



The following Motion and Documents were considered by the Board of Governors during an electronic vote held from September 27 to 29, 2022:

Agenda Title: **University of Alberta Annual Report, 2021-22**

APPROVED MOTION: THAT the Board of Governors, on the recommendation of the Board Reputation and Public Affairs Committee and the Board Audit and Risk Committee, approve and adopt the University of Alberta Annual Report, 2021-22, as set forth in Attachment 1 and as revised following the Board Audit and Risk Committee meeting, and empower the Vice-President (External Relations) to make any editorial changes to the Report, as needed, as long as the changes do not have the force of policy.

Final Item: 1.

**Governance Executive Summary
Action Item**

Agenda Title	University of Alberta Annual Report, 2021-22
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Motion

THAT the Board of Governors, on the recommendation of the Board Reputation and Public Affairs Committee and the Board Audit and Risk Committee, approve and adopt the University of Alberta Annual Report, 2021-22, as set forth in Attachment 1 and as revised following the Board Audit and Risk Committee meeting, and empower the Vice-President (External Relations) to make any editorial changes to the Report, as needed, as long as the changes do not have the force of policy.

Item

Action Requested	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Recommendation
Proposed by	Elan MacDonald, Vice-President (External Relations)
Presenter(s)	Elan MacDonald, Vice-President (External Relations)

Details

Office of Administrative Responsibility	External Relations
The Purpose of the Proposal is <i>(please be specific)</i>	The proposal is before the Board for approval.
Executive Summary <i>(outline the specific item – and remember your audience)</i>	<p>Purpose of Annual Report: The submission of the University of Alberta’s Annual Report is an annual accountability requirement of the Government of Alberta. The report must adhere to government guidelines and includes (among other routine requirements) the institution’s financial statements, capital plan, and key updates on core mission goals and performance measures.</p> <p>Role of Board Reputation and Public Affairs Committee: At its September meeting, the Board Reputation and Public Affairs Committee reviewed the Annual Report in full (as per the Committee’s Terms of Reference) and recommended approval to the Board of Governors.</p> <p>Role of the Audit and Risk Committee: The Annual Report is also required to come to the Board Audit and Risk Committee, as noted on page 3 of the Annual Report, which indicates that the Report is required to be developed under the oversight of the University’s audit committee, approved by the Board of Governors, and prepared in accordance with the Fiscal Planning and Transparency Act and the Post-secondary Learning Act.</p> <p>The financial components of the Annual Report (appendices 1 and 2) followed a separate approval route and have been incorporated into the Annual Report following their approval by the Board in early June 2022 (with no changes with the exception of page numbering).</p> <p>At its meeting, BARC discussed and recommended changes to the Annual Report, as outlined in Supplementary Notes and Context (below).</p>



Item No. 1

	<p>The primary audience of the report is the Government of Alberta and must be submitted by September 30, 2022.</p> <p>Risks and Potential Opportunities:</p> <ul style="list-style-type: none"> • Risk: As the document adheres to accountability guidelines and requirements, there are no significant risks. • Opportunity: Because the document demonstrates how the University of Alberta’s annual performance aligns with government priorities and responds to key environmental factors, this is an important opportunity to showcase the University of Alberta as a partner in achieving these goals.
Supplementary Notes	<p><u>Revisions recommended by the Board Audit and Risk Committee:</u></p> <p>At its meeting on September 26, 2022, the Board Audit and Risk Committee (BARC) reviewed the document as required by the Government of Alberta accountability statement, and also engaged in a discussion of the report from an enterprise-risk perspective.</p> <p>Members suggested several editorial changes and also expressed concern regarding the phraseology of some sections of the report given the potential for wide distribution of the report. Following discussion, the committee recommended Board approval of the report pending submission of BARC members' comments on the report to management, as well as the review and sign-off of the full report by the university's General Counsel.</p> <p>Since that date, General Counsel reviewed the report and shared the outcome of that review with the Board Chair and BARC Chair. Further editorial changes in response to BARC members’ feedback have been incorporated into the final Annual Report. A list of changes is included in Attachment 2.</p>

Engagement and Routing (Include meeting dates)

<p>Consultation and Stakeholder Participation (parties who have seen the proposal and in what capacity)</p>	<p><u>Those who are actively participating:</u></p> <ul style="list-style-type: none"> • External Relations • University Services and Finance • Provost’s Office • Facilities & Operations
	<p><u>Those who have been consulted:</u></p> <ul style="list-style-type: none"> • PEC-O • PEC-S • BRPAC • BOG
	<p><u>Those who have been informed:</u></p> <ul style="list-style-type: none"> • APC • BARC • BOG
Approval Route (Governance)	June 3 – BRPAC (for discussion)



Item No. 1

(including meeting dates)	June 22 – APC (for information) Sept 16 – BRPAC (for recommendation) Sept 26 – BARC (for information – BARC decided to recommend as well) Sept 27-29 – BG (special e-vote for approval)
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Strategic Alignment

Alignment with <i>For the Public Good</i>	Sustain, Objectives 21 and 22	
Alignment with Core Risk Area	Please note below the specific institutional risk(s) this proposal is addressing.	
	<input checked="" type="checkbox"/> Enrolment Management <input checked="" type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input checked="" type="checkbox"/> Leadership and Change <input checked="" type="checkbox"/> Physical Infrastructure	<input checked="" type="checkbox"/> Relationship with Stakeholders <input checked="" type="checkbox"/> Reputation <input checked="" type="checkbox"/> Research Enterprise <input checked="" type="checkbox"/> Safety <input checked="" type="checkbox"/> Student Success
Legislative Compliance and jurisdiction	BRPAC Terms of Reference 2k BARC Terms of Reference	

Attachments

1. 2021-22 University of Alberta Annual Report (final draft) (92 pages)
2. [Changes incorporated into the Annual Report based on feedback from the Board Audit and Risk Committee](#) (2 pages)



ANNUAL REPORT 2021-22



UNIVERSITY
OF ALBERTA



TABLE OF

CONTENTS

TREATY ACKNOWLEDGEMENT	2	LIST OF FIGURES AND TABLES	
ACCOUNTABILITY STATEMENT	3	Table 1: Student Enrolment	19
MANAGEMENT'S RESPONSIBILITY FOR REPORTING	3	Table 2: Completion Rates	20
PUBLIC INTEREST DISCLOSURE	3	Table 3: Sponsored Research Revenue, 2021-22	23
MESSAGE FROM THE PRESIDENT	4	Table 4: Sponsored Research Income, 2016-2022	24
OPERATIONAL OVERVIEW	5	Table 5: Provincial Priority Project	36
GOALS AND PERFORMANCE MEASURES	13	Table 6: Major Capital Projects	37
Goal: Successful Transformation	14	Table 7: Top Capital Priorities	38
Goal: Financial Sustainability	17	Table 8: Emerging Capital Priorities	40
Goal: Enhanced Student Experience	18	Table 9: Partially or Unfunded Priorities	41
Goal: Enhanced Staff Engagement	22	Table 10: Fully Funded Projects	42
Goal: Increased Innovation and Entrepreneurship	23	Table 11: District Energy System	44
Community Engagement	26		
Regional Stewardship, Foundational Learning, Underrepresented Learners	28		
Internationalization	30		
CAPITAL REPORT	33		
Provincial Priority Project	36		
Major Capital Projects	37		
Top Capital Priorities	38		
Additional Capital Priorities	40		
Emerging Capital Priorities	40		
Partially Funded or Unfunded Priorities	41		
Fully Funded Projects	42		
UTILITIES	43		
APPENDIX 1 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS	45		
APPENDIX 2 CONSOLIDATED FINANCIAL STATEMENTS	58		

TREATY ACKNOWLEDGEMENT

The University of Alberta respectfully acknowledges that we are located on Treaty 6 territory, a traditional gathering place for diverse Indigenous peoples including the Cree, Blackfoot, Métis, Nakota Sioux, Iroquois, Dene, Ojibway/ Sauteaux/Anishinaabe, Inuit, and many others whose histories, languages, and cultures continue to influence our vibrant community.



ACCOUNTABILITY STATEMENT

The University of Alberta's Annual Report for the year ended March 31, 2022 was prepared under the Board's direction in accordance with the Fiscal Planning and Transparency Act and ministerial guidelines established pursuant to the *Post-Secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by
Kate Chisholm, QC
Chair, Board of Governors

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The University of Alberta's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the Annual Report including the financial statements, performance results and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the *Fiscal Planning and Transparency Act* and the *Post-Secondary Learning Act*.

The Auditor General of Alberta, the institution's external auditor appointed under the *Post-Secondary Learning Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

Original signed by
Bill Flanagan
President and Vice-Chancellor

Original signed by
Todd Gilchrist
Vice-President (University Services and Finance)

PUBLIC INTEREST DISCLOSURE

There were no disclosures reported this past year.

MESSAGE FROM THE **President**



The University of Alberta is a proven leader in innovation and excellence, continually seeking new ways to build a better world for the public good. We work together to meet challenges and forge new paths, never losing sight of our commitment to deliver the highest quality teaching, research and community engagement. Our ability to focus our energies to find creative solutions and lead change were brought to the forefront during the ongoing global pandemic and fiscal pressures. This past year was a time of challenges, opportunities and change. By March 31, 2022, COVID pressures were easing, the provincial economy recovering, and the U of A stood poised for growth.

Throughout the year, developing and implementing the University of Alberta for Tomorrow (UAT) initiative was a core focus. A five-year initiative launched in 2020, this bold plan addresses major reductions in provincial funding and is shaped by our commitment to drive social and economic growth and innovation. We have significantly reduced institutional expenditures and implemented meaningful operational efficiencies to ensure our core mission's success is in line with key Government of Alberta expectations outlined in the MacKinnon Report. Our savings and the resulting restructuring have been larger in scope and speed than that achieved by any other post-secondary institute in Alberta or Canada. By the end of fiscal year 2022-23, the U of A's government grant per FLE student will be an estimated \$10,450, representing a 43 per cent reduction from 2019 levels and bringing the U of A below many U15 peers.

This past year we saw a clear signal that Albertans are seeking the skills needed to meet the growing demand of a changing labour environment. A destination of choice for Alberta's students, we continued to see a record number of applications

and moved quickly to increase enrolment by 2,000 students in high-demand areas. We are well on our way to achieving our goal of increasing enrolment by 25 per cent to 50,000 students by 2026. In the last 10 years, 83 per cent of our graduates have stayed in Alberta and one in five Albertans work for an organization or business that was founded by our alumni. Our enrolment growth strategy will meet the needs of Alberta's industries, businesses, community organizations and public institutions, helping to build a strong future for our province.

As this 2021-22 Annual Report demonstrates, the U of A is setting a bold new direction. Leading with purpose, we will continue to be the province's partner in driving discovery and innovation, forging deeper collaborative partnerships, educating tomorrow's workforce, and meeting the challenge of building a better future for all.

Original signed by
Bill Flanagan
President and Vice-Chancellor

OPERATIONAL

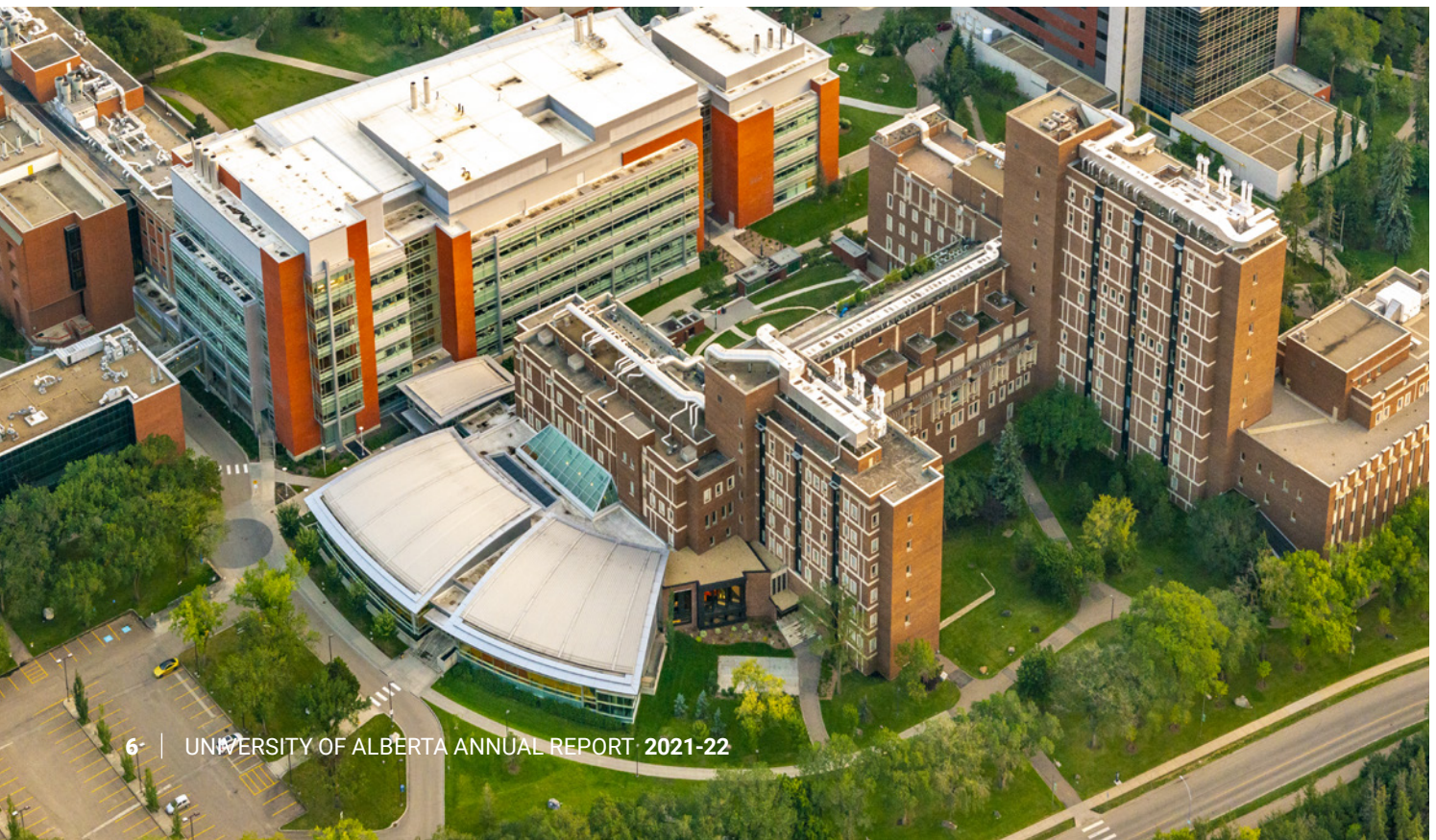
Overview

Over the last year, Alberta's recovery from the challenges of a global pandemic and economic downturn has been remarkable. After a period of major contraction, most sectors of the economy are rebounding, with the energy sector leading the way. Recovering faster than most regions of Canada, Alberta's economy grew 5.8 per cent in 2021 and is expected to grow by 5.4 per cent in 2022, returning the province's economy to 2014 levels.

Following three years of fiscal restraint bringing per capita spending in line with other provinces, the province is focused on building a strong, talented workforce with the skills and knowledge to spark a new generation of innovation and industry-building in the province. The University of Alberta, as the province's flagship research-intensive post-secondary institution, will be a critical partner in achieving these strategic goals.

In June 2020, the university faced serious financial challenges. As the province moved to reduce spending, the U of A faced a total 33 per cent reduction in its provincial grant over three years. In response, the university launched the University of Alberta for Tomorrow (UAT) initiative. Shaped by the university's commitment to ensuring continued national and international leadership in research, teaching and community engagement, the first two years of the UAT initiative have resulted in the largest restructuring effort in the university's history, transforming both the institution's academic and administrative structures.

As this annual report demonstrates, with this transformation, the U of A is now positioned for growth, attracting and educating the province's talented and skilled workforce, increasing innovation and commercialization activities, and expanding national and international partnership and investment. In addition to educating next-generation Albertans, the U of A continues to be a gateway through which Albertans and Alberta industry can access the world. With every innovation, every discovery, every global partnership formed, every alumnus working in the international market, the U of A advances the province's global brand.



THE BACKDROP: COVID-19

In its second year, the COVID-19 pandemic impacted numerous aspects of life around the globe: supply chain interruptions, a significant economic downturn, continued restrictions on international trade and travel, vaccine inequity, and most importantly a heavy burden on both the mental and physical health of patients, their families, and their caregivers, including frontline workers. The U of A was not insulated against these impacts, and throughout 2021-22, COVID-19 continued to significantly affect university operations.

