academic <sup>(8)</sup>	429	12	144	585
Vice President Advancement				
Past Incumbent <sup>(11)</sup>	371	25	118	514
Interim Incumbent - Communications <sup>(11)</sup>	13	-	1	14
Interim Incumbent - Development <sup>(11)</sup>	13	-	1	14
Vice President Facilities				
Past Incumbent <sup>(12)</sup>	159	479	99	737
Vice President Finance and Services	320	12	129	461
Vice President Research	235	50	58	343

1. Base salary includes pensionable base pay.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(in thousands)**



**22. Salary and Employee Benefits (Continued)**

2. Other cash benefits include vacation payouts, administrative honorariums, stipends, executive allowances, lump sum payments, retirement allowances, and severance. No bonuses were paid in fiscal year 2022.
3. Other non-cash benefits include the University's share of all employee benefits and contributions or payments made on behalf of employees including pension, administrative leave, group life insurance, employee family assistance program, critical illness, supplementary health care, short and long-term disability plan, supplementary retirement plan (per footnote (4)), professional memberships, payment of legal fees, relocation benefits, accidental disability and dismemberment.
4. Under the terms of the supplementary retirement plan ("SRP"), the executive may receive supplemental retirement payments. Retirement arrangement costs as detailed are not cash payments in the period but are period expenses 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 SRP 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 prorated on services, a market interest rate, and management's best estimate of other assumptions. Net actuarial gains and losses of the benefit obligations are amortized over the expected remaining service life of each plan participant. Current service cost is the actuarial present value of the benefits earned in the current year. The components of the cost of the SRP include current service cost, amortization of actuarial gains and losses, past service costs on plan initiation, and interest accruing on the actuarial liability.
5. The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.
6. The individual in this role received a vehicle allowance included in other cash benefits and a taxable parking benefit included in other non-cash benefits.
7. The individual in this role earned future administrative leave benefits during the year that have been included in other non-cash benefits.
8. The new Provost and Vice President Academic incumbent occupied the position as of April 1, 2021.
9. During the fiscal year, both Vice President Advancement past interim incumbent positions were occupied until January 31, 2022. The Vice President Advancement incumbent position was occupied as of February 1, 2022.
10. During the fiscal year, the Vice President Finance and Services past incumbent position was occupied until July 31, 2021. The Vice President Finance and Services past incumbent position received a retiring allowance of \$480 which is included in other cash benefits. Both Vice President Finance and Services interim incumbent positions were occupied as of August 1, 2021.
11. During the prior fiscal year, the Vice President Advancement Past Incumbent position was occupied until March 15, 2021. Both Vice President Advancement Interim Incumbent positions were occupied on March 16, 2021.
12. During the prior fiscal year, the Vice President Facilities Past Incumbent position was occupied until October 1, 2020. The Vice President of Facilities Past Incumbent position received severance of \$473 which is included in prior year other cash benefits.

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

	Accrued benefit obligation March 31, 2021	Service costs	Interest costs	Actuarial loss (gain)	Benefits paid	Accrued benefit obligation March 31, 2022
President	\$ 885	\$ 91	\$ 24	\$ (73)	\$ -	\$ 927
Vice-Presidents:						
Provost and Vice President Academic	-	85	2	(6)	-	81
Vice President Advancement						
Incumbent	-	9	-	(1)	-	8
Vice President Finance and Services						
Past Incumbent	478	71	14	(58)	(7)	498
Vice President Research	19	18	1	(3)	-	35

The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 7.

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**22. Salary and Employee Benefits (Continued)**

The current service cost and accrued obligation for the President's Administrative Leave is outlined in the following table:

	Accrued benefit obligation March 31, 2021	Service costs	Interest costs	Actuarial loss (gain)	Benefits paid	Accrued benefit obligation March 31, 2022
Administrative Leave-Incumbent	\$ 226	\$ 101	\$ 6	\$ (5)	\$ -	\$ 328

The significant actuarial assumptions used to measure the accrued benefit obligation for the Administrative Leave are based on a discount rate of 2.6% (2021 – 1.9%) and a yearly salary increase rate of 0% (2021 - 0%). An administrative leave benefit loading rate of 20% is applied to the President.

**23. Comparative Figures**

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



# UNIVERSITY OF CALGARY

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