

2014-2015 ANNUAL REPORT

FOR SUBMISSION TO THE GOVERNMENT OF ALBERTA



DARE TO DISCOVER: A VISION FOR A GREAT UNIVERSITY

QUAECUMQUE VERA — WHATSOEVER THINGS ARE TRUE

University of Alberta Vision, Mission, Cornerstones, and Values

The University of Alberta *vision* is to inspire the human spirit through outstanding achievements in learning, discovery, and citizenship in a creative community, building one of the world's great universities for the public good.

Our mission is to create and sustain a vibrant and supportive learning environment that discovers, disseminates, and applies new knowledge through teaching and learning, research, creative activity, community involvement, and partnerships. The University of Alberta gives a national and international voice to innovation in our province, taking a lead role in placing Canada at the global forefront.

The University of Alberta aspires to become one of the top public universities in the world by focusing academic planning and strategic decision-making on *four cornerstones*:

1. Talented People
2. Learning, Discovery, and Citizenship
3. Connecting Communities
4. Transformative Organization and Support

Our values: The University of Alberta community of students, faculty, staff, and alumni rely on shared, deeply held values that guide behaviour and actions. These values are drawn from the principles on which the University of Alberta was founded in 1908 and reflect a dynamic, modern institution of higher learning, leading change nationally and internationally.

Excellence: Excellence in teaching that promotes learning; outstanding research and creative activity that fuel discovery and advance knowledge; and enlightened service that builds citizenship.

Student Experience: The centrality of our students and our responsibility to provide an intellectually superior educational environment.

Integrity and Academic Freedom: Integrity, fairness, and principles of ethical conduct built on the foundation of academic freedom, open inquiry, and the pursuit of truth.

Diversity and Creativity: A diverse, yet inclusive, dynamic collegial community that welcomes change and seizes opportunity with passion and creativity.

Pride: Pride in our history and traditions, including contributions from Aboriginal people and other groups, which enrich and distinguish the university.

*“The people demand that knowledge shall not be the concern of scholars alone.
The uplifting of the whole people shall be its final goal.”*

- Henry Marshall Tory, September 1908

TABLE OF CONTENTS

LIST OF FIGURES	IV
BOARD OF GOVERNORS	1
MESSAGE FROM THE CHAIR	2
OVERVIEW FROM THE PRESIDENT	4
THE UNIVERSITY	6
Summary Statistics	8
NOTABLE ACCOMPLISHMENTS	9
Cornerstone 1	10
Cornerstone 2	16
Cornerstone 3	24
Cornerstone 4	29
RENEWING AND ENHANCING FACILITIES AND INFRASTRUCTURE	37
FINANCIAL HIGHLIGHTS	40
RISK IMPLICATIONS	44
MANAGEMENT’S RESPONSIBILITY FOR REPORTING	47
INDEPENDENT AUDITOR’S REPORT	48
FINANCIAL STATEMENTS	50

LIST OF FIGURES

FIGURE 1 FULL-TIME EQUIVALENT (FTE) RATIOS	12
FIGURE 2 ENROLMENT OF SELECTED STUDENT GROUPS.....	13
FIGURE 3 APPLICATIONS AND ADMISSIONS	14
FIGURE 4 POST-DOCTORAL FELLOWS	15
FIGURE 5 PERCENT OF SENIOR STUDENTS RATING THEIR EDUCATIONAL EXPERIENCE AS GOOD OR EXCELLENT	18
FIGURE 6 PROPORTION OF GRADUATES SATISFIED WITH THEIR EDUCATIONAL EXPERIENCE	19
FIGURE 7 3M AWARDS TO U15 UNIVERSITIES 2004-2013	20
FIGURE 8 CITATIONS PER FACULTY MEMBER, UNIVERSITY OF ALBERTA AND SELECTED PEERS.....	21
FIGURE 9 COMPLETION RATES, UNIVERSITY OF ALBERTA	23
FIGURE 10 UNIVERSITY OF ALBERTA FUNDRAISING ACHIEVEMENT, LATEST 5 YEARS.....	25
FIGURE 11 CONTINUING SPINOFFS 2006-2013.....	26
FIGURE 12 OVERALL GRADUATE EMPLOYMENT RATE TWO YEARS AFTER GRADUATION	28
FIGURE 13 PROPORTION OF OPERATING EXPENDITURES GOING TOWARDS ADMINISTRATIVE PURPOSES, TWO-YEAR CYCLES	32
FIGURE 14 AVERAGE FINANCIAL SUPPORT PER DOCTORAL STUDENT, UNIVERSITY OF ALBERTA AND U15 UNIVERSITIES	33
FIGURE 15 AVERAGE FINANCIAL SUPPORT PER RESEARCH MASTER'S STUDENT, UNIVERSITY OF ALBERTA AND U15 UNIVERSITIES	33
FIGURE 16 U15 SPONSORED RESEARCH INCOME BY TYPE.....	35
FIGURE 17 SPONSORED RESEARCH INCOME PER FULL-TIME TEACHING FACULTY FOR U15 UNIVERSITIES.....	36
FIGURE 18 REVENUE (\$ MILLIONS).....	43
FIGURE 19 EXPENSE BY OBJECT (\$ MILLIONS)	43

2014-15 Board of Governors

BOARD MEMBER	CONSTITUENCY
Andrews, Nathan	Graduate Students' Association
Belosevic, Miodrag (Mike)	General Faculties Council
Cooper, David	Association of Academic Staff
Goss, Douglas	Public (Chair)
Halford, Jane	Alumni
Hansra, Sangram	Students' Union
Heelan, James	Public
James, Barry	Senate
Jeraj, Shenaz	Public (Vice-chair)
Johnson, LeRoy	Public
Lau, William	Students' Union
LePoole, Steven	Public
Muzyka, Raymond	Public
Parks, Robert	Alumni
Pu, Christopher	Non-Academic Support Staff
Ross, Michael H.	Public
Samarasekera, Indira	President
Somji, Nizar	Public
Teskey, Robert H.	Public
Wilson, Dick	Public (Vice-chair)
Young, Ralph	Chancellor

Message from the Chair

On behalf of my colleagues on the University of Alberta Board of Governors, I present the 2014–2015 Annual Report as a record of the university’s continued progress towards the goals outlined in its Comprehensive Institutional Plan and Academic Plan, *Dare to Deliver 2011–2015*. This report for the year ending March 31, 2015, has been prepared under the board’s direction in accordance with the Fiscal Management Act, the Post-secondary Learning Act, and associated ministerial guidelines. All economic, environmental, and fiscal implications of which we are aware have been considered in the preparation of this report. It includes a financial report drawn from the university’s financial statements, as well as a discussion of key challenges, risks, and opportunities faced by the University of Alberta over the past year.

The university remains steadfast in its pursuit of being among the world’s great public universities. We are moving forward with great determination, and this is an incredibly exciting time for the university. Alberta is bustling with energy and enthusiasm. That makes this city, this province, and this university one of the most attractive places in the world.

The university itself is at a visionary crossroads. After a decade of daring leadership, we are preparing to say goodbye to President Indira Samarasekera, who led the university through one of the institution’s most transformational periods.

Dr. Samarasekera has spent the last decade facilitating the expansion of the university’s global reach; championing unprecedented growth of faculty, programs, international partnerships, and facilities—including more than \$2 billion in capital projects; overseeing the swelling of the university’s endowment past the \$1-billion mark; and presiding over a leap in reputation that places the U of A among the top five universities nationally and top 100 internationally.

The university’s exceptional growth in size and global stature over the past decade was balanced by the stark realization that post-secondary budgetary models of old are no longer sustainable. To that end—and in an effort to preserve, strengthen, and effectively support the U of A’s core mission of excellence in teaching, research, and service—Dr.

Samarasekera led the university through the difficult implementation of the Board of Governors' Change Agenda, which addresses academic transformation, sustainable and flexible financial models, effective and efficient administration, and culture change.

Under her leadership, the university is re-envisioning greatness and, I believe, accepting the challenge of competing with the very best. The early result of the board's Change Agenda has been a strong recovery, better financial footing, and what I believe to be a stronger partnership between the province's flagship university and the people it serves.

And with Dr. Samarasekera's completion of her term this summer, I am excited at the prospect of working with President-Elect David Turpin to build on the university's momentum and propel us ever higher into the top tier of global public universities.

True to its mandate, as approved in 2009 by the minister of advanced education and technology, the U of A continues to offer a broad range of outstanding learning and research programs to prepare citizens and leaders who make a difference. It plays a leading role in Campus Alberta by collaborating with other Alberta institutions, responding to vital community relationships at every level, and giving a national and international voice to Alberta innovation. Also in line with its mandate, the university enhances student opportunities and builds Alberta's capacity for long-term, knowledge-driven sustainable development at the global forefront.

As board chair, I thank the Government of Alberta for its continued support of lifelong learning, research, and innovation—support that is even more essential for the next generation of Albertans. I look forward to advancing the University of Alberta's promise of "uplifting the whole people" and doing my part to hoist this great institution to a level of prominence that it deserves, and that the province deserves.

Original signed by Douglas O. Goss, Q.C. AOE

Douglas O. Goss, Q.C. AOE
Chair, Board of Governors

Overview from the President

Since its inception in 2005, the University of Alberta's *Dare to Discover* vision has been to build a great global university for the public good, by inspiring outstanding learning, discovery, and citizenship. Year by year, we strive to equip talented students, researchers, and scholars with knowledge and resources to be active and engaged citizens, leaders, and thinkers. We seek excellence and aspire to be a community of leaders and change makers.

By pursuing our strategic goals and objectives outlined in our seminal planning documents—*Dare to Discover*, *Dare to Deliver 2011-2015*, and *Comprehensive Institutional Plan*—we are in a continuous process of evolution. The following 2014-2015 Annual Report demonstrates our ongoing efforts to develop enriched undergraduate and graduate educational experiences, foster and sustain leading-edge research, connect communities near and far, and increase administrative efficiencies and outcomes to the benefit of students, staff, university partners, and society more broadly.

We do this work because it matters. The 2015 centenary celebration of the U of A's Alumni Association highlights the great things that our alumni do—as leaders, citizens, employees, innovators, and volunteers. Indeed, as this report demonstrates, about 97 per cent of 2012 and 2010 graduates have achieved full-time employment within two years of graduation. In 2014 alone, the U of A sent 736 engineers; 170 physicians; 513 nurses; 430 agriculture, environment, and food specialists; 243 economists; 173 lawyers; and 38 designers into the workforce. Active and engaged volunteers throughout their communities, U of A alumni have also donated to their alma mater in record numbers in the past several years, helping to bring the university's total endowment well over the \$1 billion mark in 2015.

Alumni volunteer and professional leadership stems in part from the U of A's long tradition of fostering leadership skills and aspirations in students and giving them the skills they need to think critically and creatively and to act boldly. Launched in winter 2014 to build on the U of A's historical strength in this area, the Peter Lougheed Leadership College will welcome its pioneer class in fall 2015 after a year of curriculum planning and development, staff and instructor recruitment, and widespread campus consultation and partnership-building.

The U of A continues to be home to research leaders who are seeking excellence, producing exceptional results, and building international networks of collaborators. In 2014-2015, we attracted increased total external research funding, moving from \$462,783 to \$469,881. In February 2015, the Government of Canada announced that U of A was selected out of a competitive pool of 83 applications to host the Canadian Glycomics Network, a new \$27.3-million network centre of excellence. GlycoNet will bring together 64 glycomics researchers from 22 institutions across Canada to strengthen efforts to explore and develop new treatments for a range of illnesses.