Over the course of 2021-22, a safe and measured return to in-person classes in September was temporarily interrupted in late December 2021 with the emergence of the Omicron variant. Students and faculty pivoted back to work-from-home and online learning, in line with provincial health directives, before returning to near normal operations in late February 2022.

ALBERTA 2021-22 POST-SECONDARY FINANCIAL AND GOVERNANCE CONTEXT

Although there were some signs of the recovery to come, in early 2021 the fiscal outlook for the province remained uncertain, due largely to continued low oil and gas prices and the lingering economic impact of COVID, which included high unemployment. The Government of Alberta's Budget 2021-22, which predicted a deficit of \$18.2 billion and \$115.8 billion overall debt, had three key priorities: protecting lives, protecting livelihoods, and fiscal accountability. In line with the 2020 Alberta Recovery Plan, the budget bolstered health care, COVID supports, as well as economic diversification initiatives. At the same time, the province continued to deliver on the Mackinnon Report's recommendations for fiscal restraint and took a more austere approach with other areas of public expenditure, including post-secondary education.

The Government of Alberta's Budget 2021-22 had three key priorities: protecting lives, protecting livelihoods, and fiscal accountability.

Following the release of the MacKinnon Report in fall 2019, in February 2020, the Government of Alberta released its plan for reducing post-secondary spending over the next three years. Beginning in Budget 2020-21, base operating grants for many institutions were decreased between one to 11 per cent, while some institutions received no reductions at all. The U of A faced a total reduction of \$222 million over three years, or 11 per cent. In 2021-22, the second year of reduction, the U of A's provincial grant was reduced by approximately \$61 million.

By fiscal year end on March 31, 2022, the U of A had met the challenge of this reduction, bringing in a balanced budget for 2022-23. No other university in the province or country has achieved this scale of savings on this timeline. By the end of fiscal year 2022-23, the U of A's government grant per FLE student is estimated to be \$10,450, representing a 43 per cent reduction from 2019 levels. The U of A's government spending per student is now below competitor U15 institutions across the country.

The U of A also successfully negotiated two major labour agreements in spring of 2022. These agreements brought stability after an extended period of COVID-related delays that left the university academic and non-academic staff associations without contracts for nearly two years.

In April 2021, the Government of Alberta released *Alberta 2030: Building Skills for Jobs*. The 10-year strategy outlines goals, objectives and initiatives for Alberta's post-secondary education system. Its intention is to ensure that Albertans develop the knowledge and competencies they need to succeed in a rapidly changing world. The strategy established six goals:

1. Improve access and student experience
2. Develop skills for jobs
3. Support innovation and commercialization
4. Strengthen internationalization
5. Improve sustainability and affordability
6. Strengthen system governance

The Government of Alberta also initiated other critical changes in policy. In October 2021, Bill 74, the *Advanced Education Statutes Amendment Act* was introduced. Key amendments to the *Post-Secondary Learning Act* (PSLA) included, among others:

- Changing the preamble of the PSLA to align with the language and strategic vision of the Alberta 2030 post-secondary review;

- Introducing the Minister’s Advisory Council on Higher Education and Skills (MACHES) to be composed of a maximum of nine members who will provide advice and recommendations on the strategic goals and direction of Alberta’s post-secondary system; and
- Modifying the 6-Sector Model, moving from a differentiated sector model to a differentiated mandate model.

Discussions between post-secondary institutions and Alberta Advanced Education occurred throughout 2021 to develop performance measures and metrics for each institution’s Investment Management Agreement (IMA). The three-year IMA will tie a growing proportion of the institution’s Base Operating Grant to these performance and transparency metrics. The intention of this new funding model is to identify and support measurable progress towards the vision and goals contained in the Alberta 2030 strategy.

In addition to these changes to the funding model, Alberta 2030 also aims to foster diverse revenue streams for institutions. In response, in 2021 the U of A and its Alberta peers proposed decoupling research intensive institutions’ finances from the province’s leger. With deconsolidation, the U of A and other Alberta research-intensive universities will have a greater ability to become more entrepreneurial and pursue revenue generating opportunities as recommended by the MacKinnon Panel on Alberta’s Finances. By untying the institutions’ hands and allowing them to invest and develop new revenue sources, deconsolidation will reduce the universities’ reliance on provincial funding while growing their capacity to educate the workforce of tomorrow.



ENROLMENT GROWTH

While unemployment in Alberta was among the highest in the country for the first half of 2021-22, hovering around the nine per cent mark, things changed quickly in the latter half of the fiscal year. In his Feb. 24 budget speech, Finance Minister Travis Toews announced that Alberta had “not only fully recovered all the jobs lost since the pandemic, but [had] added an additional 33,000 jobs as of January.” The unemployment rate had also dropped to just below seven per cent.

Building on these gains and meeting anticipated labour shortages is a key goal of the Government of Alberta’s 10-year Alberta 2030 strategy. Over the next decade, two-thirds of Canadian jobs will require post-secondary education. In Alberta, projections to 2028 reveal a labour shortage of between 1,700 to 3,750 university graduates every year. A highly skilled, competitive workforce will be essential to driving growth in the province’s core industries as well as its quickly emerging technology and innovation sectors. Alberta’s youthful population and a strong and vibrant world-class post-secondary education system are at the heart of this opportunity.

According to Statistics Canada, Alberta has the youngest population in Canada. Alberta Education enrolment data shows that the number of high school graduates will increase by over 20 per cent in the next five years. However, currently almost 6,000 young Albertans are choosing to leave the province to pursue post-secondary studies elsewhere in Canada. This number is significantly higher than in any other province.

As a destination of choice for students across the province, the U of A aims to play a significant role in reversing this trend. Today, the U of A teaches and trains approximately 25 per cent of the province’s post-secondary students. Interest in studying at the U of A is at a record high. In 2021-22, the university received the highest number of applicants in its history, with a 5.9 per cent increase over the previous year. Of the more than 38,500 applicants in 2021-22, more than 90 per cent of high school applications came from Alberta students. To help meet this increasing demand, the university has set an ambitious target to grow enrolment by over 25 per cent, from 40,000 to over 50,000 students by 2026.

The university’s enrolment growth strategy targets programs in high demand by both students and employers, increasing the number of graduates who have the competencies to support Alberta’s plan to build a stronger, more diverse economy. Enrolment growth will be achieved through a variety of approaches:

- Domestic undergraduate enrolment
- International undergraduate enrolment
- Online program delivery
- Continuing and professional education (non-credit)
- Professional graduate education (grad certificates, course-based master’s)
- Thesis-based graduate enrolment

In February 2022, as part of the Alberta at Work Initiative, the Government of Alberta announced a three-year, system-wide investment totalling \$171 million for post-secondary enrolment growth. Through the Targeted Enrolment Expansion program, the U of A received \$48.3 million over three years, which will fund enrolment increases of more than 2,000 students in five undergraduate and graduate programs in the Faculties of Science, Engineering, Business and Nursing.

NATIONAL ENVIRONMENT

Similar to the Government of Alberta, the federal government was focused throughout much of 2021-22 on addressing the impacts of COVID-19. The Government of Canada's Budget 2021-22 was entitled *A Recovery Plan for Jobs, Growth, and Resilience*, and addressed three fundamental challenges: conquering COVID; recovering from the COVID recession; and building a more resilient Canada – better, more fair, more prosperous, and more innovative. The Budget plan itself focused on five themes:

1. Jobs Creation
2. Small Businesses and Growth
3. Women and Early Learning and Child Care
4. Climate Action and a Green Economy
5. Young Canadians

The Government of Canada, while not explicitly focused on post-secondary research and teaching in 2021-22, made several important announcements and investments in related fields, such as health care. In 2021-22, the U of A's research community continued to contribute to the global COVID-19 response and future pandemic preparedness efforts in alignment with Government of Canada priorities. As of Feb. 10, 2022, U of A researchers were awarded \$113.96 million for 323 projects responding to the COVID-19 pandemic, from vaccines to therapeutics, diagnostics, social policy and more. U of A experts were also active on national committees and task forces, including the COVID-19 Therapeutics Task Force, the National COVID-19 Immunity Task Force, the National COVID-19 Vaccine Task Force, and the National Advisory Committee on Immunization.

International supply chains continued to be impacted by COVID-19, underscoring regional and national critical supply concerns. Canada, like many countries, quickly realized it was under-equipped to scale up production of key drugs required to combat the pandemic, including both in the treatment of the illness and its prevention. Part of the government's response was an announcement in July 2021 of \$2.2 billion over seven years to support *Canada's Biomanufacturing and Life Sciences Strategy*, to grow a strong, competitive domestic life sciences sector, with cutting-edge biomanufacturing capabilities and ensure Canada is prepared for future pandemics.

The teams at Applied Pharmaceutical Innovation (API) and the University of Alberta's Li Ka Shing Applied Virology Institute responded to the strategy with a proposal to create an integrated research, development and manufacturing cluster in Edmonton called the Canadian Critical Drug Initiative (CCDI).

The Canadian Critical Drug Initiative (CCDI) will act as a critical link between academic drug development and industry commercialization, enabling promising new drugs to be produced for clinical trials in Canada. It will give Canada a significant advantage in competing for jobs and investment from large commercial pharmaceutical projects looking for small molecule production, and it will improve the ability of Canadian-based companies and innovators to trial and commercialize their IP right here in Canada. It will also contribute to the creation of highly qualified personnel jobs in Canada, building Canada's life sciences sector and further enhancing Canada's knowledge based economy. Proposals continue to be evaluated by the federal government.

The Government of Canada announced in 2021 new funding competitions to support high risk applied research, training and talent development programs, as well as infrastructure needs. Respectively worth \$250 million and \$340 million over four years, the Canada Biomedical Research Fund and the Biosciences Research Infrastructure Fund will be critical to achieve the goals of the Biomanufacturing and Life Sciences Strategy. The U of A is responding to these important opportunities with competitive submissions. The university is well positioned given that the new funds will take an ecosystem approach, and are designed to build on existing assets and infrastructure, as well as to forge partnerships across multiple sectors, including industry and government research facilities.

Just as the U of A's recognized excellence in health research and teaching is needed to address problems that are national and international in scope, so too is the university's long-standing leadership in energy and environment research and commercialization. Throughout 2021-22, increased global climate ambition, ongoing pandemic supply issues, and international conflicts resulted in a volatile energy market and underscored, more than ever, the need to develop and deploy a wide array of energy technologies. In response, the U of A is currently leading the development of a competitive and comprehensive Canada First Research Excellence Fund proposal with other post-secondary institutions and industry partners that will build on and advance energy and environment research across the country, seeking solutions to these global energy challenges.

PARTNERS IN PROSPERITY

Since the beginning, the U of A and the province have grown and succeeded together. From launching an energy industry to the creation of Quantum canola to the development of global leadership in artificial intelligence to a 2020 Nobel Prize in Medicine, the U of A community has been integral to Alberta's prosperity and achievements. Together, we have pushed forward discoveries that have changed the world, created opportunities and opened up industries. For more than a century, the U of A has been an engine of innovation, driving social, cultural and economic prosperity within the province and across the country.

Through bold action, we have set a new direction for the U of A of tomorrow. We are strengthening our core teaching, research and community engagement mission and enriching the student experience while addressing fiscal challenges. We are unleashing innovation by creating new knowledge, products and partnerships. We are training the workforce of tomorrow and we are creating the industries of tomorrow. We are a ready partner in building Alberta's future prosperity.



GOALS AND

Performance Measures

In June 2020, the University of Alberta embarked on a period of major transformation, proactively responding to significant reductions in government funding by building on its long history of leadership in the province and in Canada's post-secondary sector. Launching U of A for Tomorrow (UAT), the university's goal is to strengthen its core teaching, research, and community engagement mission and enhance student experience, while ensuring financial sustainability and administrative efficiency.

University of Alberta for Tomorrow is a five-year initiative. This report reviews progress from April 1, 2021 to March 31, 2022, on the achievement of the following short-term strategic UAT goals:

- **Successful transformation:** The U of A has transformed its administrative and academic structures in line with peer institutions and the U of A's EDI strategic plan and to realize our commitment to sustain a respectful and meaningful response to the Truth and Reconciliation Commission Report.
- **Financial sustainability:** The U of A has realized needed administrative savings and has an organizational structure that can sustain operational change into the future.
- **Enhanced student experience:** Student experience is enhanced through coordination and centralization of student services.
- **Enhanced staff engagement:** Staff are highly engaged and better equipped than ever to advance the university's mission due to streamlined, more efficient delivery of services.
- **Increased innovation and entrepreneurship:** An ambitious program of new revenue generation is ready to launch to expand existing programs and develop new ones that are highly responsive to student and employer demand.

GOAL: SUCCESSFUL TRANSFORMATION

UAT is the largest restructuring effort in the university's history, involving transformational change to both academic and administrative structures. The transformation and associated savings achieved in the last two years are larger in scope and speed than that achieved by any other post-secondary institute in Alberta or Canada. The strategic goals of UAT align with key Government of Alberta expectations as outlined in the MacKinnon Report and Alberta 2030. Of particular note is the decrease in administrative costs per student.

NEW OPERATING MODEL

A core element of UAT was the Service Excellence Transformation (SET) program. Launched in summer 2020, SET completed its work on March 31, 2022. Through SET, the U of A's administrative structures, systems, and operations were redesigned to ensure that resources and energies were focused on frontline, core mission activities. The overall goal was two-fold:

- Enable the university to meet the challenge of the budget reduction, and balance its budget, mainly through reductions in administrative costs, and
- Reduce the university's administrative costs and activity in-line with Canadian and global peers.

These changes involved the development and launch of a new operating model in June 2021. This model consists of a hybrid of centralized and decentralized services which promotes consistency, avoids duplication, and supports a university-wide service culture. By integrating and centralizing administrative and professional services with academic services, the new operating model reduces the administrative burden on academic faculties and departments. This frees them to focus on delivering high-quality student learning, exceptional research, and mutually-beneficial local, national and international partnerships with industry, business, community organizations, and other community groups.

With the creation of new administrative units and structures such as colleges, administrative centres of expertise, and central service centres, a network of service partners liaise between central services and the faculties and colleges to provide streamlined, consistent service. A key component of the new model is the Shared Services unit which launched in July 2021 to manage cross-functional, high-volume services across the university. The unit is creating greater efficiencies in service delivery, resulting in both cost and time savings.

THREE NEW COLLEGES

On July 1, 2021, the U of A launched another core element of its planned transformation. Approved by the Board of Governors in December 2020, the U of A brought together 13 faculties into three colleges: the College of Health Sciences, the College of Natural and Applied Sciences, and the College of Social Sciences and Humanities.

The establishment of these three colleges is key to the new operating model. They will be important integrators and accelerators, creating economies of scale and providing high-quality administrative services at a much lower cost. They will lead increased university-wide collaboration, facilitating the development and growth of interdisciplinary and multidisciplinary teaching and research programs to students' and society's benefit. These will be relevant, forward-thinking and entrepreneurial, leveraging existing teaching and research strengths and building the U of A's capacity to lead multidisciplinary research projects focused on global challenges.

INDIGENOUS INITIATIVES AND EQUITY, DIVERSITY AND INCLUSIVITY

Throughout UAT, the university has maintained its focus on building an accessible, equitable, and inclusive community of students, faculty, and staff that supports a learning environment shaped by curiosity, rigorous inquiry, evidence-based decision-making, respect for diversity and expression of ideas, and human rights.

Highlights include:

- Throughout 2021-22, Indigenous faculty, staff, students, and partners worked together to compile the U of A's first formally endorsed **Indigenous Strategic Plan**. Developed through dialogue with faculties, departments, units, individuals and communities, the plan begins with a willingness to examine the ways that the university, along with other institutions, are part of historic systems that have created barriers to Indigenous sovereignty and wellness, and calls for transformative changes in teaching, research and community engagement. The aim is to build better relationships with Indigenous communities that are equitable, respectful and mutual.
- Last year, the U of A signed a historic **memorandum of relational understanding with six Alberta First Nations** to train more Indigenous physicians and improve health care for their members.
- On November 18, 2021, the U of A joined more than 40 Canadian universities and colleges in the signing of the **Scarborough Charter on Anti-Black Racism and Black Inclusion in Canadian Higher Education**. Strongly aligned with the U of A's institution EDI strategic plan, the charter provides an important and rigorous framework for recognizing and addressing anti-Black racism, as well as promoting and fostering inter-sectional Black flourishing, inclusive excellence, and mutual community engagement.
- As part of the U of A's response to the Scarborough Charter, in December 2021 a new faculty hiring initiative was announced to attract 11 leading Black scholars to the U of A, each in a different discipline. The **Black Academic Excellence Cohort** will increase the complement of Black scholars on campus as well as support inclusive research excellence and promote access and achievement among Black students.
- The U of A's first comprehensive **student demographic census** was launched on Nov. 15, 2021. The census will provide a complete picture of student demographics so that the university is better able to evaluate efforts to recruit a diverse and inclusive student body, ensure student services match the needs of the community, and understand changes in the community over time.