Talented people thrive in enriched learning environments that enable connection, creativity, and action. This year marked the completion of the Physical Activity and Wellness Centre, the Jeanne and Peter Lougheed Performing Arts Centre on Augustana Campus, and the final fit-out of the Li Ka Shing Centre. New student residences are under construction that will add a total of 213 beds to the university's inventory and provide housing to 13.75 per cent of full-time students.

To ensure that U of A students, faculty, and staff have the physical and financial resources they need to continue pursuing excellence in teaching, learning, and research, the university has also undertaken several administrative reforms over 2014-2015. These include the establishment of a U of A Land Trust and the centralization of financial services, data warehousing, information technology, and human resources.

In July 2015, the U of A will welcome President-Elect David Turpin and begin an exciting new period of advancement and achievement. It has been my privilege and honour to serve as this great institution's 12th president and to work with the university, province, and wider community to expand the U of A's local, national, and international reach and influence to remarkable new heights. Under David Turpin's leadership and through the dedicated efforts of faculty, staff, and students, the University of Alberta will continue to fulfil its mandate and mission, realizing its promise and bringing the benefits of a great global university to Alberta.

Original signed by Indira V. Samarasekera, OC

Indira V. Samarasekera, OC
President and Vice-Chancellor

The University in 2014-15

The University of Alberta brings together talented people; inspires them to outstanding acts of learning, discovery, and citizenship; compels them to reach out and connect with communities near and far; and provides them with the support they need to thrive. Building on these four cornerstones, the U of A has risen to become one of Canada's and the world's finest universities with a reputation for excellence, bold thinking, and purpose.

The University of Alberta, as the province's flagship research-intensive post-secondary institution, is a critical partner in achieving a prosperous future for Alberta. Throughout its history, and today as part of Campus Alberta, the U of A has had education partnerships with every post-secondary institution in the province.

Achieving excellence across the disciplines, U of A researchers are changing the lives of many. Major medical breakthroughs—such as Michael Houghton's advance toward a hepatitis C vaccine, Robert Burrell's nano-particle wound dressing, and Paul Armstrong's cardiac research—have eased the suffering of people close to home and around the world. Catherine Bell's celebrated research in indigenous and Métis law has helped to reshape Canada's justice system. Anne Naeth's techniques for reclaiming land damaged by resource development and Jillian Buriak's work on solar cells are not only helping us imagine a more sustainable world, but also bringing us much closer to that reality. Sociologist Kevin Haggerty's research is providing new understanding and analyses of how the ubiquitous presence of surveillance influences the individual's relation to society. The contributions of physicists James Pinfold, Roger Moore, and Doug Gingrich to the international team that discovered the Higgs boson goes to the most fundamental understanding of our universe.

In addition to educating, credentialing and employing generations of Albertans, the U of A is also a gateway through which Albertans and Alberta industry can access the world. More than 1,000 researchers collaborate at the U of A to study oilsands and address the environmental, cultural and social impacts. Sixty per cent of all oilsands

research published in the world is conducted in our region. As leader of the Petrocultures Research Cluster, Canada Research Chair in Cultural Studies Imre Szeman (English and Film Studies) has shaped the emerging discipline of energy humanities, which examines the impact of the petrochemical industry on society and culture and examines the conditions of energy transition. 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.

Our rankings also speak volumes on several fronts. The 2014-15 QS Rankings placed the U of A 84th in the world out of the 2,000 universities rated in the survey, and the most recent Maclean's survey rated us among the top five Canadian universities. Times Higher Education ranked the U of A 87th in its "most international universities" ranking in 2014, up nine spots from 2013. And in 2014, TEC Edmonton was named the 10th best university business incubator in the world by the University Business Incubator Index.

These successes come as many jurisdictions have recognized the imperative for even greater investment in education, research, development, and innovation. Regions and countries around the world are aligning their resources and reviewing their educational and research sectors to better compete within the global marketplace. U of A has close to 400 teaching and research agreements with governments and partner institutions in nearly 50 countries. The U of A's research excellence is fuelled by exceptional people: Lorne Tyrrell, a professor in the Faculty of Medicine & Dentistry's Department of Medical

Microbiology & Immunology and the director of the Li Ka Shing Institute of Virology, was recently named the winner of the 2015 Killam Prize for Health Sciences, one of only five Killam prizes awarded annually across Canada. Political science professor Janine Brodie, Canada Research Chair in Political Economy and Social Governance, was the winner of the 2014 Innis-Gérin Medal of the Royal Society of Canada, given for a distinguished and sustained contribution to the literature of the social sciences.

Consistent, adequate, long-term funding for post-secondary education and innovation, specifically with strong support for the province's comprehensive academic and research institutions, is essential to securing Alberta's prosperity long into the future. As Alberta's 2013-16 Strategic Plan states, "The economic and intellectual centre of gravity is shifting away from traditional economic powers in the West, and the pace at which knowledge and technology are advancing is altering how the world does business. Future success also requires strong strategic relationships between government, post-secondary institutions, the research and innovation system, and the province's entrepreneurial business sector. As an example of a successful partnership, Mary Forhan and U of A colleagues are improving the quality of care of bariatric patients thanks to an Alberta Innovates – Health Solutions PRIHS (Partnership for Research and Innovation in the Health System) award.

Within Canada, Alberta faces significant and distinct challenges now and in the future in relation to its human capital. The province estimates that, over the coming decade, it will face a labour shortage of about 114,000 workers and that, of these, more than 62,000 will require a post-secondary education. With a 2014-15 enrolment of 38,669 (headcount), the University of Alberta remains the province's largest post-secondary institution. It is imperative that provincial funding continues to support access.

Although Alberta's economy and communities have benefited greatly from the extraction of natural resources, the nature of the province's revenue structure is also a challenge due to its sensitivity to fluctuations in energy

prices. While managing the current fiscal situation, it will be important to continue to build and leverage the world-class talent, research, and innovation being cultivated within Alberta's post-secondary education sector. The U of A is at the core of delivering the credentialing and performing the research that Alberta requires to remain economically competitive and to address the challenges of the modern global knowledge economy.

A recent study estimates that U of A alumni have collectively founded 70,258 organizations globally, creating more than 1.5 million jobs and generating annual revenues of \$348.5 billion (Briggs and Jennings, *Uplifting the Whole People: The Impact of University of Alberta Alumni through Innovation and Entrepreneurship*, 2013). By comparison, the annual gross domestic product of the province of Alberta is \$306.7 billion. Of those 1.5 million jobs, 390,221 were created in Alberta. With 2.1 million people being employed in Alberta in 2012, roughly one in every five Albertans is employed by a company founded by a U of A graduate. The report also concludes that a U of A education is a major catalyst for innovation and entrepreneurship and that faculty interactions, more than any other experience, have the highest impact on alumni after graduation. The U of A is also doing all it can to help those graduates succeed once they leave our campus. The university's new Venture Mentoring Service partners student and alumni entrepreneurs with successful alumni mentors who help them develop their ideas and skills.

At this critical juncture, it is important that Alberta not simply respond to developments elsewhere, but lead through carefully considered, bold, and strategic action. Given its wealth, creativity, and entrepreneurial spirit, Alberta has distinct advantages on the national and international stages. Through sustained, strategic investments in building blocks such as talented and creative people, advanced infrastructure, and research excellence, Alberta has the potential to emerge as one of the most dynamic and energetic jurisdictions in the world.

Summary Statistics

As the following table illustrates student enrolment (FLE) has dropped in the 2014-15 academic year. In recent years the U of A has worked, in consultation with the Government of Alberta, to reduce enrolment in programs and Faculties for which over-enrolment (above target) has been a recurring issue. As applicant pressure has remained strong, there has been a corresponding increase in the averages of undergraduates admitted directly from high school; these rose from 84% in fall 2013 to 85% in fall 2014.

	2013-14 ACADEMIC YEAR	2014-15 ACADEMIC YEAR
Students		
Applicants (Fall term only)	39,026	39,242
Applicants Admitted (Fall term only)	20,777	20,355
Undergraduate (FLE)	28,196	27,793 (preliminary)
Graduate (FLE)	8,492	8,065 (preliminary)
Faculty of Extension Registrations (including Brokered Registrations)	14,095	13,216
Tuition		
Arts & Science	\$5,269	\$5,321
Law	\$10,121	\$10,221
Medicine	\$11,925	\$12,044
MA, MSc, and PhD	\$3,626	\$3,662
Faculty & Staff (FTE)		
Faculty	2,128	2,046
Other Academic Staff	1,949	1,905
Support Staff (operating and trust-funded)	4,853	4,924
	2013 - 14 FISCAL YEAR	2014 - 15 FISCAL YEAR
Research Revenue (thousands of dollars)	\$462,783	\$469,881
	2013 CALENDAR YEAR	2014 CALENDAR YEAR
Degrees & Diplomas Granted	8,890	8,862
Undergraduate	6,778	6,812
Graduate	2,112	2,050

Notes: Applicant data is as of October 1 of the reported year, all other student data is as of December 1 of the reported year. Student numbers include post-graduate medical residents. Tuition figures are meant as examples. Complete tuition can be found at <http://www.registrarsoffice.ualberta.ca/Costs-Tuition-Fees.aspx>. Staff data is FTE as of October 1 of the reported year.

NOTABLE ACCOMPLISHMENTS IN 2014-15

The following highlights of significant accomplishments in 2014–15 gauge progress towards the University of Alberta’s vision, *Dare to Discover*, and its four cornerstones.

The reported performance measures provide complementary data and were chosen and developed on the basis of input from key university partners as well as the planning efforts that produced the university’s Comprehensive Institutional Plan. These measures help to monitor progress toward the U of A’s four cornerstones and the goals of access and research.

CORNERSTONE 1



The University of Alberta will attract and retain talented people

The world's most talented faculty, promising students, and dedicated staff — the world's most creative thinkers, prolific researchers, and innovative teachers — seek a university that offers the support, facilities, and commitment to excellence they need to thrive. The right environment is essential if the University of Alberta is to become a super-magnet for this kind of talent.

HIGHLIGHTS

- Renewable resource researcher Scott Chang studied tree rings from 60-year-old aspen and pine stands and found that trees and soil are adapting to oilsands development, but says careful monitoring is still needed over the long term.
- Canada Excellence Research Chair Graham Pearson made the first terrestrial discovery of ringwoodite, a rare mineral, in a \$20 diamond. Analysis revealed a significant amount of water—1.5 per cent of its weight—furthering scientific theories that the Earth’s transition zone, between 410 and 660 kilometres beneath the Earth’s surface, may contain as much water as all the world’s oceans. This finding gained worldwide media attention.
- Clare Drake, “the dean of Canadian intercollegiate hockey coaches,” was inducted into the Order of Hockey in Canada at the end of June. Having inspired players at every level, Drake is most renowned for having



Clare Drake

coached Golden Bears hockey to 697 wins—a Canadian university record—and to six national championships over his 28 years.

HIGHLIGHTS

- Understanding Video Games (UVG), the U of A’s second massive open online course (MOOC), is available from the Faculty of Arts as a credit course for existing students and free to the public through the education platform Coursera. The course will explore what we can learn from video games, such as how they capture and hold our attention and what they tell us about society’s views on issues like gender, sex, and violence. UVG follows in the footsteps of Dino 101, which attracted thousands of learners and established the U of A as an emerging leader in top-quality digital learning.
- U of A researchers figured prominently in the 2014 ASTech Awards. Biology professor Mark Boyce won the Outstanding Leadership in Alberta Science Award for his ecological systems modelling work; mechanical engineering professor Warren Finlay was given the outstanding leadership in Alberta Science award for his research on pharmaceutical aerosols; Matthew Benesch, an MD/PhD student in biochemistry, won the Leaders of Tomorrow Award for his citizenship and promising research into cancer treatment; and microbiologist Julia Foght took home the Innovation in Oil Sands Research Award.

- From July 18 to 27, 2014, U of A surgeons transplanted 32 organs, breaking the team’s previous world record of 30 transplants in a 10-day span.

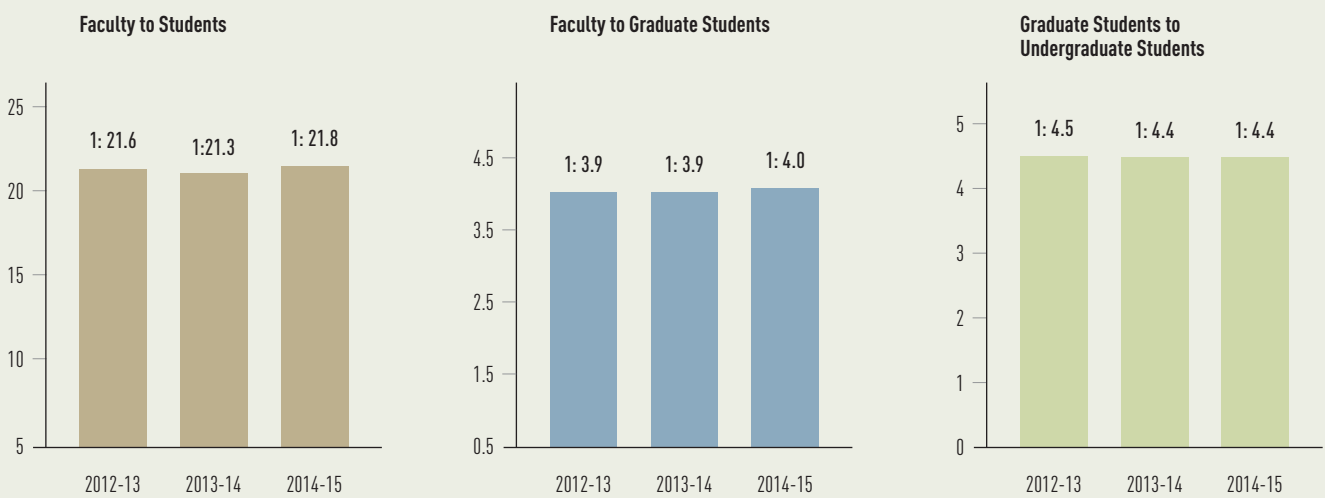
HIGHLIGHTS

- Biology professor Mark Boyce, mechanical engineering professor Warren Finlay, music professor emerita Marnie Giesbrecht, philosophy professor Bernard Linsky, and glaciologist Martin Sharp were all elected as fellows to the Royal Society of Canada. Mental health advocate Austin Mardon, who has an adjunct appointment at the U of A, was named to the society as a specially elected fellow.

A significant part of the student experience is predicated on access to faculty so student ratios at the institutional level provide a general indication of the available level of resources. Most top research-intensive institutions have relatively low faculty-to-student and graduate student-to-undergraduate student ratios, indicative of a high-quality learning environment in which students have ample access to instructors and the learning opportunities they offer. We remain committed to the goal of 16 students to one faculty member, but in the current financial climate, we expect to see limited reduction in the student-faculty ratios in the immediate future.

Many leading public research universities have a 3 to 1 ratio of graduate students to undergraduate students in order to help foster a dynamic, discovery-based learning environment. The University of Alberta has a graduate-to-undergraduate ratio above that of top public four-year universities and must make a substantial investment in graduate students to reach its target. Given the downward trend in the ratio over the past years, progress is evident, but the global competition to attract the best and brightest graduate students is intensifying and often linked to available funding.

FIGURE 1 FULL-TIME EQUIVALENT (FTE) RATIOS



Notes: Student data are based on information in effect on December 1 of the reported year. Post-graduate medical education students are excluded. FTE (full-time equivalent) represents the number of full-time students plus one-third the number of part-time students based on the number of individual students within each reporting category. Staff data are based on information in effect on October 1 of the reported year.
Source: Institutional Data Warehouse.

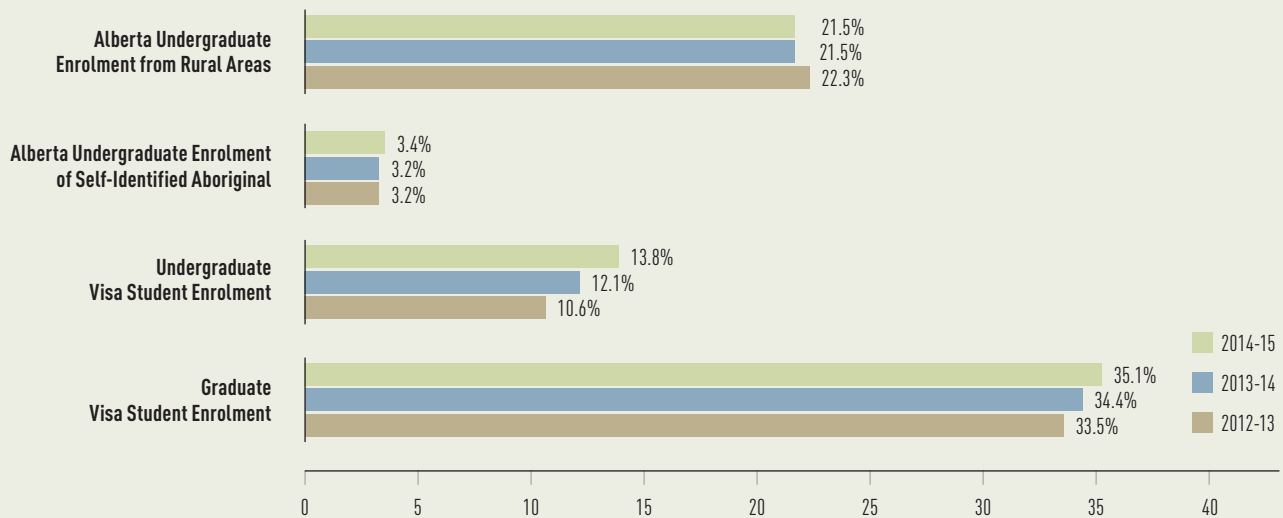
- Nermeen Youssef, a fifth-year PhD pharmacology student, won second place at the worldwide Falling Walls Berlin Young Innovator of the Year competition for her idea of using blue light to stimulate engineered fat cells to secrete insulin—an idea that could lead to needle-free management of Type 1 diabetes and further entrench the university as a world leader in diabetes research.
- For the third year in a row, an English and Film Studies doctoral student has won the Governor General's Gold Medal.
- More than \$525,000 was raised for the Carl Amrhein Aboriginal Student Fund, which will promote greater student participation in programs that offer Aboriginal teaching and learning experiences.

The University of Alberta has set in motion strategies to pursue selected long-term enrolment objectives. These include representative proportions of undergraduates from rural and Aboriginal communities of Alberta, as well as higher proportions of international undergraduate and graduate enrolments.

In 2005, the university set an institution-wide international undergraduate enrolment target of 15 per cent, and an international graduate student enrolment target of 30 per cent. The graduate target has now been exceeded and the University of Alberta is approaching the undergraduate target.

A balance of enrolment from Alberta, Canada, and the world will help to stimulate development of a knowledge-based economy. Many international students stay in Alberta and contribute to the province's economic growth.

FIGURE 2 ENROLMENT OF SELECTED STUDENT GROUPS



Notes: All data are based on information in effect on December 1 of the reported year. Rural and Aboriginal figures are proportions of total Alberta undergraduate enrolment. Rural enrolment is based on the census division of the student's hometown being outside Edmonton or Calgary. Visa student enrolment reflects those students who are not Canadian citizens or permanent residents. Post-graduate medical education (PGME) students are excluded from the analysis.

Source: Institutional Data Warehouse.

HIGHLIGHTS

- The Golden Bears hockey repeated as Canadian Interuniversity Sport champions, and in doing so secured the program’s 15th national title. As well, the U of A’s curling program swept away all comers, with their first and second national titles, respectively; the U of A tennis program won its first national championship in 2014; and the Golden Bears volleyball team also won the national championship.
- The U of A’s MD Program was recognized with a successful accreditation by the sanctioning bodies that govern Canadian and American medical schools. The program was lauded for its strength in leadership, programming, and career development.

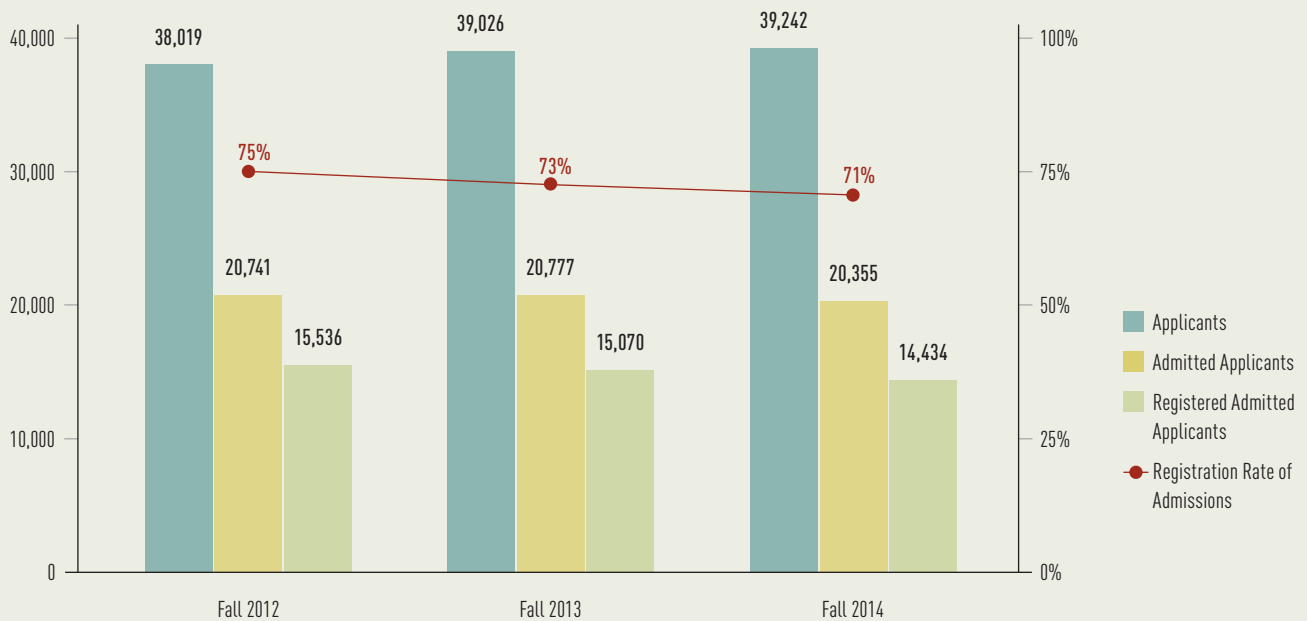
- The \$54-million Physical Activity and Wellness Centre (PAW), which opened in the fall, was made possible in part by a generous \$10-million donation from Dick (’74 BA, ’75 Law) and Carol Wilson (’74 BEd) and \$30 million in student fees. (The Students’ Union and the Graduate Students’ Association voted to support a student fee, which is dedicated to funding a portion of the

Applications and admissions provide a measure of demand and applicant qualifications. This measure is also resource dependent as flat, or declining, resources will affect the availability of student seats.