GOAL: FINANCIAL SUSTAINABILITY

The scale of the savings achieved by the U of A in only two years is unprecedented and critical to the ongoing success of the U of A. In total, the U of A's 33 per cent reduction to its provincial grant amounted to \$222 million over three years. While tuition increases mitigated the impact by approximately \$91 million, the university has faced the challenge of reducing spending by \$131 million by March 31, 2023.

As a result of restructuring efforts of faculties and units across the university, \$101.9 million has been saved to March 31, 2022 and the university is on track to meet or exceed the full \$131 million challenge by the end of next fiscal year. By fiscal year 2022-23, per student provincial government funding will have dropped by approximately 43 per cent, below U15 peers across the country.

The breakdown of financial savings to March 31, 2022 includes:

- **\$66.9 million in administrative restructuring:** This involved the implementation of a new operating model and the reduction of approximately 860 (headcount) administrative positions. The focus throughout was on preserving frontline services and staff.
- **\$29.5 million in non-labour spend:** The university updated its approach to procurement in order to reduce expenditures and ensure consistency across the institution. By centralizing and redesigning guidelines and streamlining processes and procedures, the university reduced workarounds, corrected inefficiencies and improved the speed of communication and decision-making.
- **\$5.5 million in space and facilities:** These savings were achieved largely through operational efficiencies such as reduced lease space, lower operating spend, etc.

The U of A is a member of UniForum, a global postsecondary benchmarking program, measuring and comparing administrative performance across more than 50 universities. This program further supports the university's focus on minimizing administrative costs. The 2021 UniForum data shows that the U of A significantly decreased the cost of administration.

SPACE OPTIMIZATION

In 2021-22, the U of A started to implement a new Space Optimization Strategy (SoS) across its campuses to reduce its volume of buildings and leases, strategically invest in modernizations and renewals, and address the burgeoning deferred maintenance liability. Initial savings achieved are \$5.5 million. The U of A's 2021-24 Capital Plan (discussed in full in pages 33-40) is aligned with the SoS, as well as the university's overarching *Integrated Asset Management Strategy*.

FUNDRAISING

In 2021-22, the U of A raised a total of \$144 million from individuals, corporations, foundations and organizations. Through endowments, these funds support the core mission and mandate of the university in the following areas:

- **\$80.8 million** to advance research and discovery
- **\$30.1 million** to enhance teaching, experiential learning and student research opportunities
- **\$24 million** to reduce financial barriers for students and help them achieve their potential
- **\$9.1 million** to build and enhance buildings, labs, libraries and learning spaces

GOAL: ENHANCED STUDENT EXPERIENCE

In 2021-22, COVID-19 continued to force universities across the world to shift delivery of programs from traditional in-person classes to 'emergency' remote delivery. At the height of the crisis, thousands of U of A classes successfully moved online, with no interruptions to students' academic progress.

Throughout 2021-22, the university maintained regular, clear communication to its student community, advising on health and safety directives issued by health authorities as well as by municipal, provincial, and federal governments. Through the successful implementation of a vaccine directive and CampusReady pass in September 2021, the campus community achieved a vaccination rate of nearly 100 per cent, facilitating a return to in-person research, teaching and learning for a large majority of students and faculty. Several vaccine clinics were held on campus throughout 2021. Because of efforts like these, the university community avoided any major outbreaks on campus. By March 31, 2022, the U of A lifted most COVID-related directives, while continuing to encourage masking on campus.

STUDENT SERVICES REDESIGN AND LAUNCH OF STUDENT SERVICES CENTRE

As part of UAT, throughout 2021 student services leaders across the U of A worked collaboratively with the Service Excellence Transformation team to establish a high-level vision for enhancing student experience and improving the delivery of student services. The vision, announced in December 2021, outlined a future in which the university's student services will be seamless, technology-enhanced, integrated, equitable, consistent and student-centred. Leadership in the Office of the Dean of Students, the Faculty of Graduate Studies and Research, the Office of the Registrar, and University of Alberta International are currently leading a detailed design process in collaboration with students, faculty and staff across the university. Full implementation of the transformation will take place in four phases over approximately two years to minimize the impact on students and to fit within the annual cycle of student services delivery.

A first step in enhancing student services and experience was the establishment of a new Student Service Centre in the summer of 2021. This centre provides a one-stop hub for all students, streamlining and shortening the time from first contact to assistance. Recruited from across campus, the team of 21 advisors in the Student Service Centre bring a diverse set of experiences and expertise from almost every corner of the university, providing more range of assistance to students in one location. In its first quarter of operations, the Student Service Centre handled 10,000 phone inquiries, 18,000 emails, 1,100 live chats, 1,200 completed forms, and more than 41,000 unique chatbot conversations with students.

STUDENT SUPPORT HIGHLIGHTS

- **Increases in student financial aid:** Student success and reliable, accessible financial support go hand-in-hand. In 2020, the U of A committed to allocating a portion of new tuition revenues to student aid over a three-year span. By 2022-23, an anticipated \$12.4 million will be added to the university's suite of financial supports for both domestic and international students. Strong philanthropic support since 2016 has added \$134 million for student supports with \$24 million dedicated in 2021-22.
- **Sexual violence response coordinator:** This important new role is part of the university's commitment to improve institutional resources, services and tools for preventing and responding to acts of student violence, which aligns with the direction since laid out in Alberta 2030. The Students' Union and Graduate Students' Association helped make the position possible through advocacy and partial funding provided by the Mandatory Non-Instructional Fee increase approved in 2021.

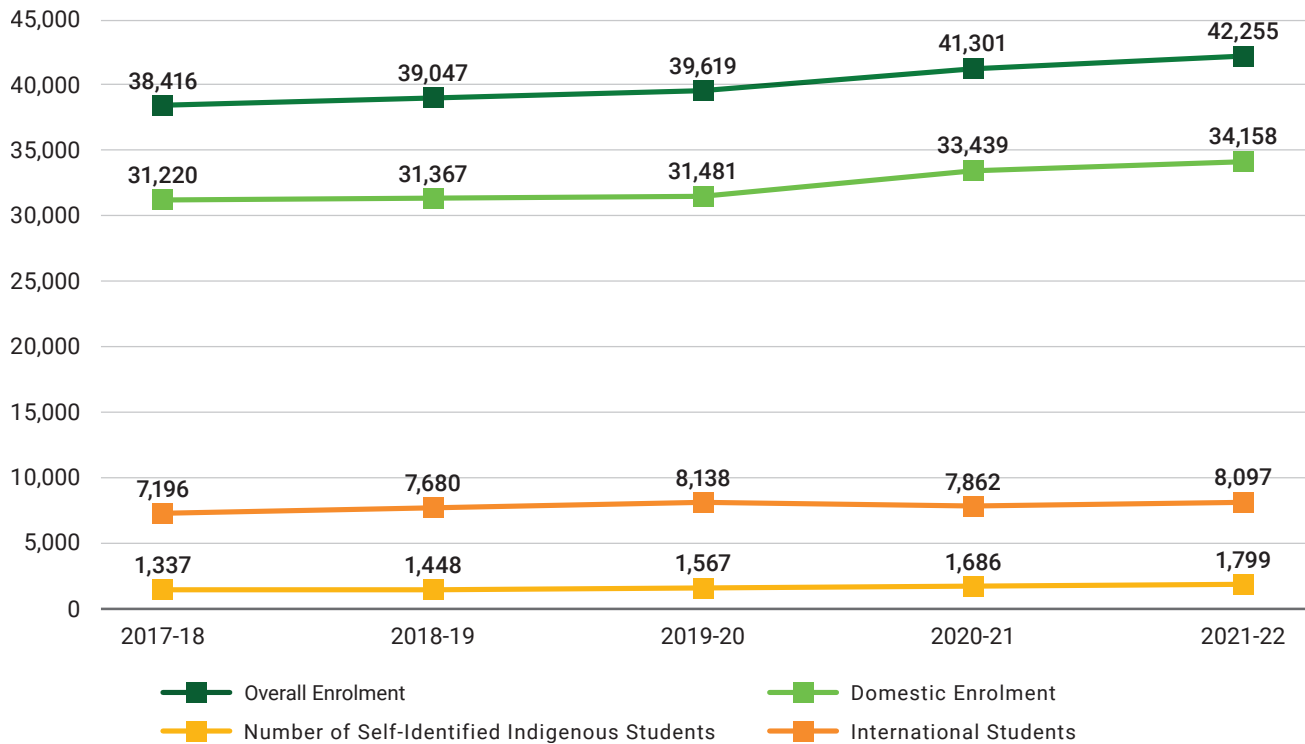
ENROLMENT, COMPLETION AND EMPLOYABILITY

At the U of A, students learn the skills, knowledge and competencies needed by businesses and industry within an inclusive, vibrant and supportive environment. Because of the quality learning experience at the U of A, an increasing number of undergraduate and graduate students are seeking admission to the university and more students are completing their degrees and finding employment relevant to their education.

ENROLMENT GROWTH

Total enrolment rose to 42,255 students, including 33,863 (or 80.1 per cent) undergraduate students and 8,400 (or 19.8 per cent) graduate students. Indigenous undergraduate enrolment grew by 8.6 per cent, reaching a historical high of 1,799 for 2021-22.

TABLE 1: STUDENT ENROLMENT



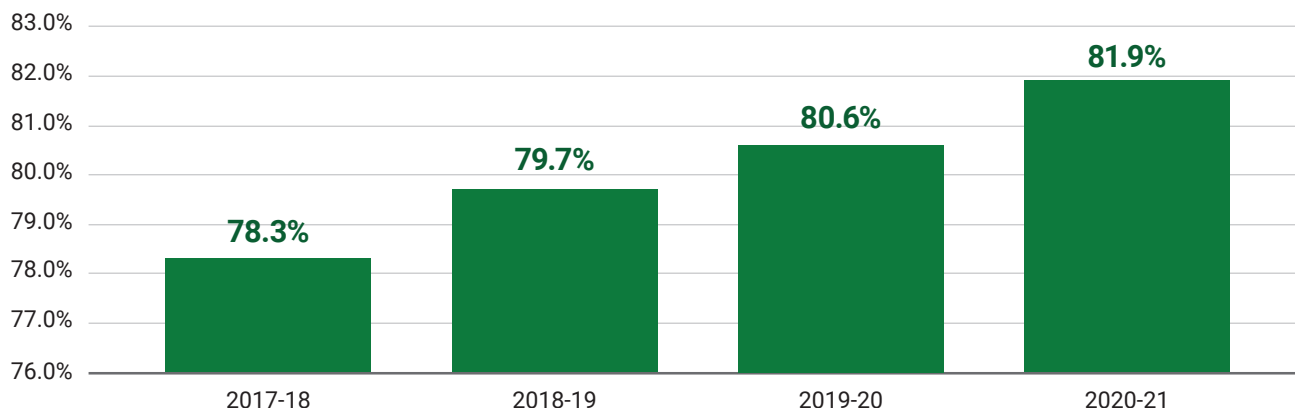
Source: Acorn Institutional Data Warehouse, Student Headcount and FLE, as of May 10, 2022

Notes: Overall Enrolment, Overall Domestic Enrolment, Indigenous and International data are reported in fall headcount. Numbers of Indigenous students include those who have ever self-identified as Indigenous. Domestic is defined as Canadian Citizenship and Permanent Residency.

COMPLETION

Completion rates have increased over the past several years. The U of A has seen a steady increase in admission averages, which correlates to stronger student performance and retention.

TABLE 2: STUDENT COMPLETION RATES



Source: Acorn Data Warehouse, Student Completion Rates.

Notes: On-time is six years for Undergraduates, five for Master's and nine for PhDs.

EMPLOYABILITY

Over the last 10 years, 83 per cent of graduates have stayed in the province and are employed in every sector. One in five Albertans work for businesses and organizations founded by U of A alumni.

HIGHLIGHTS



93% OF U OF A STUDENTS
ARE **EMPLOYED TWO YEARS**
POST-GRADUATION



96.4% OF U OF A GRADUATES
ARE **WORKING IN A FIELD RELATED TO GENERAL SKILLS**
AND ABILITIES ACQUIRED THROUGH THEIR EDUCATION



80% OF PHD STUDENTS
FIND **EMPLOYMENT** BEFORE GRADUATION



5th AMONG CANADIAN UNIVERSITIES
FOR **EMPLOYABILITY**
*2022 QS Graduate Employability Rankings

WORK INTEGRATED LEARNING AND OTHER FORMS OF EXPERIENTIAL LEARNING

Students and graduates need to be equipped with the skills and experiences to succeed in a rapidly changing labour market. To ensure students build these skills and have experiences that increase their employability, the U of A offers a range of experiential learning opportunities including work-integrated learning (WIL), community service-learning, co-ops and internships. Highlights:

- 85.8 per cent of senior students participate in experiential learning – almost four percentage points higher than the U15 average
- Every one of the U of A's faculties have experiential and WIL programming
- Students report WIL is among the most impactful experiences of their academic career

In alignment with Alberta 2030 Strategy, which calls for every post-secondary student to be offered WIL experiences, the U of A launched the development of a WIL Strategic Plan in 2021-22. The university has also created platforms to help match instructors with businesses interested in hosting a WIL placement. With these kinds of innovations, the scaling up of WIL activities within individual courses can occur faster and more efficiently.

ONLINE PROGRAMMING STRATEGY

Over the last year, the U of A acted quickly to develop a new online programming strategy that will ensure that the lessons learned during COVID are used to create a portfolio of new courses and programs built for the online environment. Increasing diverse online programming options, including micro-credentials, will help undergraduate and graduate students better prepare for careers and working professionals gain critical new skills. Recognizing that microcredentials will also play a key role in helping workers to upskill and re-skill in Alberta's shifting labour environment, the Government of Alberta's Budget 2022 included \$8 million for micro-credential development and deployment. The university's new online strategy aligns with those goals. Over the next 10 years, the university plans to increase its online enrolments from the current 400 to at least 5,000 FLE, and establish itself as the market leader for high quality online education in Canada.

NEW PROGRAM HIGHLIGHTS

- **Graduate Certificate in Coaching:** This fully online certificate provides graduate-level students with knowledge and skills in the principles of planning, skill development, pedagogy, leadership, sport and society. The certificate received ministry approval in May 2021 and the U of A implemented it July 1, 2021.
- **Graduate Certificate in Educational Studies:** This flexible, part-time, varied-delivery program means students can study and stay current within their fields without needing to take a leave from their career. Ministry approval was granted in May 2021 and the certificate was implemented July 1, 2021.

2022 QS SUBJECT RANKINGS

U of A's ranking in the world is on the rise and students benefit from studying at one of very few universities in the world with the excellence and range to play a lead role in solving global challenges and helping to create a more sustainable, just and equitable world. For example, in the 2022 QS Subject Rankings, 15 subjects were in the top 100 worldwide. Of the 38 subject areas included in the rankings from the U of A, more than 60 per cent increased or maintained their standing.

#1 IN CANADA
TOP 9 GLOBALLY
FOR NURSING
QS World University Rankings by Subject

#1 IN CANADA
TOP 8 GLOBALLY
FOR PETROLEUM ENGINEERING
QS World University Rankings by Subject

GOAL: ENHANCED STAFF ENGAGEMENT

Developing and implementing the vision and outcomes of UAT and SET required broad and active engagement from staff and faculty. Throughout the restructuring of the university's administration and academic services, staff and faculty were offered and participated in many opportunities to ask questions, provide input, receive regular updates and enrol in training sessions to help them prepare for the changes affecting their roles and responsibilities. In addition to hundreds of unit and faculty-specific consultations, the following campus-wide opportunities were available:

- **Ask SET Anything:** The U of A held 13 open forum Q and A events to address staff questions and concerns from Dec. 3, 2020 to March 29, 2022. Over 6,125 staff and faculty attended the events. Feedback was overwhelmingly positive and the format has been adopted for other initiatives across the university.
- **SET Change Network:** A team of 30 change champions, representing a mix of staff and faculty, helped guide and counsel colleagues in understanding and managing the transformation within their faculties and departments. Change Network ambassadors met monthly so they could grow and share their SET knowledge.
- **Staff Advisory Team:** On a volunteer basis, a 40-member team provided vital insight and feedback throughout the academic and administrative restructuring stages. Membership included staff, faculty, different hierarchy levels, and representation of women, members of visible minority groups, Indigenous peoples, persons with disabilities and members of the LGBTQ2S+ community.
- **Staff training programs:** The development and delivery of a practical service excellence training program (SETP) was established to help foster a common language and understanding for the desired service culture. Frontline staff, leadership and new employees have participated in SETP training.