The number of applicants admitted has been stable over the reported period while the registration rate fell slightly in 2013-14.

Entrance averages across the U of A have increased over the reported period

FIGURE 3 APPLICATIONS AND ADMISSIONS



Notes: The numbers reported reflect unique individuals. Registration rate is the proportion of those admitted who registered. This data is based on information in effect on October 1 of the reported year. **Source:** Institutional Data Warehouse.

construction project.) The 17,000-square-metre fitness centre includes a social street, student lounges, a two-storey climbing facility, and a fitness centre on two floors.

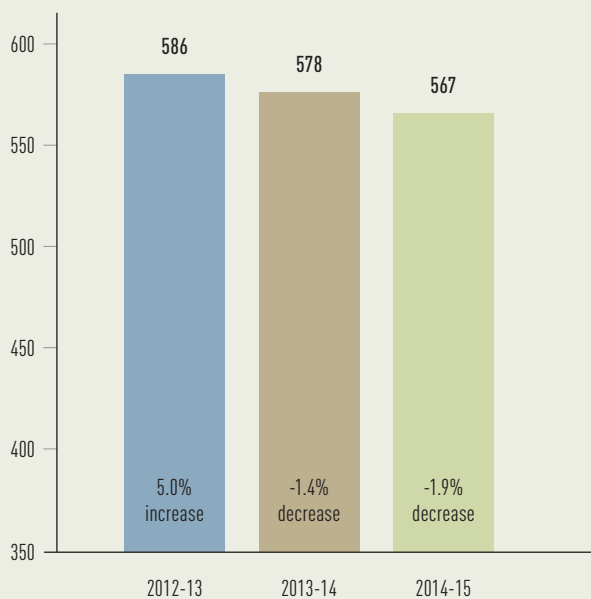
HIGHLIGHTS

- The U of A has launched a new post-doctoral fellowship to examine the role of sexual minorities in sports. The post-doc is a result of a partnership struck between the U of A's Institute for Sexual Minority Studies and Services and the You Can Play Project, a North America-wide campaign aimed at eradicating homophobia from professional sports. The pilot program funded by Alberta Innovates-Technology Futures, which provides two-year funding for post-docs who are interested in focusing on entrepreneurship, completed a successful first year.

Post-doctoral fellows (PDFs) contribute to the research mission of the university. The attraction of post-doctoral fellows, researchers, and visiting faculty from around the world to join the academic community is a key *Dare to Discover* strategy.

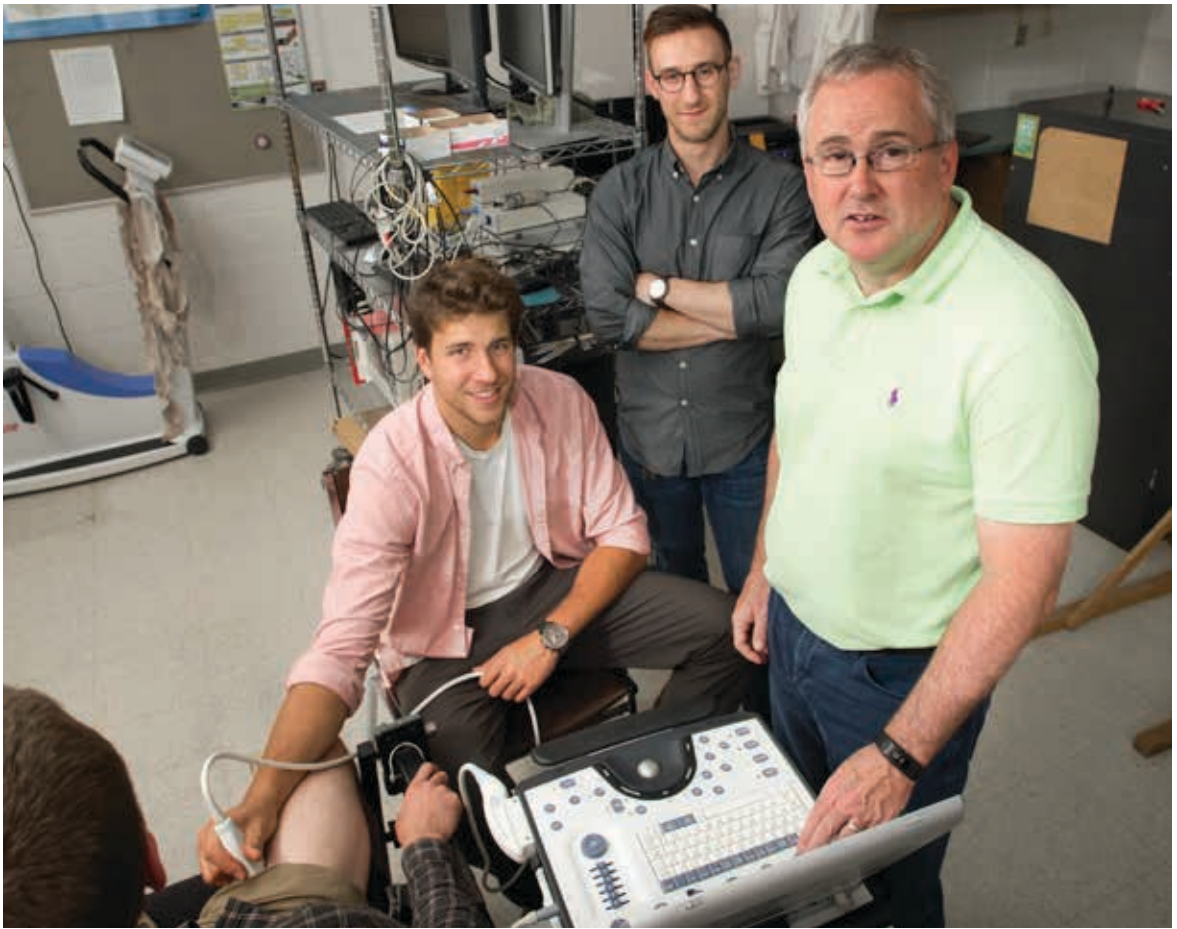
The University of Alberta's complement of PDFs decreased over the reported period. This decline, though not desirable, is expected in the current fiscal climate.

FIGURE 4 POST-DOCTORAL FELLOWS



Notes: Numbers reflect headcounts of post-doctoral fellows as of October 1 of the reported year. **Source:** Institutional Data Warehouse.

CORNERSTONE 2



The University of Alberta will provide excellence in learning, discovery and citizenship

Great universities stimulate learning and discovery that is cutting-edge, generating new knowledge, innovations, and discoveries that transform everyday life. The world-class university of tomorrow — which the University of Alberta aspires to be— will contribute to scientific, social, and cultural structures of global society in ways that will allow them to change and grow, creating and sustaining prosperity and well-being for future generations.

HIGHLIGHTS

- Kim Campbell, Canada's first female prime minister, was named founding principal of the Peter Lougheed Leadership College. The college is one of two main elements of the Peter Lougheed Leadership Initiative, a collaboration with The Banff Centre aimed at creating one of the world's pre-eminent leadership development programs. Campbell is internationally renowned as an authority on leadership, gender issues, and democratization.
- Nearly 30 years after then-student John Geiger and physical anthropologist Owen Beattie published *Frozen in Time*, a shocking and influential account of the doomed Franklin expedition's disastrous final days in 1846, Geiger accompanied a group of searchers led by Parks Canada that found one of Franklin's two ships, the *HMS Erebus*.



Kim Campbell with students

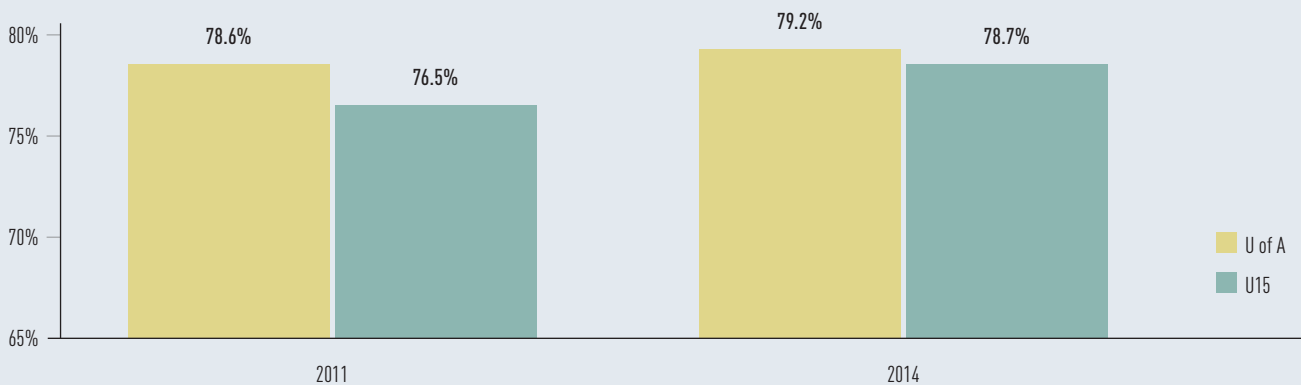
HIGHLIGHTS

- After measuring the heavy metal content in moss samples from peat bogs near oilsands development, world-renowned soil and water expert William Shotyk found that there’s no atmospheric lead pollution in Alberta’s oilsands region—a finding that contradicts current scientific knowledge.
- A \$10-million gift from Reza and Sylvia Nasserri to the Faculty of Engineering will establish the Nasserri School of Building Science and Engineering, which will focus on teaching and research into improving materials and energy used in the construction industry.
- The university held its first Giving Day, raising over \$25,000 to help students build the first ever space weather satellite in Alberta.

Students’ satisfaction with their educational experience can lead to a productive lifelong relationship with their university. Our goal is to improve satisfaction as measured through the National Survey of Student Engagement.

Satisfaction with their educational experience has increased amongst senior undergraduate students over the measured period.