LAUNCH OF STAFF SERVICE CENTRE

Launched in July 2021, the Staff Service Centre is an employee's gateway into Shared Services, and in parallel to the university's new Student Service Centre, aims to improve staff experience by facilitating easy and fast access to assistance and service. The team is made up of a group of professionals who work collaboratively with employees in order to address their inquiries or connect them to another team in Shared Services or within another unit (e.g. Human Resources, Health, Safety and Environment). While the Staff Service Centre will route requests to other teams inside and outside of Shared Services, their aim is to resolve a large percentage of the requests themselves.

RETAINING HIGHLY-SKILLED STAFF

Throughout 2021-22 as implementation of the new operating model began, the U of A's staffing levels and structures underwent significant change. While the university's staffing complement was reduced by 860 (headcount) due to reductions in provincial funding, the university's goal was to preserve as many of its highly skilled employees as possible. As roles and responsibilities were redefined across all units and faculties, remaining staff were transitioned into new roles through a competitive selection process, with 85 per cent of new roles filled by internal candidates.

GOAL: INCREASED INNOVATION AND ENTREPRENEURSHIP

The U of A is one of Canada’s top five research-intensive universities, ranking among the very best in the world in broad and diverse areas ranging from energy, engineering and nursing to Indigenous studies, printmaking and education. The university embraces innovation and brings extraordinary, world-changing ideas to life, creating new economic, environmental and social benefits for the public good.

In 2021-22, the university built on its global leadership in areas such as artificial intelligence, clean energy, biotechnology, health sciences and agriculture, attracting a total of nearly \$590 million in external research funding. Major grants included \$70 million in Government of Alberta funding to advance vaccine research and biomanufacturing and \$24 million from the Government of Canada’s New Frontiers in Research Fund for the Ārramāt Project, a U of A led global Indigenous research partnership studying the interconnections between Indigenous knowledges, climate change and Indigenous health.

The U of A and Telus, which provided a \$15 million investment, launched a five-year partnership to create the 5G Living Lab to harness the power of artificial intelligence to enhance all areas of agricultural production.

RESEARCH FUNDING

The U of A receives federal funding through the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council (collectively termed Tri-Council funding) to support both basic and applied research as well as research infrastructure. In addition, the university attracts substantial research funding support from other international, regional, and private sector partners. The 2021-22 research funding results shows that the U of A’s capacity to attract major grants in partnership with a variety of funding is rising, attracting important investment and partnership to the province.

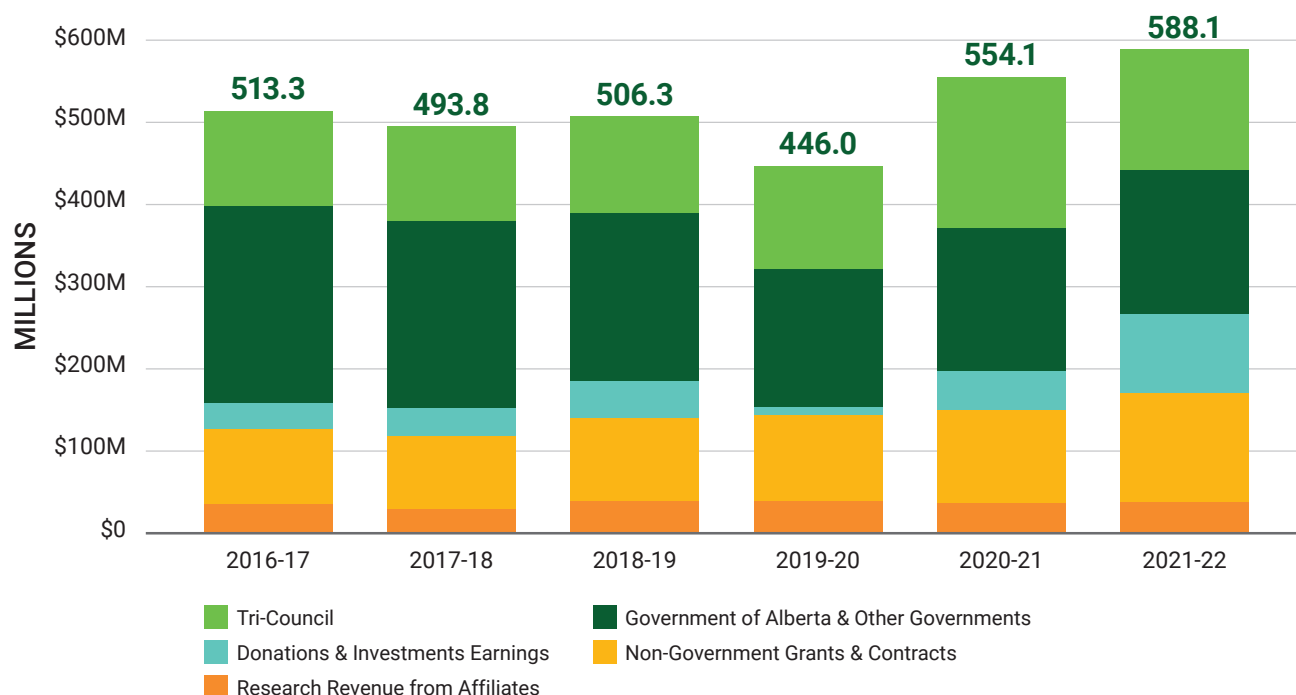
TABLE 3: SPONSORED RESEARCH REVENUE

RESEARCH REVENUE	2021-22
*Tri-Council	\$145,554,904
Government of Alberta and Other Governments	\$176,545,737
Donations and Investments Earnings	\$95,141,769
Non-Government Grants and Contracts	\$132,973,524
**Research Revenue from Affiliates	\$37,890,367
TOTAL	\$588,106,301

*Tri-Council grants include Research Support Funds from the federal government.

**Revenue from affiliates for 2022 is estimated using the 2021 income as it is not available at the time when the report is prepared.

TABLE 4: SPONSORED RESEARCH INCOME



KNOWLEDGE TRANSFER AND COMMERCIALIZATION

Transforming research ideas and discoveries into viable products, services and companies that produce social and economic impacts is a core strategic goal for the U of A. From nurturing and developing students’ ideas and entrepreneurial ambitions to providing technology transfer services to faculty members ready to patent and spin off discoveries into companies, the U of A’s innovation ecosystem continues to grow and produce results. With global leadership in areas such as artificial intelligence and machine learning, alternative energies, biotechnology, and precision medicine, the university is responding to the needs of government, industry and communities in generating the new products, treatments, companies and jobs that will diversify and expand Alberta’s future economy.

In 2021-22, U of A researchers and students reported:

- 9 NEW SPINOFFS**
- 69 NEW INVENTIONS**
- 65 PATENT APPLICATIONS FILED**
- 16 PATENTS GRANTED** (9 U.S.)
- 58 REVENUE AGREEMENTS EXECUTED** (E.G. LICENCES, ROYALTIES, OPTIONS)



HIGHLIGHTS

- **Hydrogen research heating up:** The worldwide market for hydrogen, estimated to be worth more than \$2.5 trillion per year by 2050, could deliver up to 25 per cent of global energy demands by that same year. The U of A played a key role in the formation of our provincial hydrogen roadmap. Alberta has the resources, infrastructure and vision to produce the cleaner energy source for local and global markets.
- **Study shows insulin-producing cells grown from stem cells are safe for transplant:** World-renowned diabetes researchers reached another milestone in the efforts to cure diabetes. Positive early results in the first-in-humans clinical trial show pancreatic cells grown from stem cells can be safely implanted and produce insulin. The U of A's Alberta Diabetes Institute is one of the world's most comprehensive diabetes research facilities.
- **Using AI to create more intuitive artificial limbs:** Imagine a world where a person's artificial limb "learns" and adapts based on daily life uses. It's not science fiction. Work is underway at the BLINC Lab to see if reinforcement learning can be used to turn the concept into reality. This branch of machine learning enables artificial intelligence systems to learn through experience and offers hope that artificial limbs could become more responsive to the person's physical body, leading to a better quality of life.
- **Supporting Indigenous communities:** The search for, and recovery of, unmarked graves on the sites of former residential schools is essential work in Canada's journey towards Truth and Reconciliation. With a mission of practising archaeology in partnership with Indigenous communities, the U of A's Institute for Prairie and Indigenous Archaeology is playing a major role in this effort. Led by a community's knowledge, direction and need, researchers survey the land using tools such as non-invasive, ground-penetrating radar to support this important endeavour and uncover the truth.

COMMUNITY

Engagement

Our strength as a research and teaching institution — our ability to innovate and drive change or to deepen education and learning — is dependent on a vast network of partnerships and connections with communities near and far. Working with post-secondary and industry partners, non-profit organizations, communities, and government, we create reciprocal and mutually beneficial collaborations. These connections promote joint solutions to shared problems, facilitate knowledge translation, and magnify the reach and impact of U of A research, education and scholarship.

In 2021-22, the university implemented the first of its three-year Community Engagement Consultation Plan, launching the U of A External Engagement Advisory Committee and Campus Community Engagement Committee, as well as a new community engagement website.

COMMUNITY-ENGAGED TEACHING AND RESEARCH

- **Keeping Indigenous languages alive:** The U of A is helping keep Indigenous languages alive to ensure future generations can connect with their cultural identity, thanks to a \$12 million grant from the BHP Foundation. The five-year project, called Supporting Indigenous Language Revitalization, will see researchers working alongside elders and Indigenous leaders to help their language preservation efforts while learning from their expertise.
- **Tele-Rehab in rural Alberta:** Rural physiotherapy patients can get relief without leaving their community, thanks to a high-tech U of A project. Tele-Rehab 2.0 uses innovative technology, such as infrared video goggles that diagnose balance issues or a telepresence robot that studies patient expressions during an assessment, to connect rural patients and their doctors with rehabilitation specialists in Edmonton.



- **Supporting healthy aging for Muslim seniors:** Every few months, Jordana Salma from the Faculty of Nursing meets with Muslim seniors to talk about healthy aging. They ensure the assistant professor’s research – supported by a Social Sciences and Humanities Research Council grant – is community-driven and culturally sensitive; in return, Salma provides practical solutions for everyday stresses, like exercise programs and support groups.
- **COVID wastewater monitoring:** Every time a toilet flushes, a network of Alberta researchers get information about how much COVID-19 is circulating in a community. The Pan-Alberta Network for Wastewater-based SARSCoV-2 Monitoring program includes the U of A, University of Calgary, Alberta Health and Alberta Health Services. Together they track wastewater monitoring from 15 Alberta municipalities to help them understand individual community infection rates and make better data-driven public health decisions.
- **Boost for biojet fuel research:** Biofuel research is taking off at the U of A with a project to create jet fuel from biowaste, thanks to a \$2.89-million boost from Natural Resources Canada and multiple other funders and supporters. Researchers are converting products like restaurant grease and rendering tallow into low-emission biojet fuel, which could propel the aviation industry and Alberta’s agricultural sector into a more sustainable future.
- **Supporting rural Alberta through broadband expansion:** U of A digital experts, who call the internet “the electricity of the 21st century,” are working to bring better broadband to rural Alberta. U of A faculty helped found the Alberta Rural Connectivity Coalition in collaboration with not-for-profit organization Cybera. The coalition’s work focuses on communities where poor-quality internet service affects everything from running businesses to online learning.

ALUMNI ENGAGEMENT

U of A alumni connect and collaborate with the university, sharing their expertise, resources and other gifts to make a difference to individuals and communities. Nearly 900 new grads and students attended Life After University sessions, a collaboration with the Office of Alumni Relations and the U of A Career Centre that supports the transition to professional life. The U of A Venture Mentoring Services added 17 new ventures, providing volunteer coaching and advice to new startups launched by U of A graduates. Alumni engagement has a significant reach.

Highlights

21,786 ALUMNI PARTICIPATED

IN DIGITAL PROGRAMMING, SUCH AS VIRTUAL WEBINARS AND PODCASTS.

9,932 TOTAL VOLUNTEER HOURS
GIVEN BY ALUMNI

\$16,208,599 CONTRIBUTED
BY 6,397 ALUMNI DONORS

REGIONAL STEWARDSHIP, FOUNDATIONAL LEARNING, **Underrepresented Learners**

CAMPUS ALBERTA INFORMATION TECHNOLOGY COLLABORATION

The U of A's Information Services and Technology collaborates with Alberta post-secondary as well as, in some cases, K-12 school divisions on the following topics:

- **Cybera:** A not-for-profit non-governmental organization that provides connectivity within the province, nationally, and internationally via the research & education network.
- **CANARIE:** The U of A is a member of the national research and education collaborative, which connects our researchers to others across Canada and around the world.
- **ShareIT:** A provincial post-secondary procurement collaborative garnering savings of over \$18 million since inception in 2017-18. This collaboration also extends to the K-12 sector.
- **SecureIT:** This is a provincial cybersecurity collaboration sharing of best practices, and information on current threats.
- **CanSSOC:** The national cybersecurity collaboration includes active sharing of threat-analysis data.
- **Learning Management Consortium:** The U of A provides and manages a cloud-based platform for the learning management systems at the University of Lethbridge, MacEwan University, NAIT, Norquest, in addition to here at the U of A.
- **Digital Research Alliance of Canada:** This national collaboration provides access to national high-performance computing resources and storage for research data in Alberta.

TRANSFER AGREEMENTS

The university has several collaborative degree programs with other Alberta post-secondary institutions:

- **Nursing (BScN):** Red Deer College, Keyano College, Grande Prairie Regional College
- **Education (BEd):** Red Deer College, Keyano College, Grande Prairie Regional College
- **CSJ Education (BEd and BEd After-Degree):** Red Deer College, Grande Prairie Regional College
- **Education Alberta Teacher Education Program (ATEP) (BEd):** Red Deer College, Grande Prairie Regional College, Blue Quills First Nations College, Northern Lakes College, Maskwachees Cultural College, Portage College
- **Engineering (BSc):** Red Deer College, Keyano College, University of Lethbridge

The U of A welcomes students from other Alberta post-secondary institutes and has a total of 5,574 active course agreements, of which 106 are with out-of-province institutions and 5,468 are with Alberta institutions.

During the 2021-22 academic year, the U of A accepted 4,398 undergraduate students from other post-secondary institutions, of which 2,802 were enrolled.

CAMPUS ALBERTA FACILITIES AND OPERATION COLLABORATION

The U of A's Facilities and Operations collaborates with Alberta post-secondary institutions and, in some cases, K-12 school divisions.

- The university collaborated with post-secondary institutions across Alberta regarding COVID-19 planning and delivery of classes and research.
- The university partnered with the University of Calgary's School of Social Work to provide 3,500 square feet of space in Enterprise Square.
- The university continues to actively explore opportunities with Edmonton-based school boards to provide space for high school instruction opportunities on North Campus.

U SCHOOL

U School is a program run by the U of A Senate that introduces and connects students in Grades 4 through 9 from socially vulnerable, Indigenous (First Nations, Métis and Inuit) and rural communities to the U of A. Students, with their classroom teachers, attend a week-long immersion experience that aligns the teacher's goals and the Alberta curriculum with activities at the U of A. More than 6,000 Alberta children – including 200 current U of A students – have participated in U School since its 2009 launch by the U of A senate. The program is free to participating schools and is supported by donors, sponsors and fundraisers. In 2021-22, while COVID-19 forced U School to go virtual, through technology and innovation, students still went on campus tours, participated in science experiments and heard presentations on topics ranging from dental hygiene to the Canadian Constitution. New additions this year included physical education and wellness activities.



Internationalization

Recognizing that the U of A is part of a global ecosystem of research and learning, an international perspective infuses all aspects of university life – both at home and abroad. Despite the limitations of the pandemic, the U of A maintained its commitment to support international students and scholars and U of A students studying abroad. The ongoing global pandemic and Russia’s invasion of Ukraine were the two most significant factors affecting international students in the past year.