FIGURE 5 PERCENTAGE OF SENIOR STUDENTS RATING THEIR EDUCATIONAL EXPERIENCE AS GOOD OR EXCELLENT



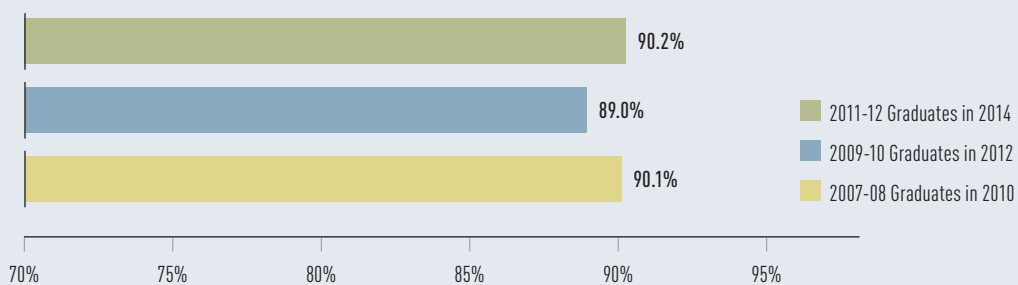
Note: Senior Student designation represents students in their fourth year, or in the year that they are normally expected to graduate. During the time period represented, U15 was referred to as G13 (Group of 13). **Source:** U of A Frequency Distribution Report, NSSE (National Survey of Student Engagement), 2011 and 2014. U of A participates in NSSE triennially.

HIGHLIGHTS

- Thanks to the U of A's renown in the area of neurodegenerative illnesses, 18 U of A researchers were included in the \$31.5-million federally funded Canadian Consortium on Neurodegeneration in Aging partnership created to combat dementia-related diseases.
- In an effort to improve student mental wellness and academic success, the U of A will be instituting a fall reading week beginning in 2015. The week-long break will coincide with the Remembrance Day holiday.

Graduate satisfaction provides another dimension of student satisfaction and is an important learner outcome measure. Graduate satisfaction has been high and relatively stable over the measured period, fluctuating around 90%.

FIGURE 6 PROPORTION OF GRADUATES SATISFIED WITH THEIR EDUCATIONAL EXPERIENCE



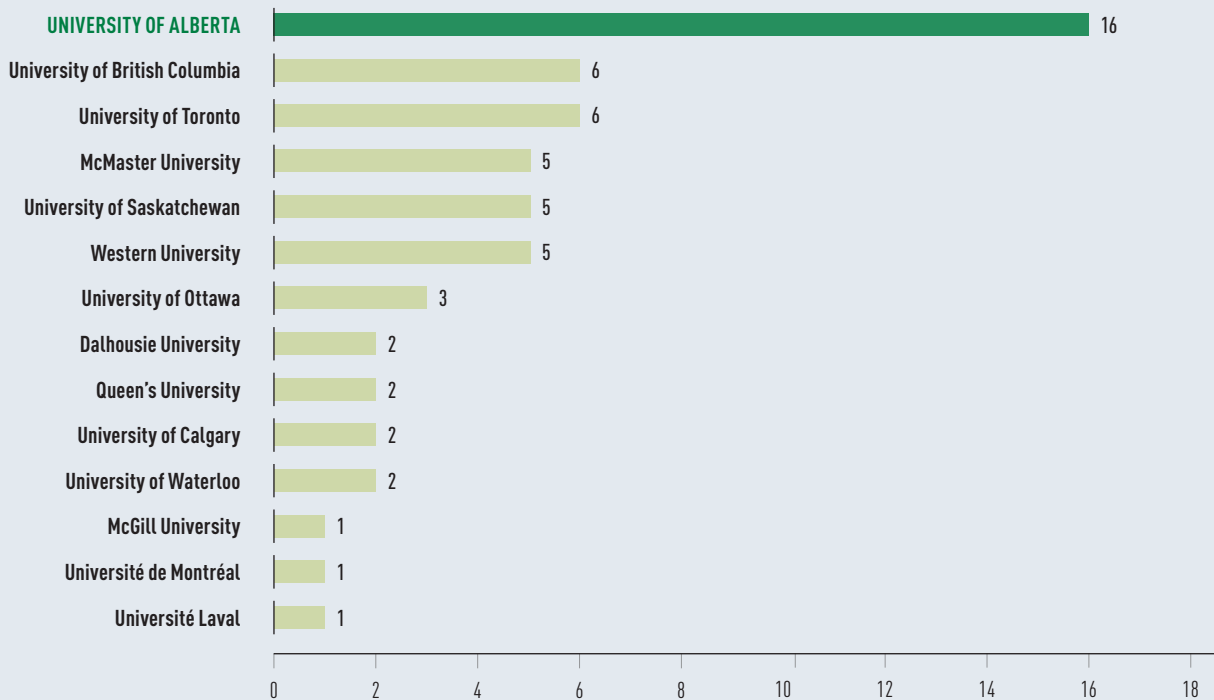
Note: Data are the most recent available. **Source:** Alberta Enterprise and Advanced Education: Alberta Graduate Outcomes Survey. The Survey is conducted biennially.

HIGHLIGHTS

- The engineering-based U of A EcoCar team won first place at an international competition by getting the equivalent of 618 miles per gallon (0.1 L/100 km) at the Shell Eco Marathon – Americas in Houston, Texas. The urban design (hydrogen cell) category features cars built by students from across North and South America, powered by hydrogen fuel cells and designed to look consumer-friendly.
- The U of A’s sustainability push has resulted in a gold rating from the Sustainability Tracking, Assessment and Rating System, or STARS, a self-reporting framework for colleges and universities to measure sustainability performance. The U of A’s score, up from the silver rating it received in 2012, places it second in Canada.
- The Royal Society of Canada has named three University of Alberta researchers—from Native Studies, Philosophy and Gender Studies and Pharmacology—as part of its inaugural class inducted into The College of New Scholars, Artists and Scientists.
- Jonathan White, surgery professor and creator of the popular Surgery 101 podcast, was named a 2014 3M National Teaching Fellow. The U of A lays claim to 41 3M Teaching Fellows, the most in Canada.

3M teaching awards measure teaching excellence, an area in which the University of Alberta achieves consistently high results.

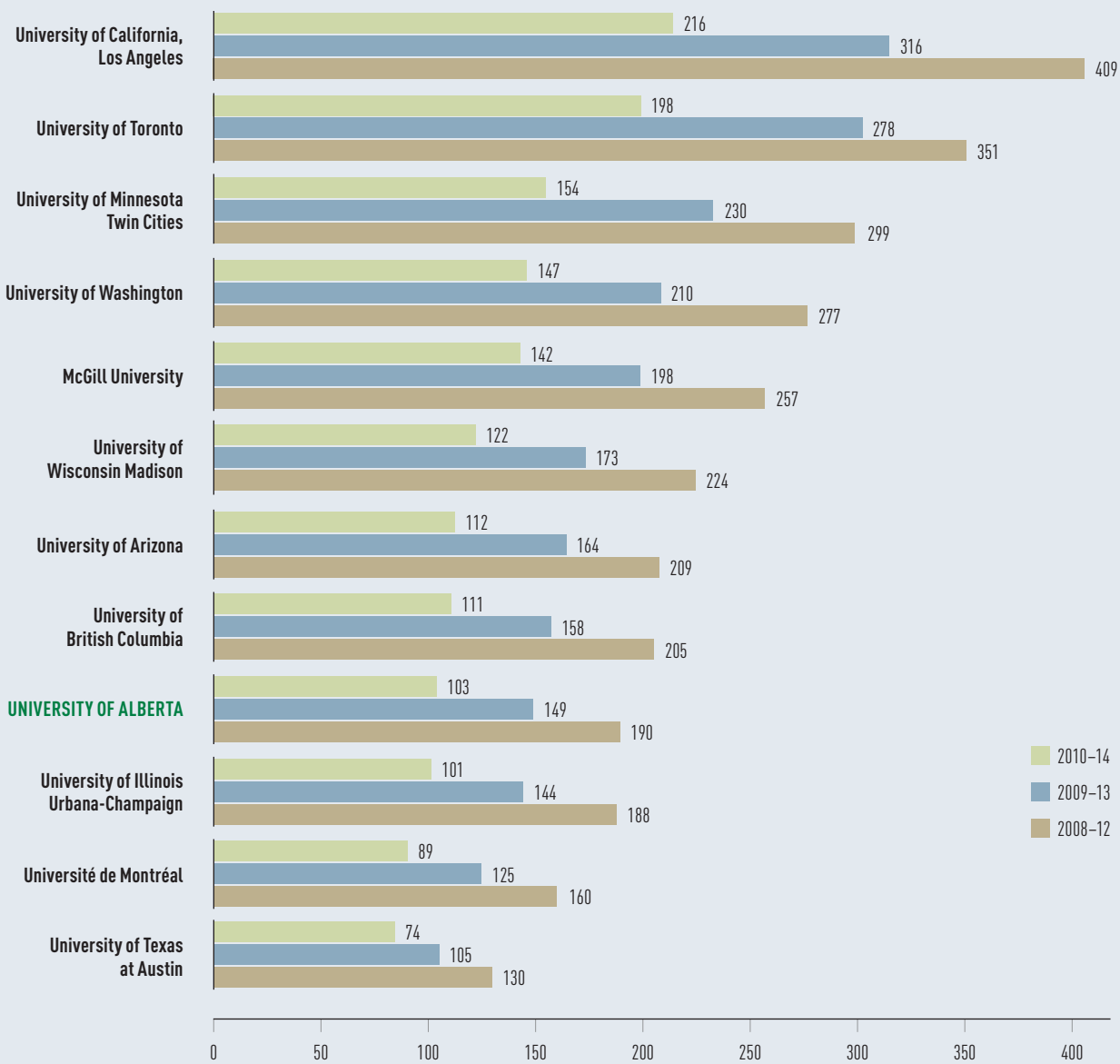
FIGURE 7 3M AWARDS TO U15 UNIVERSITIES 2004-2013



Note: Data are the most recent available. **Sources:** 3M award counts from Society for Teaching and Learning in Higher Education. Faculty counts from Statistics Canada: *Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities, Final Reports* and U15 Data Exchange.

The number of times a faculty member's work is cited by peers is a strong validation of excellence. Therefore, universities tend to use citations as an indicator of productivity, relevance, and quality.

FIGURE 8 CITATIONS PER FACULTY MEMBER, UNIVERSITY OF ALBERTA AND SELECTED PEERS



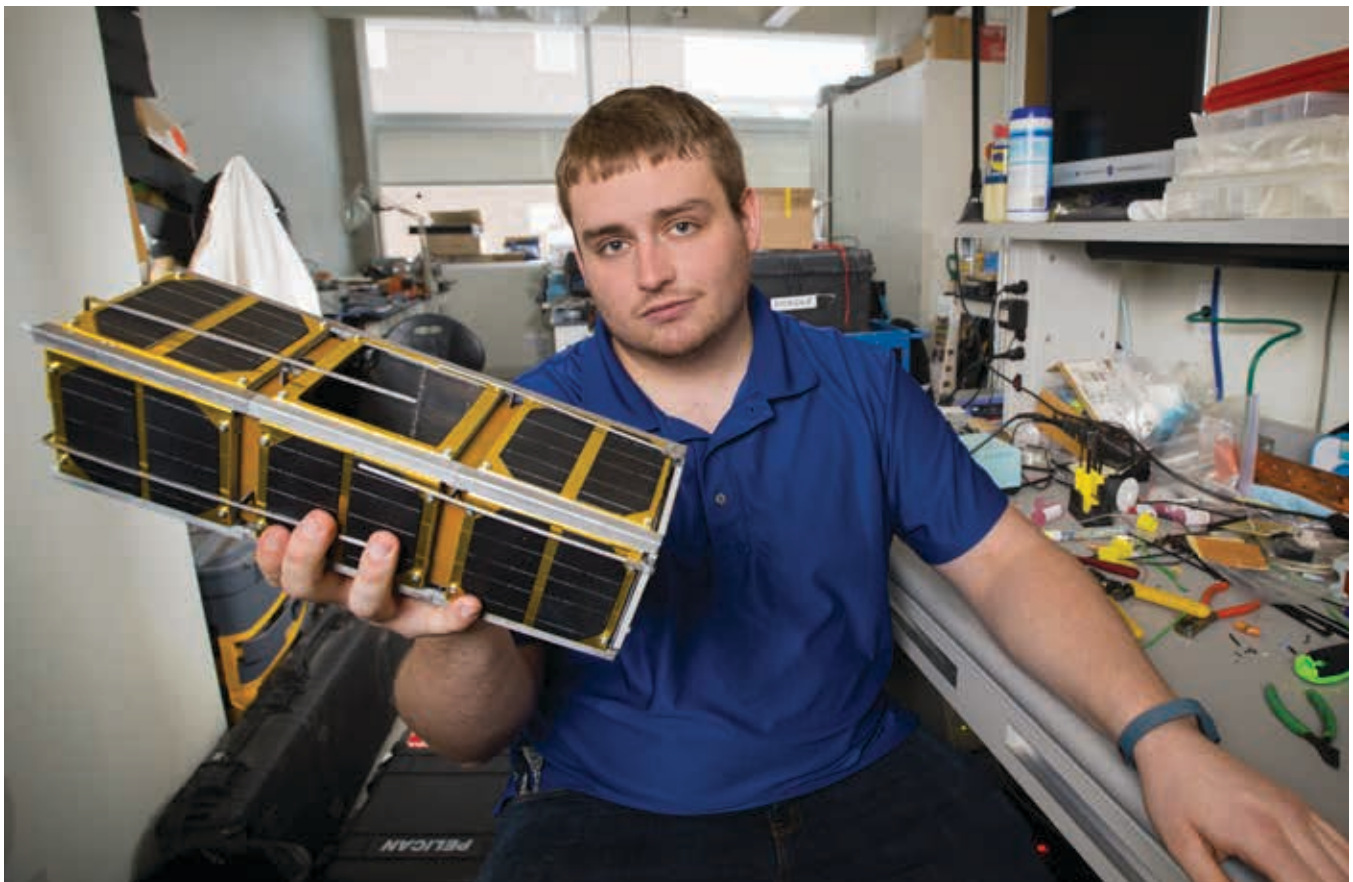
Notes: Staff figures represent averages for the reported years. 2014-15 Canadian staff figures are not available. Citations counts represent all citations during the reported period, regardless of publication year. Data is accurate as of April 30, 2015. **Sources:** InCites TM, Thomson Reuters. Canadian university faculty counts based on Statistics Canada: *Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities, Final Reports* and U15 Data Exchange. U.S. university faculty counts based on their respective Common Data Sets for each respective year.

HIGHLIGHTS

- A new study led by researchers at the U of A is shedding light on changes in intestinal bacteria of infants that can predict future development of food allergies or asthma. The study reveals that infants with a fewer number of different bacteria in their guts at three months of age are more likely to become sensitized to foods such as milk, eggs, or peanuts by the time they are one year old. Infants who developed food sensitization also had altered levels of two specific types of bacteria—Enterobacteriaceae and Bacteroidaceae—compared with infants who didn't.

HIGHLIGHTS

- Lift Off Alberta, a project to launch the first made-in-Alberta satellite, raised \$25,050 through the U of A's crowdfunding platform, an online way for supporters to donate money to university projects and initiatives. Play Around the World, a dynamic program that brings sport to underprivileged children around the world, raised \$15,560, while U of A Pride Week raised more than \$10,000.
- Created by the China Institute, the China-Canada Investment Tracker—the most comprehensive database of Chinese investments in Canada—details some \$52 billion in investments over the past 20 years, 73 per cent of which are concentrated in Alberta. The number is more than four times larger than StatsCan estimates. The research skills of economics grad students were used to trace hard-to-find smaller investments.



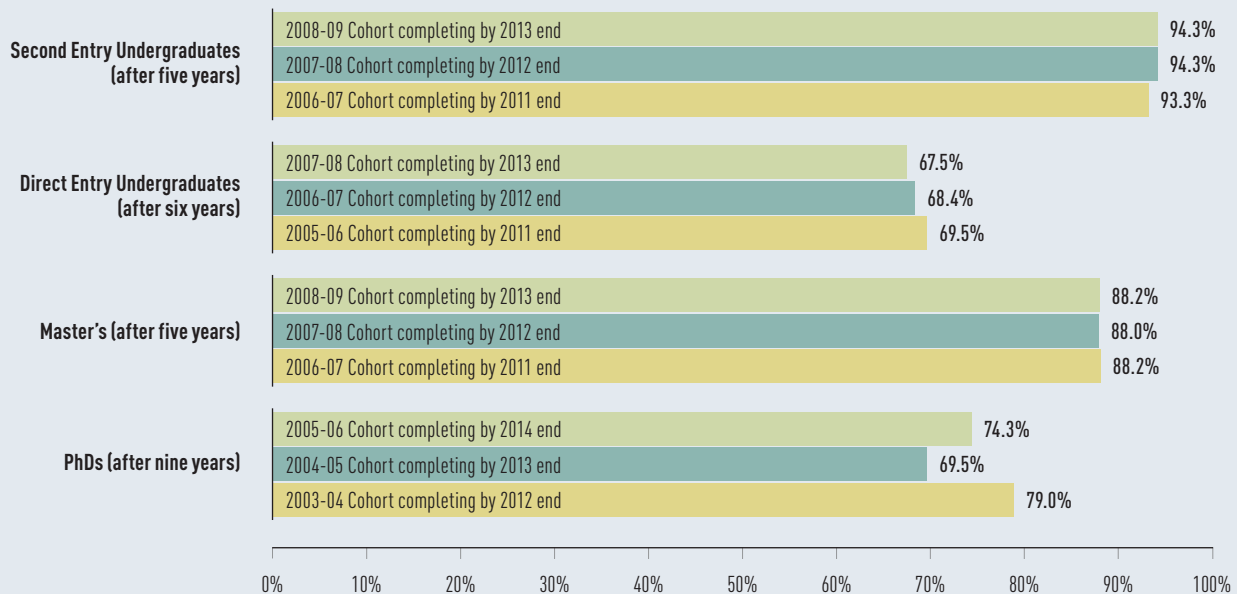
Chris Robson with satellite prototype

- A Faculty of Engineering-led interdisciplinary research team’s fuel cell project was one of 24 entrants moving on to the next round of a \$35-million Alberta-based Grand Challenge Competition designed to uncover innovative uses for carbon. The team is trying to produce a fuel cell that consumes rather than produces carbon dioxide to create energy.
- In a world first, researchers in the Computer Poker Research Group at the University of Alberta have essentially solved heads-up limit Texas hold’em poker with their program, called Cepheus. For more than a half-century, games have been test beds for new ideas

in artificial intelligence. The findings of the group, led by Michael Bowling in the Faculty of Science, were published Jan. 9 in the journal *Science*. The solution joins other significant milestones such as IBM’s Deep Blue defeat of world champion Garry Kasparov in chess and Watson beating top-earning *Jeopardy!* champs Ken Jennings and Brad Rutter.

The following chart provides rates by level. Rates have remained relatively stable over the reported period.

FIGURE 9 COMPLETION RATES, UNIVERSITY OF ALBERTA



Notes: Data are compiled using the completion rate methodology defined and implemented by U15 but it has been modified to include course-based master’s students in the analysis. Only those who began their studies as a full-time student are included in the cohorts. The Direct Entry Undergraduate Completion Rate represents students who entered the university directly from high school and graduated from the U of A in any undergraduate program. The Second Entry Undergraduate Completion Rate represents students admitted to a program that requires one year of university study prior to admission and graduated from the U of A in any undergraduate program. The Master’s Completion Rate represents students who entered the university in a master’s program and who graduated with either a master’s or PhD; students completing a PhD were allotted four additional years. The PhD Completion Rate represents students who entered the university in a PhD program and graduated with either a master’s or PhD.

Source: Institutional Data Warehouse.

CORNERSTONE 3



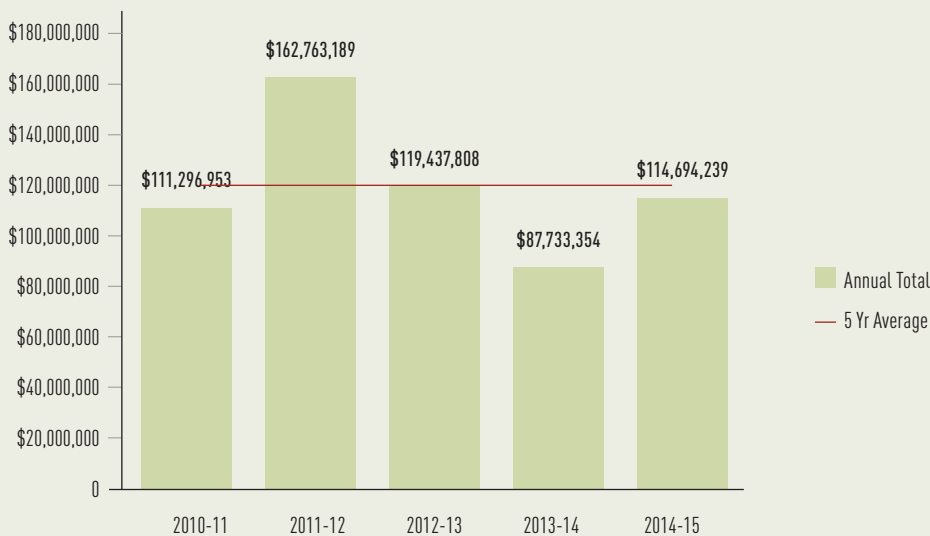
The University of Alberta will forge strong connections with its community locally, nationally and internationally

Can one of the world's great universities be at once exclusive, yet inclusive? Exceptional, yet accessible? The University of Alberta's goal is to be recognized not only for being great, but also for being good: for effectively contributing to the communities that rely on it for solutions, for assuring that its students understand the value of volunteering, and for cultivating the diversity of thought, mind, and character that are essential to modern society.

HIGHLIGHTS

- University of Alberta alumnus and Chancellor Ralph Young and Gay, his wife, cemented their dedication to the university and the preservation of the rich heritage of the Canadian Prairies when, in 2011, they pledged \$1 million to the Bruce Peel Library to establish the Prairie Roots Endowment Fund, which supports initiatives that promote scholarship in and recording of Western Canadiana.
- In fiscal 2015, the University of Alberta raised \$114,694,239 in philanthropic donations, the third-highest annual fundraising total in the university's history, surpassing last year's total of \$87,733,354. Highlights of the past year include:
 - A record number (3,362) of President's Society donors (those giving more than \$1,000 in the year)
 - A record number of online donors (4,863) and money donated online (\$1.39M)
- A record amount of cash contributions

FIGURE 10 UNIVERSITY OF ALBERTA FUNDRAISING ACHIEVEMENT, LATEST 5 YEARS



Note: Fundraising achievement totals consist of new pledges, grants, and gifts (including matching gifts); pledge payments and writeoffs are not included. In fiscal year 2012, newly adopted donation counting guidelines resulted in the one-time recording of \$39 million in bequests that were confirmed in writing in prior years. **Source:** Board of Governors' Reports, University of Alberta.