SUPPORT FOR INTERNATIONAL STUDENTS DURING COVID

Taking an integrated team approach, the university helped many students and scholars arrive at or return to the University throughout unexpected emergencies and crises due to the pandemic. As an approved institution meeting federal guidelines to bring international students to Canada, the university supported 4,805 students in meeting quarantine and entry requirements for travel to Canada. Support included approval of quarantine plans, regular meetings with students during quarantine and post quarantine support such as guidance on obtaining vaccinations.

For those international students unable to return or Canadian students unable to study abroad, a wide range of services were provided. For example:

- A new pilot was established with Shandong University which enabled students to take a combination of in-person classes at Shandong and U of A online classes. This allowed 30 new students to start their studies in 2021.
- A Unibuddy system was launched, connecting prospective international students with current international students in a safe and controlled environment.
- Through Virtual Education Abroad, 62 students participated in virtual programs, including 31 completing virtual internships with U of A's international partners.

- U of A professors created Collaborative Online International Learning (COIL) experiences in their classes. Through a partnership with the Ostwestfalen-Lippe Consortium, with funding from DAAD (German Academic Exchange Service), seven COIL projects were created with German colleagues.
- The North American Energy Dialogue series with University of Texas at Austin and Tec de Monterrey (Mexico), continued with three webinars, including "The Future of Oil and Gas in the Age of Decarbonization," which had over 1,400 registrations.

SUPPORT FOR STUDENTS FROM UKRAINE

Following Russia's invasion of Ukraine in early 2022, the U of A provided significant support to affected students. Building on its history of aiding students fleeing war, persecution or other life-threatening situations, the university expedited 2022-23 admission applications from Ukrainian students and simplified documentation requirements. Recognizing the serious financial barrier some students and potential students may face, the university announced in March 2022 that it would waive up to all tuition fees for any Ukrainian Study Permit holders suffering financial hardship due to the war for 2022-23. The U of A also committed to provide funding to support living costs for all incoming Ukrainian students and current Ukrainian students in need during the 2022-23 academic year.

OTHER INTERNATIONALIZATION HIGHLIGHTS:

- **Certificate in International Learning:** 121 students graduated with this certificate in 2021, the largest cohort to date.
- **Global Skills Opportunity:** U of A secured \$1 million to support education abroad participation for Indigenous students and students in financial need.
- **World's Challenge Challenge:** A U of A student team, FentaGone, won first place at the international World's Challenge Challenge competition, in which teams develop and pitch a solution with a global impact that addresses one or more of the United Nations Sustainable Development Goals.
- **Canadian-Pacific Alliance Scholarships Program:** Completed in November 2021, UAI managed this five-year, \$2.3 million project funded by GAC. In total, 133 scholarships were provided to public sector administrators responsible for extractive sector resource management in Mexico, Colombia, Peru, and Chile, for short courses, certificates, and master's programs offered by U of A and six other Canadian universities.

The ongoing global pandemic and Russia's invasion of Ukraine were the two most significant factors affecting international students in the past year.



CAPITAL

Report

The University of Alberta's 2021-24 Capital Plan, legislated and required by the Government of Alberta aligns with the strategic direction in For the Public Good and the Integrated Asset Management Strategy. The U of A competes in a global market for the best and brightest students, researchers, and faculty. Providing and maintaining infrastructure capable of meeting 21st century expectations is a critical part of its competitive advantage.

One of the 2021-24 Capital Plan's foundational messages relates to the U of A's increasing deferred maintenance liability which is forecasted to be over \$1 billion in 2025. As highlighted in the Capital Plan, without additional investment in deferred maintenance, the university faces significant risks to its financial and environmental sustainability, and as importantly, to its education, research and student success mission. The U of A is taking measures to address this liability, including identifying opportunities to leverage funding and explore creative partnerships and project delivery models. A commitment from the Government of Alberta to support deferred maintenance investment is a key priority for the institution.

Right-sizing the university footprint and physical assets is another major strategic goal. As of March 31, 2022, the U of A owns or leases more than 480 buildings; this is one of the largest inventory of buildings and space among Canadian post-secondary institutions. The U of A also has the greatest volume of high research service labs and a larger administrative office footprint compared to other U15 post-secondary institutions. With the university's size comes operational and maintenance costs that are forecasted to grow due to inflation, carbon tax increases and rising utility costs. These factors, in combination with the university's goal to increase both enrolment and research opportunities, make right-sizing and upgrading its infrastructure a challenge.

Many faculty, staff, alumni and community members also have strong personal and cultural ties to university spaces and buildings, adding to the complexity and difficulty of making decisions about reducing and sharing space. To strengthen the process for making these decisions, the university began implementing a Space Optimization Strategy (SoS) in 2021-22.

SPACE OPTIMIZATION STRATEGY

This 10-year strategy aims to reduce the university's physical footprint by 15 per cent, improve its financial sustainability and reduce the environmental footprint, all with an emphasis on retaining its excellence in education, research and student success. The SoS will also help to increase accessibility through making space shared, capitalizing on hybrid models of work and learning, and ensuring there are strong criteria in place for third party use of U of A campuses.

Key SoS actions were undertaken in 2021-22, including the consolidation of faculties' space and administrative space, identification of buildings for decanting and eventual removal from the infrastructure inventory, and the implementation of a governance structure to oversee space-related policies and standards. Two governance committees were launched: the Facilities Optimization Oversight Committee and Implementation Committee. They are responsible for supporting changes to space use, consolidating space, providing master planning advice, and ultimately, reducing the institution's physical footprint. In 2021-22, they supported greater scrutiny of third party use of space, the planning for a space survey to better understand utilization and functionality, and advocacy for decisions that will support right-sizing infrastructure.

REDUCTION OF BUILDINGS AND EXTERNAL LEASES

In 2021-22, the U of A moved further towards achieving financial and environmental sustainability goals, with the sale of four remaining ring houses and three houses in East Campus Village to external parties for deconstruction and relocation. Sales of key assets that no longer best align with the academic and research mission of the institution were also pursued, as was a continued reduction in the volume of building and space leases. From 2019 through to 2022, the university terminated leases that resulted in close to \$2 million in cost avoidance.

STRATEGIC INVESTMENT IN MODERNIZATIONS AND RENEWALS

In addition to efforts to reduce the university's inventory of buildings and leases, work continues on key priority capital projects. With funding from the Government of Alberta, the former Dentistry/ Pharmacy building, constructed in 1922, is being preserved and modernized to house academic programming and student services. This past year, the renovated building was renamed University Commons to represent its new purpose as a meeting and collaboration space for students, faculty, staff, and the entire community. The building has a strong student success and academic foundation with faculty and student services threaded throughout the building.

Capital investments, both scheduled and aspirational, remain strategically linked to the institution's goals and are aligned with Alberta's adult learning system principles of accessibility, accountability, affordability, coordination, and quality.

PROVINCIAL Priority Project

In addition to its intended student purposes, the Universiade Pavilion (Butterdome) provides incredible flexibility and space to support broader provincial-based needs. In the last six years, the Government of Alberta has requested the assistance of the U of A to use the Universiade Pavilion (Butterdome) as a support base in their response to provincial emergencies and disasters. Most recently, it was used as a COVID-19 testing centre for the greater Edmonton area and was prepared for use as a field hospital for COVID patients. In 2016, it was also used to provide services for evacuees from the Fort McMurray fire.

The building's deferred maintenance needs must be remedied to continue to meet the requirements of campus and the province.

TABLE 5: PROVINCIAL PRIORITY PROJECT

UNIVERSIADE PAVILION (BUTTERDOME)					
Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	In order to continue having the Universiade Pavilion accessible as a provincial resource, significant deferred maintenance needs to be addressed for it to be a reliable, safe, and effective space. This ranges from exterior cladding and panels, mechanical air handling units that ensure air changes per hour are at optimal health and safety levels, mechanical/ electrical work throughout the building, and replacement of flooring.	\$32.5M	100% GoA	\$0	\$32.5M

MAJOR

Capital Projects

The U of A has defined major capital projects as those exceeding \$20 million. At present there are two major capital projects that are funded, underway, and at varying stages of completion.

TABLE 6: MAJOR CAPITAL PROJECTS

UNIVERSITY COMMONS (FORMERLY DENTISTRY PHARMACY CENTRE)					
Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Expansion	As one of the premiere buildings on North Campus, Dentistry/ Pharmacy building has served the institution for nearly 100 years. Renewal and repurposing of this building will allow the U of A to effectively use a significant infrastructure asset. The renewed facility will provide new teaching, student-focused academic, and administrative space at the heart of North Campus. In addition to allowing the institution to divest itself of externally-leased space, this project is also addressing health and safety issues (asbestos, fire safety, and indoor air quality), building code and physical condition issues, as well as focusing building outcomes to reduce its carbon footprint. The core and shell is nearing completion; however, hard construction costs are 20% above original budgets due to COVID, commodity prices, and supply chain issues. As inflationary pressures continue, additional funds may be required for the building to align with the original project intent. Completion: 2024	\$249M	100% GoA	\$249M	TBC: under review due to market conditions.
LISTER RESIDENCE COMPLEX – CLASSIC TOWERS					
Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	The three original residence towers in the Lister Complex have now been renewed to meet current building codes and address deferred maintenance (including the installation of fire suppression systems). The design included particular attention to amenities such as study areas and social spaces which, by promoting casual interactions between students, positively contributes to student engagement, attachment and success. Project complete.	\$85.5M	100% U of A	\$91.4M	\$91.4M

TOP

Capital Priorities

In support of the institution’s academic and research priorities, the U of A has identified its top three major capital projects (detailed in the following table in priority order), which represent a total \$698.8 million in funding. These are aspirational in that, until the requisite funding is secured, they remain in the planning stage. However, advanced planning is already completed so they could commence in very short order once funding is committed. These priorities focus on existing buildings with the aim of reducing deferred maintenance, renewing access to meet current code requirements, and enhancing student experience and capacity demands.

The priorities that follow reflect the U of A’s 2021 Building and Land Information System (BLIMS) submission to the Government of Alberta.

TABLE 7: TOP CAPITAL PRIORITIES

EDUCATION COMPLEX					
Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	<p>Renew and redevelop (functional renewal) the Education complex to meet the requirements of modern academic teaching and learning pedagogy and renew the existing electrical building systems, and bring the building up to modern standards for student learning and well-being.</p> <p>Based on comprehensive utilization studies and growth projections, the two Education towers have a capacity to be repurposed to accommodate large decant and the closure of other buildings. The primary outcome will be improved building service reliability (renewal of existing mechanical building systems), expanded infrastructure capacity for building renewal, and reduced deferred maintenance in the building.</p> <p>REVISION: The costing of this project has changed given a more complete scope and new costing refinements. The original \$21.95M covered floor renewals on one tower. The \$124M revised figure is broken down as follows: Education North infrastructure: \$12M Education North floor renewals: \$25M Education North building envelope: \$25M. Education South needs are similar to North in scope and will cost approximately the same, bringing the total cost to \$124M.</p>	\$21.95M	100% GoA	\$0	\$124M

COLLEGE OF SOCIAL SCIENCES AND HUMANITIES – ASSET OPTIMIZATION

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	Based on the programming and functional assessment of the Faculty of Arts, several initiatives have been identified as an alternative to a new development. A multi-year phased renewal and replacement program will address program pressures, deferred maintenance, and functionality. Through a multi-year building renewal program, several buildings including Fine Arts, Industrial Design, HUB Mall, and select other buildings would undergo renewal to accommodate changing program objectives. This would also permit several buildings to be better utilized to decrease operational costs and reduce deferred maintenance while aligning with the Integrated Asset Management Strategy. This project will permit expensive-to maintain buildings to be decommissioned.	\$72.8M	100% GoA	\$0	NA

BIOLOGICAL SCIENCES

Type	Description	Total Cost	Funding		
			Sources	Received	Revised
Preservation	An ongoing renewal program for a 60-year-old facility focusing on mechanical and electrical base building infrastructure. As infrastructure ages, the ability to continue high quality teaching and research in this space is at risk. There are significant challenges in renewing the systems in this building as each wing is cross-linked meaning the renewal is most feasibly undertaken for the entire building. As planned, mechanical and electrical system renewals will also support internal architectural renewals. REVISION: The cost of this project has changed given a more complete scope and new refinements in costing. The original amount of \$59.6M was to begin laying mechanical and electrical infrastructure and creating decant lab space required for a long-term renewal program for the building over time, wing by wing. With the building master plan now complete, we have the total project cost estimate at \$500M including all M&E (mechanical and electrical) and renewal of all wings.	\$59.6M	100% GoA	\$0	\$500M

ADDITIONAL Capital Priorities

Beyond the top three capital projects, additional projects have been slated into one of three categories listed below. These categories include: 1) emerging capital projects that are unfunded, but could be advanced to a state of readiness if funding becomes available; 2) partially funded or unfunded projects that are shovel-ready; and 3) fully funded projects that are underway.

In addition to the top three priorities identified above, numerous other projects have been identified as institutional priorities and are included in the Building Land Information Management System (BLIMS) submission.

EMERGING CAPITAL PRIORITIES

These are presented in priority order to emphasize the breadth and depth of necessary capital investment. For ease of presentation, these key projects have been grouped by campus and are ready to proceed, pending funding.

TABLE 8: EMERGING CAPITAL PRIORITIES

NORTH CAMPUS					
Type	Description	Total Cost	Funding		
			Sources	Received	Revised
New	Plant Based Research and Innovation Centre Greenhouse Facility	\$45.6M	GoA	\$0	-
Preservation	Animal Research Lab renewals in HMRC (Heritage Medical Research Centre), MSB (Medical Sciences Building), and Bio Sci	\$7.2M	GoA	\$0	-
Preservation	BioSci wet & dry labs	\$13.5M	GoA	\$0	\$26M
Preservation	Cameron Building envelope	\$24.8M	GoA	\$0	\$30M
Preservation	Chemistry West main floor renewal	\$10M	GoA	\$0	-
Preservation	Convocation Hall – space renewal	\$10M	GoA	\$0	-
Preservation	Earth Sciences Building – infrastructure renewal	\$14M	GoA	\$0	-
Preservation	NINT (National Institute for Nanotechnology) EMSO (Energy Management and Sustainable Operations) renewals	\$5M	EMSO	\$0	-
Minor Preservation	Campus-wide classroom & technology renewals	\$6.4M	CMR/ Institutional	\$0	-
Minor Preservation	HMRC – supply side ventilation renewal	\$4M	GoA	\$0	-
Demo	Research Transition Facility (Hazmat & demo)	\$7.3M	GoA	\$0	-

SOUTH CAMPUS					
Type	Description	Total Cost	Funding		
			Sources	Received	Revised
New	Outdoor tennis court relocation	\$4.6M	UA	\$6M	\$6M

PARTIALLY FUNDED OR UNFUNDED PRIORITIES

These are presented in order to emphasize the breadth and depth of necessary capital investment. For ease of presentation, these key projects have been grouped by campus and are ready to proceed pending funding.

TABLE 9: PARTIALLY FUNDED OR UNFUNDED PRIORITIES

TYPE	DESCRIPTION	COST	REVISED COST	FUNDING SOURCE	FUNDING GAP	GOVERNMENT APPROVED
Preservation	Brain & Aging Research Building – wet lab fit-up	\$6M	\$6M	GoA	\$6M	No
Preservation	Chemistry East – research labs	\$11M	\$10M	GoA	\$10M	No
Preservation	Clinical Sciences Building – envelope renewal	\$18M	\$21.6M	GoA	\$21.6M	No
Preservation	Education – electrical vault	\$6M	\$7.0M	IMP/TBD	\$0	Yes
Preservation	HUB Mall – suite renewals	\$10M	\$12.4M	U of A	\$5.6M	No
Preservation	Mechanical Engineering Building – redevelopment	\$94M	\$45M	GoA	\$45M	No
Preservation	Medical Sciences Building – floor renewals	\$82.3M	\$110M	GoA	\$110M	No
Preservation	Medical Sciences Building – infrastructure renewal	\$33.6M	\$52M	GoA	\$52M	No
Minor Preservation	Campus wide – elevator renewal	\$3.05M	\$1.8M (Bio Sciences and Cameron only)	CMR	\$0	Yes
Minor Preservation	Campus wide – radio infrastructure	\$1.5M	\$1.15M	U of A	\$150,000	Yes
Minor Preservation	Chemistry West – mechanical renewal	\$4.5M	\$5.0M	\$2.7M CMR \$2.3M IPG	\$0	Yes
Demolition	Michener Park demolition	\$22M	\$22M	U of A	\$12M	No
Minor Preservation	Non-capital expenditures	\$40.878M	\$40.87M	CMR and RSF	\$0	Yes

FULLY FUNDED PROJECTS

This table represents projects that are fully funded. The majority of these projects are in the active construction phase of project delivery, are being actively designed to go into construction, or are substantially complete from a construction perspective.