HIGHLIGHTS

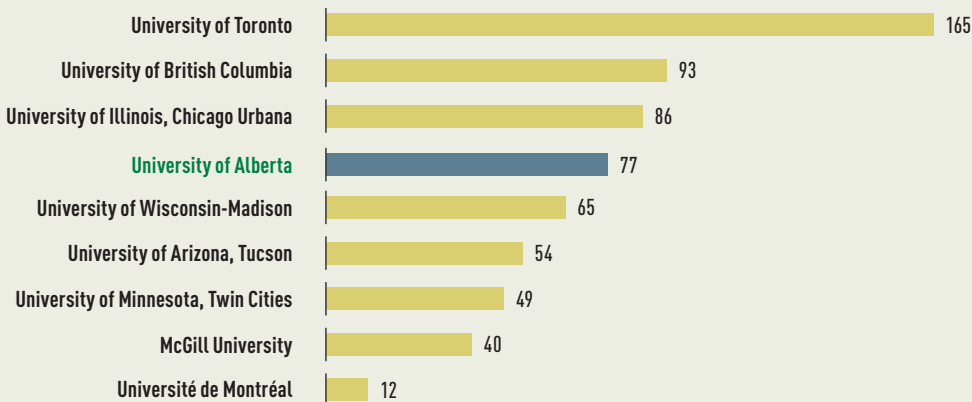
- The U of A's Southern Rockies Watershed Project, which sees an interdisciplinary research team monitor the health of the southern portion of this critically important source water, won the 2014 Emerald Award for water. Also winning an Emerald Award was the U of A's Office of Sustainability for its Waste in Residence programs, designed to help achieve the goal of diverting 50 per cent of campus waste from the landfill by 2015.
- TEC Edmonton, a not-for-profit joint venture of the U of A and the City of Edmonton, was named Incubator of the Year at the 2014 Startup Canada Awards this past summer. TEC Edmonton was also named the 10th best university business incubator in the world by the University Business Incubator Index.

Startup companies enable the university to share new knowledge with the community and attract top-calibre researchers and inventors interested in collaborating on leading-edge discoveries. These technology transfer activities contribute millions of dollars to the municipal, provincial, and national economies.

The following measure reflects not only the creation of spinoffs, but their persistence: an area where the University of Alberta excels.

In 2013-14, five new U of A spinoffs were created. That year, all operating spinoffs attracted almost \$14 million in external research revenue. In 2014-15 an additional six spinoffs were created.

FIGURE 11 CONTINUING SPINOFFS 2004-2013



Notes: Startups still in operation started at any time during the report period that are still in operation as of the most recent AUTM Licensing Survey. University of California, Los Angeles and University of Texas, Austin are not represented as they are reported as part of the University of California and University of Texas Systems, respectively. The University of Washington does not appear because no startups were reported during the report period. Data are the most recent available. **Source:** AUTM STATT Database.

HIGHLIGHTS

- The U of A and Western Sky Land Trust signed a conservation agreement that guarantees the U of A's 12,000-acre Mattheis Ranch will be conserved forever. In announcing the agreement, one of the biggest in the history of Alberta, Dean Stan Blade of the Faculty of Agricultural, Life and Environmental Sciences said it provides \$3.8 million in funding from Western Sky Land Trust to the university as compensation for future development. The funding will seek to improve, among other things, the socio-economic aspects of ranching, cow-calf production, land reclamation, carbon sequestration, and grassland ecology. The funding from Western Sky Land Trust was made possible through Alberta Environment and Sustainable Resource Development's Land Trust Grant program.
- This past year also saw significant growth in alumni engagement, volunteerism, and awareness. More than 1,000 volunteers were involved in the past year supporting Alumni Relations programs, helping in the community, assisting with recruitment, and providing career advice and support to students. The Alumni Association kicked off its 100th anniversary celebrations in January with Green & Glow Winterfest — a spectacle of light, fire and snow that delighted 4,500 alumni, students, and community members in Quad.
- The U of A provides innovative programming to prepare our students to succeed in business, public service, and the not-for-profit sector. Since 2005, The Community Service-Learning Program has provided thousands of



Alumni's Green and Glow Winterfest

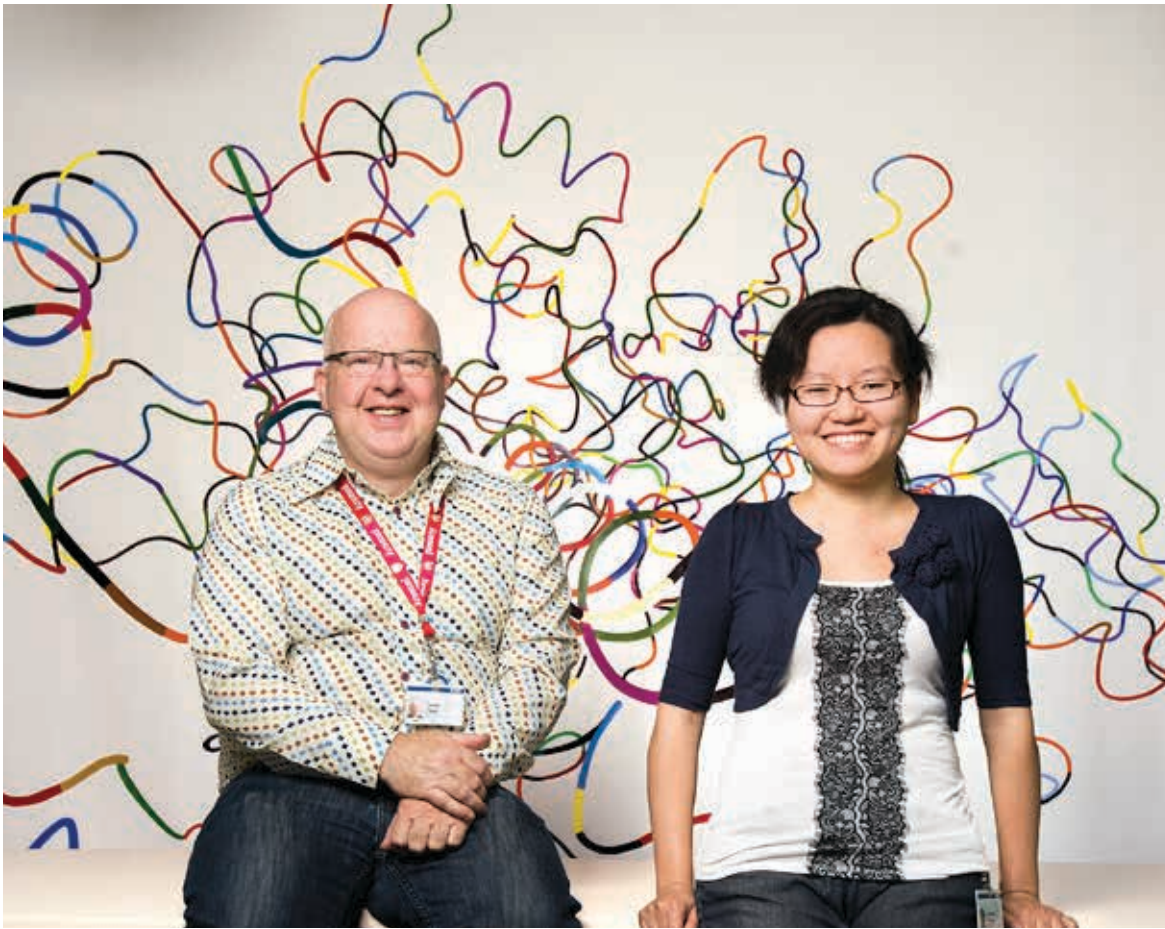
University of Alberta students with hands-on learning experiences in Edmonton's vibrant non-profit sector. In 2014-2015, 1,432 students engaged in service-learning experiences in 83 courses from 15 faculties, working with 180 not-for-profit organizations.

Employment is an important university outcome measure. As illustrated in Figure 12, University of Alberta graduates are consistently highly employed. This survey is performed every two years with the most recent data available in 2014.

FIGURE 12 OVERALL GRADUATE EMPLOYMENT RATE TWO YEARS AFTER GRADUATION



Note: Data are the most recent available. **Source:** Alberta Enterprise and Advanced Education: Alberta Graduate Outcomes Survey. The Survey is conducted biennially.



The University of Alberta will exemplify transformative organization and support

A great university is characterized by, and recognized for, effective governance, strong leadership, and a commitment to helping each member of the university community achieve his or her potential as a scholar, as an employee, in a profession, and in life. Only by constantly reassessing ourselves and recommitting to new standards of excellence can the University of Alberta continue to grow and thrive.

HIGHLIGHTS

- David H. Turpin was named as the 13th president of the U of A. Turpin served as president of the University of Victoria from 2000–2013 and is a member of the Order of Canada and the Royal Society of Canada. He is also among a select group of Canadian researchers on the global Highly Cited Researchers list for his botany research. His term begins July 1, 2015.
- For the first time, the U of A's endowment surpassed \$1 billion. With strong investment returns over the past year and recent significant donations, the fund—which supports student scholarships and positions that attract top faculty—is a key part of the university's long-term financial stability.
- The U of A Board of Governors unanimously approved the establishment of a land trust. With this decision, the university is embarking on a proven strategy for turning institutional land assets into a source of dedicated, permanent funding to support the university's core academic and research activities, and its mission of attracting and retaining the best students, faculty and staff. The main activity of the trust would be to enter into lease agreements with third parties who would develop the land in accordance with the university's Long Range Development Plan, which forecasts the university's needs 50 years into the future.



U of A's 13th president, David H. Turpin

- In June 2013, the province of Alberta promulgated the Public Interest Disclosure (Whistleblowing) Act. This act applies to most public entities in the Province of Alberta, including the University of Alberta. The act facilitates the disclosure and investigation of wrongdoings alleged to have occurred at a public entity in Alberta. It also protects individuals who report alleged wrongdoings from reprisal. Of the 59 disclosures made through the university's safe disclosure processes during the fiscal year of 2014-15, none constituted a public interest disclosure as defined under the act. The disclosures made range from workplace issues to issues under the code of student behaviour.



North Campus Quad

HIGHLIGHTS

- A research team at the U of A has been named as part of a \$5-million federal grant to test a heat-stable combination vaccine created to protect livestock against up to five deadly diseases that cause losses of up to 25 per cent in Africa’s livestock sector. Led by Lorne Babiuk, virologist and U of A vice-president (research), the proposal was one of three Canadian research projects to be supported under the federal government’s Canadian International Food Security Research Fund.

The university seeks a high level of administrative efficiency in its operations, striving for the top level in Alberta Advanced Education and Technology’s key performance indicator (five per cent or less of expenditures for administrative purposes is expected).

Centralization of administrative services is efficient but can add to administrative costs according to this measure.