TABLE 10: FULLY FUNDED PROJECTS

TYPE	PROJECT NAME	PROJECT COMPLETION
New	University of Alberta Botanic Gardens: Entry Pavilion	2020-2021
Preservation	Brain & Aging Research Building – Renewal	2019-2022
Preservation	CAB Renewal – Phase 2	2021-2022
Preservation	Chemistry West: 1st and 2nd Flr Renewal	2020-2021
Preservation	Dentistry/Pharmacy Building Renewal	2018-2024
Preservation	Enterprise Square Renovation	2020-2023
Preservation	John Scott Library / ECHA Re-stack	2020-2023
Preservation	Lister Tower Renewals	2019-2023
Preservation	Morrison Structures Engineering Lab	2019-2022
Preservation	Tory Tower Mechanical Renewal	2020-2022
Preservation	Chemistry Electrical Vault	2019-2022
Preservation	Campus Saint-Jean – campus electrical infrastructure	2022-2023
Preservation/ expansion	Campus Saint-Jean - Science (classroom renewals and expansion)	2022-2023
Minor Preservation	Bio Science – Lab & Infrastructure Renewals (Aquatics Lab Z-023)	2020-2022
Minor Preservation	Clinical Sciences Building – Replacements & Renewals	2020-2022
Minor Preservation	Fine Arts Building – Maintenance & Renewal	2020-2022

Utilities

U of A operates a district energy system (DES) supplying utility services to the greater campus area. The DES partners are Alberta Health Services (Walter C. McKenzie Health Sciences Centre, Kaye Clinic, and Cross Cancer Institute), Alberta Infrastructure (Canadian Blood Services and Northern Alberta Jubilee Auditorium), and others such as St. Joseph's College, St. Stephen's College, and the National Institute of Nanotechnology (leased to the National Research Council). More than 10 kilometres of service corridors bring steam, electricity, natural gas, compressed air, and domestic, demineralized, and chilled water to our partners.

Operating a DES has many benefits, not the least of which is significantly reduced emissions over conventional energy systems. The U of A's DES prevents approximately 60,000 tonnes of carbon dioxide emissions from entering the atmosphere every year.

With guidance from Advanced Education, the University of Alberta's utilities department, together with its engineering and regulatory consultants, conducted a review of the long term capital renewal and maintenance funding liability for DES and examined potential funding options.

Phase one of this work was to review capital renewal and maintenance liabilities for the next 10 years for the DES that serves the university as well as other Government of Alberta funded facilities located in the greater campus area. Stantec Consulting was retained to complete an engineering study to support this work. This study indicated a capital renewal and maintenance liability of approximately \$200 million over the next 10 years. The results of this report are being used to prioritize capital renewal and maintenance spending for the DES.

Capital renewal costs over the next three years are estimated at approximately \$43 million. The costs are indicative of the total costs of renewal. The sourcing of these funds will come from a variety of places including, but not limited to DES reserve, government grants, and IMP/CMR, etc.

Phase two of this work includes discussions and consultation with Government of Alberta stakeholders (Advanced Education, Infrastructure, and Health) to address this liability. To support these discussions, submissions have been made to the government through the BLIMS and IMP/CMR processes. Some of the larger value near term projects include two high priority civil projects (utility service corridor repair at station 1530 and 1540 and the Cooling Plant river water intake) and renewal of the heating plant emergency diesel generator controls and switchgear. The funding source for these repairs has not yet been determined.

Other major projects are currently underway to address capital renewal, expansion, and reliability issues. The first is the replacement of the aging electrical infrastructure in the heating plant. Phase six, of approximately 10 phases, is currently underway. This project is currently funded through utilities reserves. The second major project is the expansion and renewal of the electrical service from EPCOR's Garneau substation to the U of A's DES electrical distribution system. This renewal is

critical to ensuring a continuous supply of electrical power to the university, Alberta Health Services, and Government of Alberta facilities, thereby avoiding disruptions like those experienced across Edmonton in the summer of 2017. The distribution system contains a high density of critical medical and high-end teaching and research facilities. This project has received regulatory approval and is now moving forward and is being funded via a Government of Alberta grant.

TABLE 11: DISTRICT ENERGY SYSTEM

DISTRICT ENERGY SYSTEM				
Project description	Approx. cost	Revised	Received	Completion
Expansion EPCOR Garneau Substation Switchgear Renewal / North Campus Electrical Feed	\$29.5M	\$29.5M	\$29.5M	2024
Expansion Heating Plant - Emergency Diesel Generator Controls & Switchgear Renewal	\$4.128M	\$4.128M	\$0	Delayed based on priority
Expansion Cooling Plant River Water Intake Project (updated title and cost based on scope)	\$14.491M	\$8.62M	\$8.62M	Estimate 2022-2024

APPENDIX 1

Financial Statement Discussion and Analysis

For the year ended March 31, 2022

Table of Contents

Summary of Financial Results	47
Revenue	49
Expense	51
Capital Acquisitions	53
Net Assets and Net Financial Assets / Net Debt	54
Areas of Significant Financial Risk	56

The consolidated financial statement discussion and analysis should be read in conjunction with the University of Alberta audited financial statements. The university's financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. For more in-depth discussion and analysis of the university's goals and objectives please refer to the following documents:

For the Public Good, Investment Reports, Annual Report, University of Alberta for Tomorrow.

<https://www.ualberta.ca/reporting>

<https://www.ualberta.ca/uofa-tomorrow/index.html>

Summary of Financial Results

The consolidated financial statement discussion and analysis provides an overview of the university's:

- Summary of Financial Results
- Revenue and Expense
- Capital Acquisitions
- Net Assets and Net Debt
- Areas of Significant Financial Risk

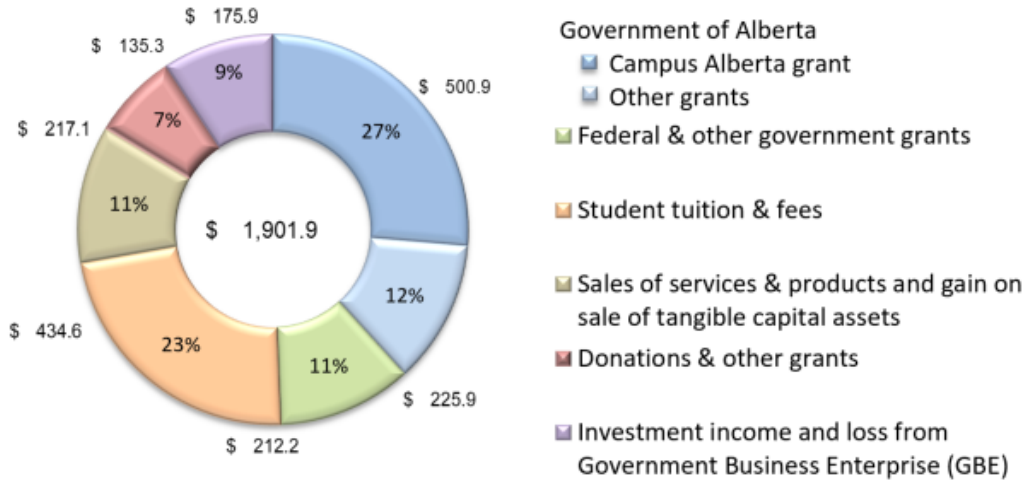
The university ended the year with an annual consolidated surplus of \$153.6 million. Of this amount \$23.3 million are donations directed to endowments and endowment capitalized investment income and therefore are not available for spending. The annual operating surplus was \$130.3 million, which is 6.9% of total revenue (budgeted annual operating surplus: \$3.2 million; 0.2% of total revenue). The increase of \$94.8 million from the prior year annual operating surplus of \$35.5 million was primarily due to the gain on sale of tangible capital assets (\$34.9, primarily sale of Newton Place), the recovery of the temporary endowment encroachment (\$31.2) and higher investment income due to higher realized gains on the sale of investments (\$28.5).

Most of the annual operating surplus amount of \$130.3 million is not available to the university to fund current year activities. The gain on sale of tangible capital assets is designated to cover operating losses incurred by ancillary operations over the past two fiscal years due to the Covid-19 pandemic. The recovery of the temporary endowment encroachment must be used to repay endowment principal that was used to cover endowment expenditures from the past two fiscal years when insufficient investment income was earned to cover the expenditures. This repayment is per university policy. On the higher investment income due to realized gains, per university policy \$48.0 million is transferred to an internally restricted investment income reserve which ultimately will be used in part to fund approved strategic initiatives. This amount is not available to fund day to day operations. When these factors are considered this leaves about \$16.2 million available, in carry forwards, for day to day operations.

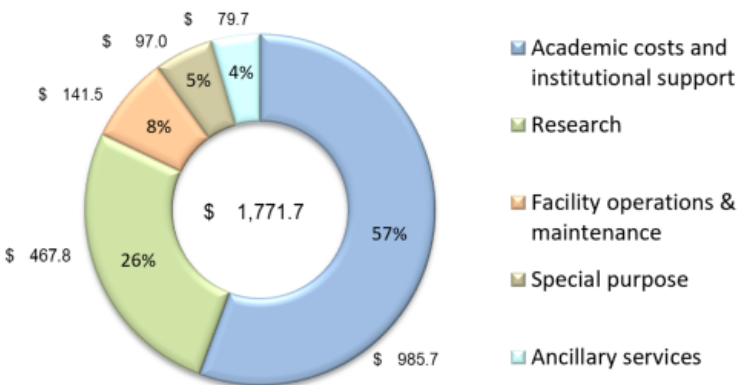
Net assets of \$2,566.3 million increased from the prior year (2021: \$2,407.9). The increase is mainly due to an increase in the fair value of endowments along with the increase in the annual surplus.

The following figures provide an overview of the university revenue, expensive by object, and expense by function.

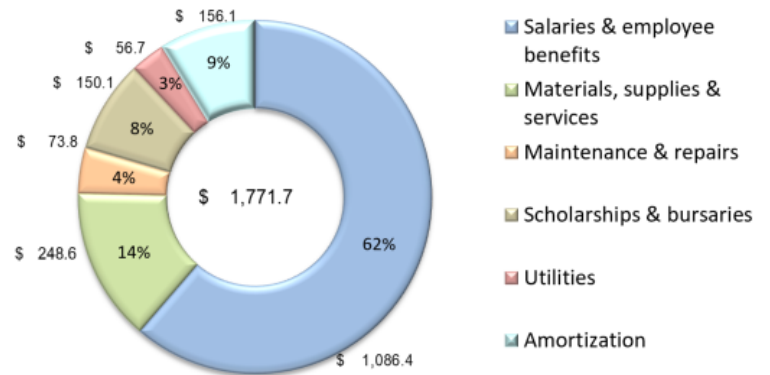
Revenue



Expense by Function



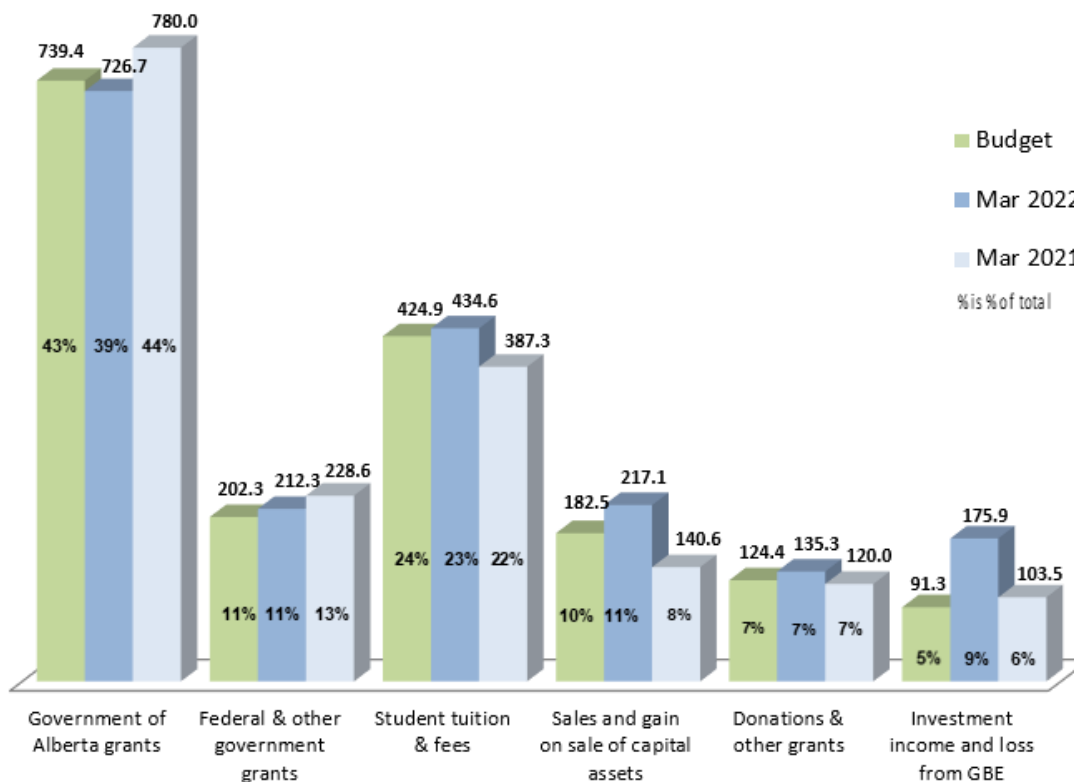
Expense by Object



Revenue

Total revenue for the year was \$1,901.9 million, an increase of \$141.9 million over the prior year and \$137.1 million (7.8%) more than budget.

Figure 1. University of Alberta Revenue



Government of Alberta Grants

Government of Alberta (GoA) grants represent the single largest source of funding for university activities at 39% of total revenue. GoA grant revenue of \$726.7 million was \$53.3 million lower than prior year and \$12.7 million lower than budget. The decrease over prior year is mainly due to a 10.7 percent reduction in the Campus Alberta operating grant (\$60.1 million). This was partially offset by higher revenue recognized on restricted funded projects due to increased research activity as staff slowly returned to campus. The decrease compared to budget is mainly due to lower spending on restricted funded projects.

Federal and Other Government Grants

Federal and other government grants primarily support the university's research activities. Federal and other government grants revenue of \$212.3 million was \$16.3 million lower than prior year and \$10.0 million higher than budget. The decrease over prior year was mainly due to lower current year funding for COVID-19 research. The increase compared to budget is due to increased research funding from the Canada Foundation for Innovation (a Government of Canada agency).

Student Tuition and Fees

Student tuition and fees includes instructional fees, market modifiers, program differential fees, international student fees, and mandatory non-instructional fees. Student tuition and other fees revenue of \$434.6 million was \$47.3 million higher than prior year and \$9.7 million higher than budget. The increase over prior year was mainly due to an increase of \$34.2 million in the international program-based fee model and \$10.0 million (7.0%) in domestic tuition along with an increase of 4.0% in international differential tuition fees. The increase compared to budget is mainly due to higher than budgeted student enrolment.

Sales of Services and Products / Gain on Sale of Tangible Capital Assets

Sales of services and products revenues are generated by ancillary services and faculties and administrative units to both individuals and external organizations to support university activities. Sales of services and products revenue of \$217.1 million includes a gain on the sale of tangible capital assets of \$34.9 million. Revenue was \$76.5 million higher than prior year and \$34.6 million higher than budget. The increase over prior year was mainly due to the gain on the sale of tangible capital assets and higher ancillary revenues related to residences and parking services. The increase compared to the budget was mainly due to the gain on the sale of tangible capital assets, which was not budgeted.

Donations and Other Grants

Donations and other grants support many university activities. Donations and other grants revenue of \$135.3 million was \$15.3 million higher than prior year and \$10.9 million higher than budget. The increase over prior year and when compared to budget is mainly due to higher donations received for restricted research projects.

Investment Income and Loss from Government Business Enterprises (GBE)

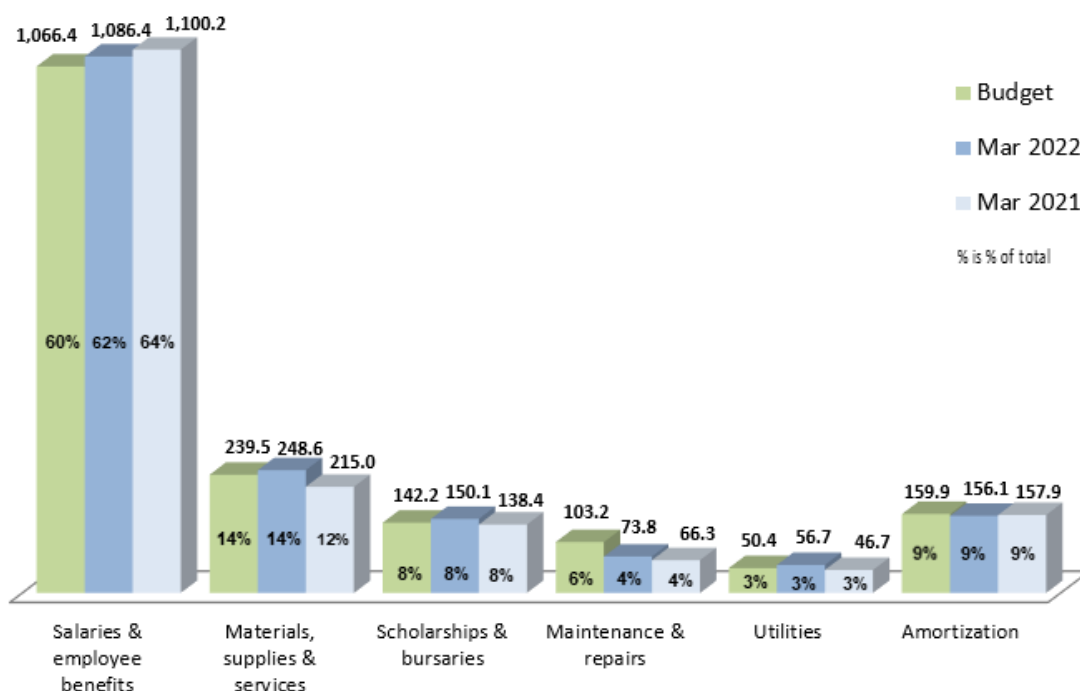
Investment income supports many university activities, both operating activities and a reserve for strategic and other initiatives. Investment income revenue, including the loss from GBE, of \$175.9 million was \$72.4 million higher than prior year and \$84.6 million higher than budget. The increase over prior year and the favorable to budget was due to higher realized gains on disposal of investments and the recovery of the temporary endowment encroachment. Investments fall into two categories, the University Endowment Pool (UEP) and the Non-Endowed Investment Pool (NEIP). The UEP had a return of 9.5% (2021: 29.2%) and represents the majority of the university's long-term investment strategy. The NEIP investments which are allocated to short-term, mid-term and long-term investment strategies had a return of 4.2% (2021: 12.4%). In 2015 the university established a wholly owned government business enterprise, University of Alberta Properties Trust Inc. to act as trustee for the University of Alberta Properties Trust. During the year, the trust recorded a loss of \$0.6 million.

Expense

Total expense for the year was \$1,771.7 million, an increase of \$47.2 million over the prior year and \$10.1 million (0.6%) more than budget. Salaries and employee benefits are the single largest expense representing 62% of total expense. Overall, the increase in expenses can be attributed to an increase in materials and supplies and maintenance as staff slowly return to campus from working remotely.

Expense by Object

Figure 2. University of Alberta Expense



Salaries and Employee Benefits

Salaries and employee benefits of \$1,086.4 million was \$13.8 million less than prior year and \$20.0 million more than budget. The decrease over prior year is mainly due to lower UAPP pension expense as a result of the decrease in the UAPP deficiency due to higher investment values. The increase compared to budget is mainly due to higher than budgeted salaries charged to research projects as research activity increased due to staff returning to campus.

Materials, Supplies and Services

Materials, supplies and services of \$248.6 million was \$33.6 million more than prior year and \$9.1 million more than budget. The increase over prior year and when compared to budget is mainly due to higher materials and supplies in support of increased research activities as staff return to campus.

Scholarships and Bursaries

Scholarships and bursaries of \$150.1 million was \$11.7 million more than prior year and \$7.9 million more than budget. The increase over prior year was due to an increase in undergraduate awards from operations and an increase in graduate awards funded by endowments and restricted grants. The increase over budget is mainly due to higher than budgeted awards from restricted funding (grants and endowments). It should be noted that while other areas of the university faced significant cost reductions due to the decrease in the GOA base operating grant, scholarships to students continued to see an increase. This aligns with the University's goal to attract and support undergraduate and graduate students.

Maintenance and Repairs

Maintenance and repairs of \$73.8 million was \$7.5 million more than prior year but \$29.4 million less than budget. The increase over prior year was mainly due to renovation costs for Enterprise Square and the demolition of buildings in the Michener Park site to get it ready for new development. Maintenance and repairs was less than budget due to lower than budgeted work on several deferred maintenance projects funded by restricted capital grants.

Utilities

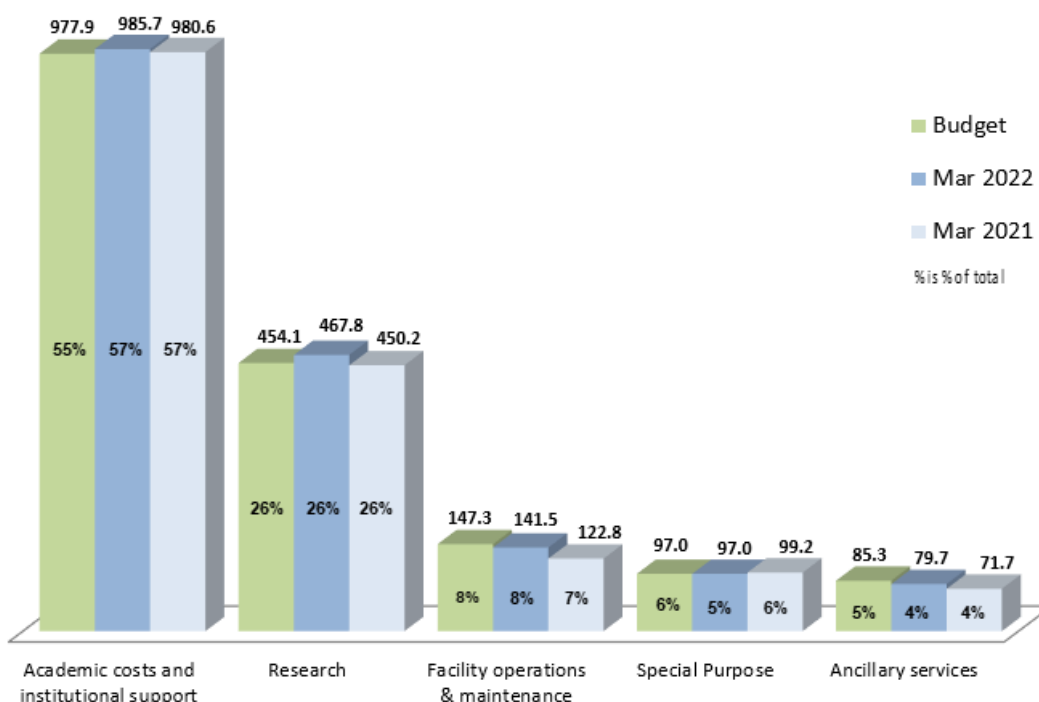
Utilities of \$56.7 million was \$10.0 million higher than prior year and \$6.3 million higher than budget. The increase over prior year and the increase over budget was due to the higher than budgeted price for natural gas.

Amortization

Amortization of \$156.1 million was \$1.8 million less than prior year and \$3.8 million less than budget. The decrease over prior year and the decrease over budget was mainly due to lower amortization expense for equipment and learning resources.

Expense by Function

Figure 3. University of Alberta Expense by Function



Academic Costs and Institutional Support

Academic costs and institutional support expenses effectively represent the operating activities of the university. A significant component of this category is salary and employee benefit costs. Expenses for this category of \$985.7 million were \$5.1 million more than prior year and \$7.8 million more than budget. The variances are not significant and cannot be attributed to any particular event or expense.

Research

Research expenses are funded by restricted grants and donations along with internal funds designated for research related activities. Research expenses of \$467.8 were \$17.6 million more than prior year and \$13.7 million more than budget. The decrease over prior year and the decrease over budget is mainly due to increased research activity on projects as staff began to return to campus as COVID-19 restrictions were reduced.

Facility Operations and Maintenance

Facility operations and maintenance represents the cost of maintaining university facilities and grounds. Facility operations and maintenance expense of \$141.5 million was \$18.7 million more than prior year and \$5.8 million less than budget. The increase over prior year is mainly due to renovations to Enterprise Square and the demolition of buildings on the Michener Park site. The decrease over budget was mainly due to lower than budgeted deferred maintenance projects funded by restricted capital grants.

Special Purpose

Special purpose expenses are for student awards and bursaries and other programs involving teaching and learning, and community service specifically funded by restricted grants and donations. Special purpose expense of \$97.0 million was \$2.2 million less than prior year and comparable to budget. No one individually significant item is accountable for these variances.

Ancillary Services

Ancillary services include the university bookstore, parking services, utilities and student residences. Ancillary services expense of \$79.7 million was \$8.0 million more than prior year and was \$5.6 million less than budget. The increase over prior year is mainly due to a return to activity on campus due to the gradual removal of COVID-19 restrictions. The decrease over budget is mainly due to lower than budgeted operating expenses for residences and parking services.

Capital Acquisitions

The university expended \$197.1 million (2021: \$187.7) on construction and other tangible capital asset acquisitions.

The most significant construction and capital asset acquisitions in 2022 are:

- University Commons Renewal and Repurpose (formerly Dentistry and Pharmacy) - a multi-year project to renovate the building.
- Lister Centre renewal – a multi-year project to upgrade three residence towers in the Lister Centre complex.

The university also sold two significant assets during the course of the year:

- Newton Place – a student residence tower
- Husfloen Centre – a building on Augustana Campus used for teaching purposes

Net Assets and Net Financial Assets / Net Debt

Net Assets

The net asset balance is an important indicator of financial health for the university. The net assets measure provides the economic position of the university from all years of operations. The university's net assets include endowments of \$1,639.7 million. Endowments represent contributions from donors that are required to be maintained in perpetuity, as well as capitalized investment income that is also required to be maintained in perpetuity to protect the economic value of the endowment. Endowments are not available for spending. Of the remaining \$926.6 million in net assets, \$564.2 million represents funds invested in tangible capital assets.

Figure 4. University of Alberta Net Assets

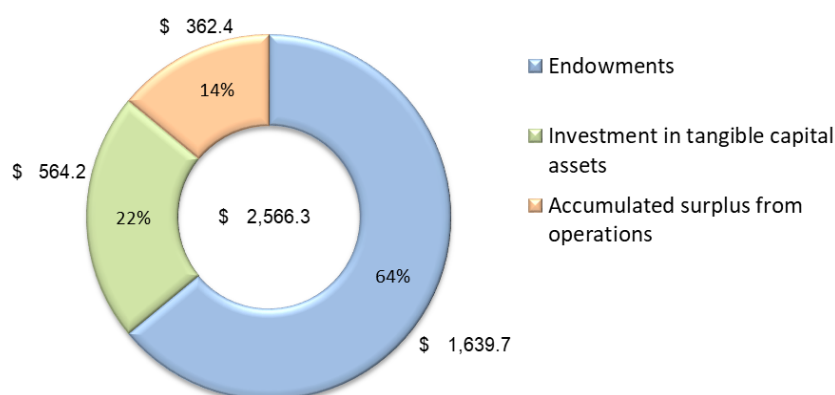


Table 1. University Net Assets

	Unrestricted	Internally Restricted	Investment in Tangible Capital Assets	Endowments	Total
Net Assets, Beginning of Year	\$212.1	\$55.0	\$566.7	\$1,574.0	\$2,407.8
Annual Operating Surplus	130.3	-	-	-	130.3
Transfer to Internally Restricted	(48.0)	48.0	-	-	-
Endowments Contributions and Capitalized Income	-	-	-	23.3	23.3
Transfer to Endowment	(0.6)	-	-	0.6	-
Transfer to Endowments - Encroachment	(31.2)	-	-	31.2	-
Tangible Capital Assets	2.5	-	(2.5)	-	-
Change in Accumulated Remeasurement Gains	(5.7)	-	-	10.6	4.9
Increase (Decrease)	47.3	48.0	(2.5)	65.7	158.5
Net Assets, End of Year	\$259.4	\$103.0	\$564.2	\$1,639.7	\$2,566.3

The increase in unrestricted net assets is mainly due to the annual operating surplus (\$130.3) and funding for tangible capital assets (\$2.5), partially offset by transfers to the internally restricted reserve (\$48.0), a transfer to recover the temporary endowment encroachment (\$31.2), current year remeasurement loss on investments (\$5.7), and a transfer capitalized to endowment principal (\$0.6).

The university has an internally restricted reserve of \$103.0 million, the current year transfer is \$48.0 million. Of this amount \$71.0 million is an investment income reserve while \$32.0 million has been appropriated to a Strategic Initiatives Fund in support of various strategic initiatives in accordance with University Funds Investment Policy.

As per the University Funds Investment Policy, all realized Non-Endowed Investment Pool earnings not required for current budget purposes will be reinvested to build an investment income reserve. In the current year, this amounts to \$48.0 million.

As at March 31, 2022 the market value of the Non-Endowed Investment Pool's yield and return seeking investments exceed their underlying obligations (cost) by \$204 million or 24%. Of this amount, \$103 million in realized gains have been set aside in internally restricted reserves; the remainder represents unrealized investment gains. The purpose of the investment income reserve is to create a buffer for risk management purposes; that is, to ensure that all future financial obligations can be fulfilled in the event of unplanned liquidity requirements and significant investment losses occurring concurrently. The reserve target is 17% of the underlying obligations (investment cost), currently \$147 million, which allows for fluctuations in capital and equity markets to the degree experienced during the financial crisis in 2008-09. Since the reserve target is currently being met, appropriations to a Strategic Initiatives Fund to support long-term institutional goals can be made. Details of the allocations can be seen in Table 2.

Table 2. University Investment Income and Strategic Reserves	2022	2021
Investment Income Reserve	\$71.0	\$55.0
Strategic Initiatives	\$32.0	-
Total Reserves, End of Year	\$103.0	\$55.0

The decrease in investment in tangible capital assets of \$2.5 million consists of additions (\$68.8) and debt repayments (\$19.3), less financing allocation (\$26.8) and amortization (\$63.8). These additions include construction projects, equipment, furnishings, computer hardware/software and library resources.

The university's endowment spending policy provides for an annual spending allocation (2022: \$56.9; 2021: \$55.8) to support a variety of key initiatives in the areas of academic programs, chairs and professorships, scholarships, bursaries and research. The increase in endowments of \$65.7 million is due to an increase in fair value (\$10.6), new contributions and capitalized investment income (\$23.3), a transfer of miscellaneous sales revenue from unrestricted net assets (\$0.6), and the recovery of the temporary endowment encroachment that funded prior year endowment expenditures (\$31.2). During the year the university's investment income earned from endowment investments was \$143.3 million (2021 - \$70.7). This is sufficient to fund the annual spending allocation of \$56.9 million (2021 - \$55.8) along with the investment management and administration fees of \$18.1 million (2021 - \$19.4). The investment income earned was also sufficient to fund both the temporary endowment encroachment of the last two fiscal years of \$31.2 million along with the unfunded spending allocation commitment of \$31.4 million. This left \$5.7 million that was capitalized to endowment net assets as it was not required to meet the university's spending allocation obligations.

Net Debt

The university's liquidity needs are met primarily through operating cash flows, working capital balances and capital expansion funding received through grants or long-term debt. Net financial assets (net debt) is a measure of an organization's ability to use its financial assets to cover liabilities and fund future operations.

The net financial assets position (excluding portfolio investments restricted for endowments) indicates that the university has a \$36.5 million surplus (2021: \$48.8 deficiency). The surplus can be attributed to the accumulated operating surplus \$362.4 million (2021 - \$267.1), partially offset by the incurrence of prepaid expenses \$12.1 million (2021 - \$9.6) and tangible capital assets acquired by debt financing \$313.8 million (2021 - \$306.3). Net financial assets has increased mainly due to the annual surplus and unrealized gains on investments.

Areas of Significant Financial Risk

Fiscal Uncertainty

The Campus Alberta grant is the primary source of funding for the university's day-to-day operating activities. Government support continues to decline. The final cut to the operating grant will occur in fiscal 2022-23 and will be approximately \$52 million. Grants, tuition and other revenue generation initiatives are largely under government control, which puts significant pressure on university finances. The impact to university revenue of a 1% change to the Campus Alberta base operating grant is \$4.9 million and a 1% change to domestic tuition is \$2.1 million.

In response to the pressures on provincial funding, during the year the university successfully completed the implementation of its major structural reorganization under the U of A for Tomorrow initiative. This two pronged reorganization strategy consists of both academic and administrative restructuring. It is expected that the restructuring will result in administrative efficiencies and will see overall cost savings of approximately \$127 million.

The COVID-19 pandemic continues to have an impact in how the university conducts its operations. The university returned to in-person delivery of most instructional courses to students at the end of February 2022. This also meant the return to campus of staff who support the delivery of services to students. Other staff will return to campus in a phased approach during the remainder of 2022. With the return to campus the university saw improvement in its ancillary revenues – mainly in residences and parking services. The university also saw an increase in materials and supplies expenses as staff returned to campus. The liquidity position of the university remains strong so there are no immediate cash flow concerns due to the impact of the COVID-19 pandemic.

Unfunded Pension Liability

The university participates with other Alberta post-secondary institutions in the Universities Academic Pension Plan (UAPP) to provide pensions for the university's participating employees. The unfunded deficiency in the UAPP is currently being funded by a combination of employee and employer contributions and the Government of Alberta. The deficiency is required to be eliminated by 2043. At March 31, 2022, based on actuarial assumptions, the university has recorded a UAPP employee future benefit liability of approximately \$126 million.

The impact to the university's share of the unfunded liability of a 1% increase in the inflation rate assumption would be an increase of approximately \$10 million, a 1% increase in the salary escalation assumption would be an increase of approximately \$3 million, while a decrease of 1% in the discount rate assumption would lead to an increase of approximately \$23 million.

Deferred Maintenance

As the largest and oldest post-secondary institution in the province, the university's deferred maintenance obligations continue to increase. As of December 2021, the estimated liability stood at \$350 million and is estimated to increase to approximately \$1.035 billion by 2025. As part of the fiscal 2022 budget, the government provides a Capital Maintenance and Renewal (CMR) grant (\$35 million) which is a main source of funding in dealing with the deferred maintenance liability. The university continues to identify and address priority deferred maintenance issues through joint renewal and repurposing projects to maintain the

functionality of our building inventory. This is also being done in the context of achieving our Facility and Space Optimization objectives which is underpinned by the Integrated Asset Management Strategy.

APPENDIX 2

Consolidated Financial Statements

For the year ended March 31, 2022

TABLE OF CONTENTS

Statement of Management Responsibility	60
Independent Auditor's Report	61
Consolidated Statement of Financial Position.....	64
Consolidated Statement of Operations.....	65
Consolidated Statement of Change in Net Financial Assets.....	66
Consolidated Statement of Remeasurement Gains and Losses.....	67
Consolidated Statement of Cash Flows.....	68
Notes to the Consolidated Financial Statements.....	69

FINANCIAL REPORTING

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STATEMENT OF MANAGEMENT RESPONSIBILITY YEAR ENDED MARCH 31, 2022

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

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

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

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

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

Original signed by Bill Flanagan

President and Vice-Chancellor

Original signed by Todd Gilchrist

Vice-President (University Services and Finance)



Independent Auditor's Report

To the Board of Governors of The University of Alberta

Report on the Consolidated Financial Statements

Opinion

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

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

Basis for opinion

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

Other information

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

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

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

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

INDEPENDENT AUDITOR'S REPORT YEAR ENDED MARCH 31, 2022

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

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

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

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

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

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

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

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

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

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

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

May 30, 2022
Edmonton, Alberta

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

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

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

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

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

(thousands of dollars)

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

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2022
(thousands of dollars)

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

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, 2022
(thousands of dollars)

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

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022

(thousands of dollars)

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

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

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

1. Authority and purpose

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

2. Summary of significant accounting policies and reporting practices

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

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

(b) Valuation of financial assets and liabilities

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

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

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

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

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

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

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

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

(thousands of dollars)

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

(c) Revenue recognition

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

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

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

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

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

Grants and donations related to land

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

Endowment contributions

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

Investment income

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

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

(d) Endowments

Endowments consist of:

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

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

(thousands of dollars)

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

(d) Endowments (continued)

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

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

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

(e) Inventories held for sale

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

(f) Tangible capital assets

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

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

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

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

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

(g) Foreign currency translation

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

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

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

(thousands of dollars)

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

(h) Employee future benefits

Pension

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

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

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

Long-term disability

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

Early retirement

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

Supplementary retirement plans

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

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

Administrative/professional leave

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

General illness

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

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

(thousands of dollars)

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

(i) Investment in partnerships

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

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

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

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

(j) Investment in government business enterprises

Effective March 11, 2015, the university established the University of Alberta Properties Trust Inc. (UAPTI), a wholly-owned government business enterprise. In 2021, UAPTI commenced operations and is now included in the consolidated financial statements using the modified equity method. Under the modified equity method, the accounting policies of UAPTI are not adjusted to conform to those of the university. Thus, the university's investment in the entity is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

(k) Liability for contaminated sites

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

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

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

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

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

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

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

(thousands of dollars)

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

(l) Expense by function

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

Academic costs and institutional support

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

Research

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

Facility operations and maintenance

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

Special purpose

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

Ancillary services

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

(m) Funds and reserves

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

(n) Future changes in accounting standards

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

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

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

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

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

(thousands of dollars)

3. Cash and cash equivalents

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

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

4. Portfolio investments

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

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

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

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:

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

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

(thousands of dollars)

5. Derivatives

Derivative financial instruments are used by the university to manage its commodity exposure with respect to portfolio investments. All outstanding contracts have a remaining term to maturity of less than one year. As at March 31, 2022, the university held commodity futures contracts for settlement between May 2022 and December 2022, with a notional amount of \$43,320 (2021 - \$38,845). The fair value of outstanding commodity futures contracts receivable is \$3,912 (2021 - \$3,535) and of commodity futures contracts payables is \$nil (2021 - \$1,104).

6. Financial risk management

The university is exposed to the following risks:

Market price risk

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

The university assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total University Endowment Pool over a five year period as determined by the university's investment performance measurement service provider. At March 31, 2022, if market prices had a 8.9% (2021 - 9.0%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains for the year would be \$190,632 (2021 - \$176,819).

Foreign currency risk

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

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

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

Credit risk

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

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

The distribution of money market holdings and bonds by risk rating is as follows:

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

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

(thousands of dollars)

6. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the university will encounter difficulty in meeting obligations associated with its financial liabilities. The university maintains a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements. The university maintains a short-term line of credit of \$20,000 (2021 - \$20,000) to ensure that funds are available to meet current and forecasted financial requirements. In 2022, the line of credit was not drawn upon (2021 - not drawn upon). The university believes, based on its assessment of future cash flows it will have access to sufficient capital through internally generated cash flows, external sources and the undrawn short-term line of credit to meet current spending forecasts. Management continues to monitor the university's liquidity position on a regular basis.

Interest rate risk

Interest rate risk is the risk that the university's earnings will be affected by the fluctuation and degree of volatility in interest rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income instruments that the university holds. If interest rates increase by 0.25% (2021 - 0.25%), and all variables are held constant, the potential loss in fair value to the university would be approximately \$4,578 (2021 - \$5,053). Interest rate risk on the university's debt is managed through fixed rate agreements with the Department of Treasury Board and Finance (note 10).

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

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

7. Investment in government business enterprise

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

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

Statement of Financial Position:

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

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

(thousands of dollars)

7. Investment in government business enterprise (continued)

Statement of Operations:

	2021	2020
Revenue	\$ 1	\$ -
Expense	555	214
Net loss	\$ (554)	\$ (214)

8. Accounts payable and accrued liabilities

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

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

9. Employee future benefit liabilities

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

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

Universities Academic Pension Plan (UAPP)

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

The unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2021 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.04% until June 30, 2022 and 3.57% thereafter of salaries required to eliminate the unfunded deficiency by December 31, 2043 (2021 - 3.04% of salaries until December 31, 2043). The Government of Alberta's obligation for the future additional contributions is \$226,028 (2021 - \$249,339) at March 31, 2022.

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

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

(thousands of dollars)

9. Employee future benefit liabilities (continued)

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

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

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

Early retirement

The early retirement benefits for support staff include a bridge benefit (2022 - \$18,279; 2021 - \$19,117) and a retirement allowance (2022 - \$7,740; 2021 - \$7,807). An actuarial valuation of these benefits was carried out as at March 31, 2022. The bridge benefit allows eligible employees who retire early to continue participating in several staff benefit programs between the date of early retirement and the end of the month in which the former employee turns 65. Benefits include group life insurance, employee family assistance program, supplementary health care and dental care. The support staff retirement allowance provides eligible employees (those with 20 years of pensionable service at retirement date) one week's base pay per full year of employment to a maximum 25 days pay.

Supplementary retirement plan (SRP)

The university provides a non-contributory defined benefit supplementary retirement benefit to executive. The SRP obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries, which management has adopted as their best estimate. An actuarial valuation of these benefits was carried out as at March 31, 2022. The SRP was closed to new members effective June 30, 2014, as part of the approval of the new defined contribution SRP for executives.

Administrative/professional leave (leave)

The university provides for certain executive to accrue a paid leave at the end of their executive appointment. Upon completing their term of service, the individual's salary and benefits in effect at the end of the service are paid for the duration of the leave. The leave obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries, which management has adopted as their best estimate. An actuarial valuation of these benefits was carried out as at March 31, 2022.

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

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

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

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

(thousands of dollars)

9. Employee future benefit liabilities (continued)

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

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

	2022			2021		
	UAPP	SRP, leave	LTD, GI, early retirement	UAPP	SRP, leave	LTD, GI, early retirement
	%	%	%	%	%	%
Accrued benefit obligation						
Discount rate	5.1	3.6	3.6	5.2	3.6	3.6
Long-term average compensation increase	3.0	2.0	2.0	3.0	2.0	2.0
Benefit cost						
Discount rate	5.2	3.6	3.6	5.6	3.8	3.6
Long-term average compensation increase	3.0	2.0	2.0	3.0	3.0	2.0
Alberta inflation (long-term)	2.0	2.0	2.0	2.0	2.0	2.0
Estimated average remaining service life	10.6 yrs	Note ⁽¹⁾	1 - 8 yrs	10.6 yrs	Note ⁽¹⁾	1 - 9 yrs

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

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

Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for support staff members. As the university does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recognized in these consolidated financial statements is \$24,734 (2021 - \$27,278).

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

(c) Defined contribution plans

Supplementary retirement plans (SRP)

The university provides non-contributory defined contribution supplementary retirement benefits to eligible executive and academic staff members. The expense recognized in these consolidated financial statements is \$5,963 (2021 - \$6,685).

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

(thousands of dollars)

10. Debt

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

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

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

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

Principal and interest payments are as follows:

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

11. Deferred revenue

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

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

(thousands of dollars)

12. Tangible capital assets

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

Included in buildings and utilities is \$250,739 (2021 - \$152,633) recognized as construction-in-progress, which is not amortized as the assets are not in service.

Acquisitions include in-kind donations in the amount of \$4,980 (2021 - \$3,913).

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

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

13. Spent deferred capital contributions

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

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

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

14. Net assets

	Note	Unrestricted	Investment in tangible capital assets	Internally restricted	Endowments	Total
Net assets, March 31, 2020		\$ 89,093	\$ 569,136	\$ 40,051	\$ 1,284,568	\$ 1,982,848
Annual operating surplus		35,493	-	-	-	35,493
Transfer to internally restricted	23	(14,949)	-	14,949	-	-
Endowments						
New contributions		-	-	-	18,059	18,059
Capitalized investment income		-	-	-	98	98
Transfer to endowments		(1,308)	-	-	1,308	-
Transfer from endowments - encroachment		666	-	-	(666)	-
Tangible capital assets						
Acquisitions		(76,902)	76,902	-	-	-
Debt repayment		(16,233)	16,233	-	-	-
Debt - financing allocation		34,125	(34,125)	-	-	-
Amortization		61,428	(61,428)	-	-	-
Change in accumulated remeasurement gains		100,733	-	-	270,626	371,359
Net assets, March 31, 2021		\$ 212,146	\$ 566,718	\$ 55,000	\$ 1,573,993	\$ 2,407,857
Annual operating surplus		130,268	-	-	-	130,268
Transfer to internally restricted	23	(48,000)	-	48,000	-	-
Endowments						
New contributions		-	-	-	17,570	17,570
Capitalized investment income		-	-	-	5,730	5,730
Transfer to endowments		(594)	-	-	594	-
Transfer to endowments - encroachment		(31,188)	-	-	31,188	-
Tangible capital assets						
Acquisitions		(68,754)	68,754	-	-	-
Debt repayment		(19,301)	19,301	-	-	-
Debt - financing allocation		26,771	(26,771)	-	-	-
Amortization		63,802	(63,802)	-	-	-
Change in accumulated remeasurement gains		(5,771)	-	-	10,685	4,914
Net assets, March 31, 2022		\$ 259,379	\$ 564,200	\$ 103,000	\$ 1,639,760	\$ 2,566,339
Net assets is comprised of:						
Accumulated surplus		\$ 159,416	\$ 564,200	\$ 103,000	\$ 1,294,546	\$ 2,121,162
Accumulated remeasurement gains ⁽¹⁾		99,963	-	-	345,214	445,177
		\$ 259,379	\$ 564,200	\$ 103,000	\$ 1,639,760	\$ 2,566,339

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

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

(thousands of dollars)

14. Net assets (continued)

Internally restricted net assets

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

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

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

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

15. Liability for contaminated sites

The university recognized an estimated liability of \$1,043 (2021 - \$1,043) for the remediation and monitoring of hydrocarbon and salt contaminants on a contaminated site resulting from a liner leak in a wastewater pond. The estimate was determined based on a professional assessment of the clean-up required for the site. The balance is recorded in accounts payable and accrued liabilities. The site's remediation cost was previously recorded as an environmental liability but during the current year was no longer considered to be in productive use. No additional contaminated sites were identified in the year.

16. Contingent assets

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

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

(thousands of dollars)

17. Contingent liabilities

- (a) The university is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the university believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the university. Management has concluded that none of the claims meet the criteria for recognizing a liability.
- (b) The university has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the university may be required to take appropriate remediation procedures to remove the asbestos. The university has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk. The new Asset Retirement Obligation standard, which becomes effective April 1, 2022, will require the university to estimate the fair value of the asbestos removal obligation and record the obligations in its financial results.

18. Contractual rights

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

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

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

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

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

(thousands of dollars)

19. Contractual obligations

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

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

The significant service contracts are as follows:

- In order to manage its exposure to the volatility in the electrical industry, the university has entered into contracts to fix a portion of its electrical cost. The five contracts (2021 - three contracts) with expenditures totaling \$22,319 (2021 - \$10,472) expire over the next three years.
 - Effective August 1, 2020, the university entered into an agreement with an external party for dining and catering services. The agreement has three years remaining with a total estimated cost of \$34,667 (2021 - \$44,990).
 - The university entered into two agreements with an external party for information technology support effective June 1, 2021. Infrastructure management services has four years remaining with a cost of \$4,671 (2021 - \$664, two months remaining), and application management services has four years remaining with a cost of \$8,078 (2021 - \$734, three months remaining).
 - Effective August 1, 2021, the university entered into an agreement with an external party for custodial services. The agreement has two years remaining with a cost of \$24,258 (2021 - \$2,373).
- (b) The university is one of 64 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2021, CURIE had an accumulated surplus of \$105,790 (2020 - \$99,449), of which the university's pro rata share is approximately 7.38% (2021 - 7.36%). This accumulated surplus is not recognized in the consolidated financial statements.

20. Related parties

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

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

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

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

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

(thousands of dollars)

21. Budget

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

22. Government transfers

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

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

(thousands of dollars)

23. Investment income

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

Investment income reserve

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

Encroachment recovery

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

24. Expense by object

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

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

25. Funds held on behalf of others

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

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

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

26. Salaries and employee benefits

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

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

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

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

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

(4) In 2021, three individuals occupied this role, one for the first 6 months, a second for 1 month (in an acting capacity) and the third for the final 5 months of the year. The acting Vice-President did not participate in any executive benefit programs except the DC SRP.

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

(6) This position was eliminated January 1, 2021. The interim Vice-President, who served in this role on a part time basis, did not participate in any executive benefit programs except the DC SRP.

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

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

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

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

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

(thousands of dollars)

26. Salaries and employee benefits (continued)

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

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

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

(11a) Contributions are made on an annual basis at the end of the plan (calendar) year. Interest is paid in lieu of contributions being made every month. Investment earnings are distributed to each plan participant based on the overall return of the plan's investments.

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

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

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

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

27. Approval of financial statements

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

28. Comparative figures

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