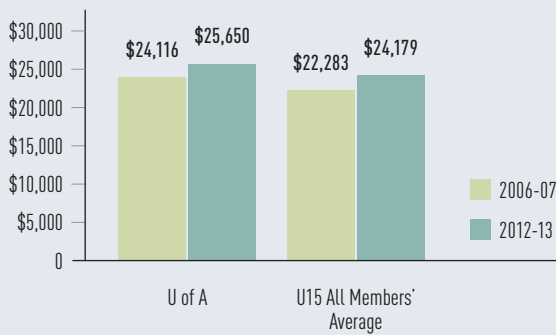
FIGURE 13 PROPORTION OF OPERATING EXPENDITURES GOING TOWARDS ADMINISTRATIVE PURPOSES, TWO-YEAR CYCLES



Note: Methodology as defined by Enterprise and Advanced Education. Data are the most recent available.
Source: Financial Information and Reporting System.

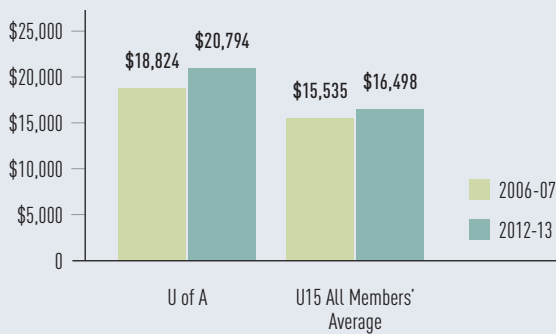
The University of Alberta provides competitive financial support at both the doctoral and research master's levels. Our goal is to remain competitive as compared with our peers when considering tuition, financial support, and cost of living.

FIGURE 14 AVERAGE FINANCIAL SUPPORT PER DOCTORAL STUDENT, UNIVERSITY OF ALBERTA AND U15 UNIVERSITIES



Note: Excludes Health Sciences. Includes aggregate provincial amounts for QC institutions. Data are the earliest and most recent available of comparable data. Reporting universities vary across years. **Source:** U15 Data Exchange, Graduate Student Financial Support pivot as of October 2014.

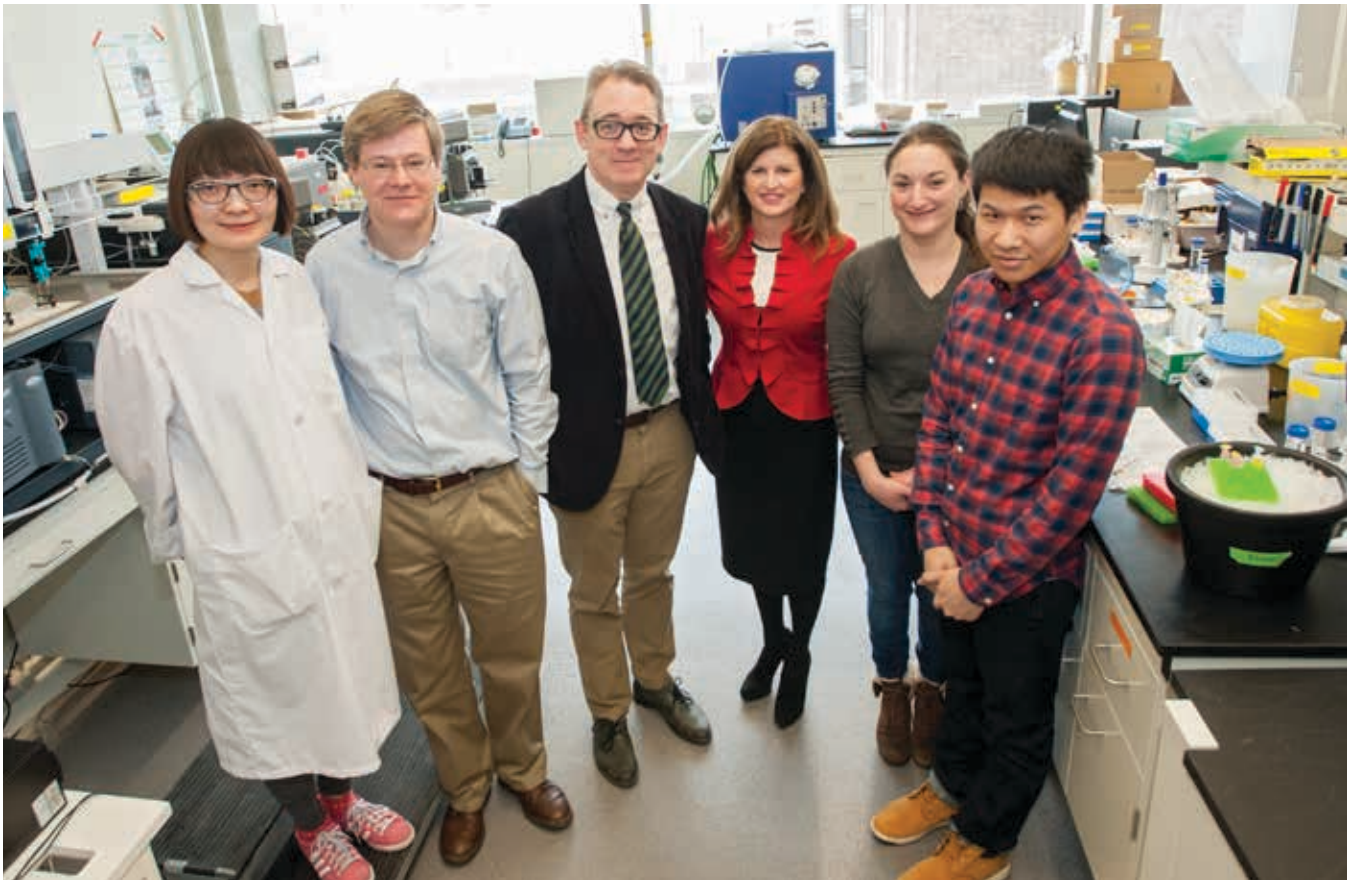
FIGURE 15 AVERAGE FINANCIAL SUPPORT PER RESEARCH MASTER'S STUDENT, UNIVERSITY OF ALBERTA AND U15 UNIVERSITIES



Note: Excludes Health Sciences. Includes aggregate provincial amounts for QC institutions. Data are the earliest and most recent available of comparable data. Reporting universities vary across years. **Source:** U15 Data Exchange, Graduate Student Financial Support pivot as of October 2014.

HIGHLIGHTS

- A University of Alberta professor emeritus in the Department of Civil and Environmental Engineering is part of a team that won a national award for discovering ways to protect groundwater from toxic mining waste. David Sego, an internationally recognized expert on remediation of mine wastes, specifically tailings, played a key role on the team that won the Natural Sciences and Engineering Research Council's Synergy Award for Innovation. The team undertook a decade-long research project to protect the environment from diamond-mine wastes in the Northwest Territories. The Diavik Waste Rock Research Project is an unprecedented research program that is leading to better mine waste management that will in turn protect fragile northern environments for centuries to come.
- The U of A received grants of \$5.3 million from the Alberta Cancer Foundation and \$3.7 million from the Alberta Diabetes Foundation to continue the university's groundbreaking and transformative research in these areas.
- The Government of Canada named the U of A home to the \$27-million Canadian Glycomics Network (GlycoNet), one of four new Networks of Centres of Excellence established across the country. Announced in February, GlycoNet is a national network of industry and academic partners, featuring 60 researchers at 22 institutions. The U of A has a strong history in cutting-edge glycomics research, offering promising solutions to many unmet human health needs, including potential treatments for conditions ranging from genetic diseases to influenza.

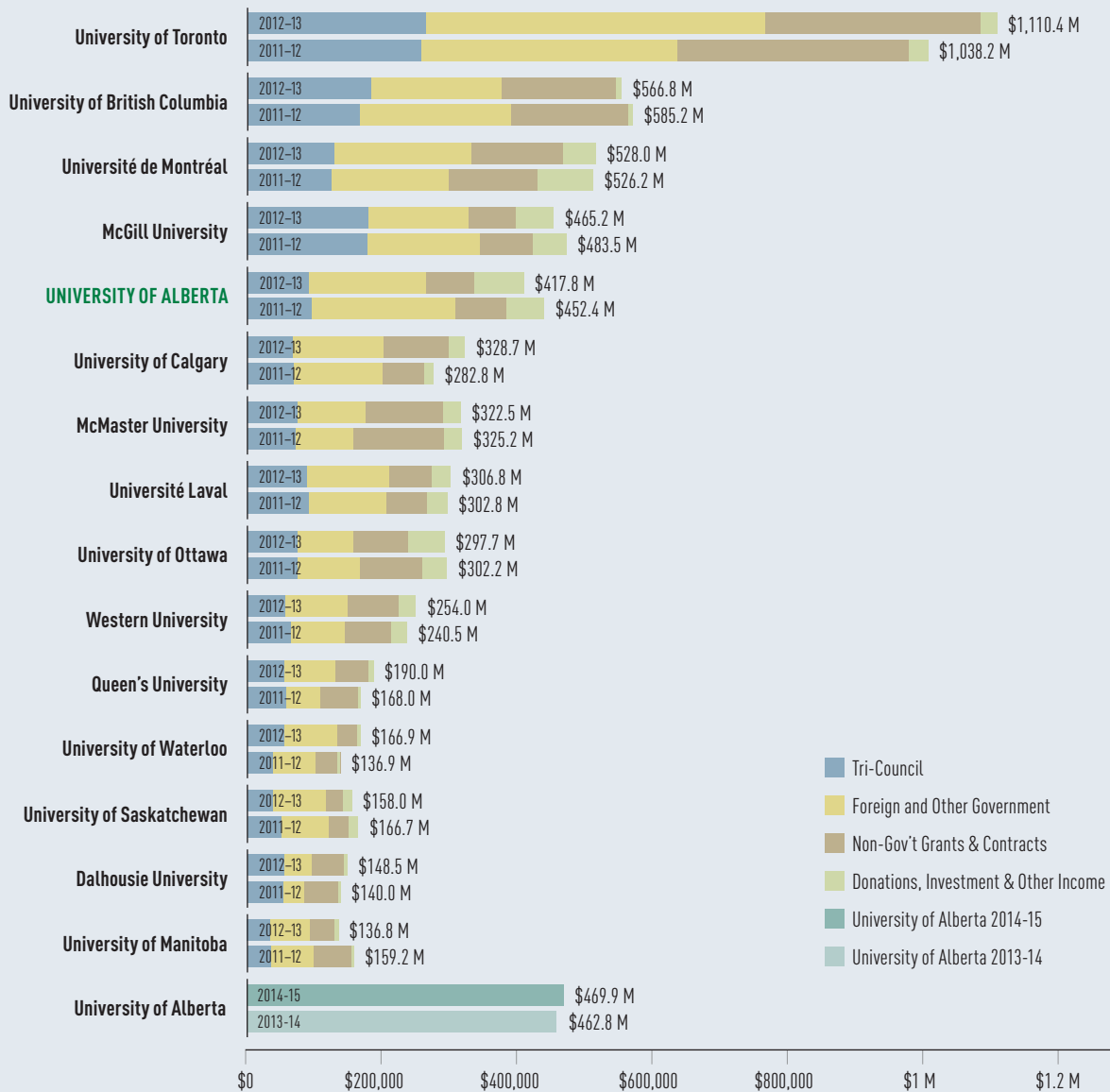


Announcement of the Canadian Glycomics Network (GlycoNet), February 6, 2015

Sponsored research revenue provides an indication of research performance.

The University of Alberta is 5th in our Canadian peer group in total sponsored research revenue. Our goal is to be within the top five funded institutions.

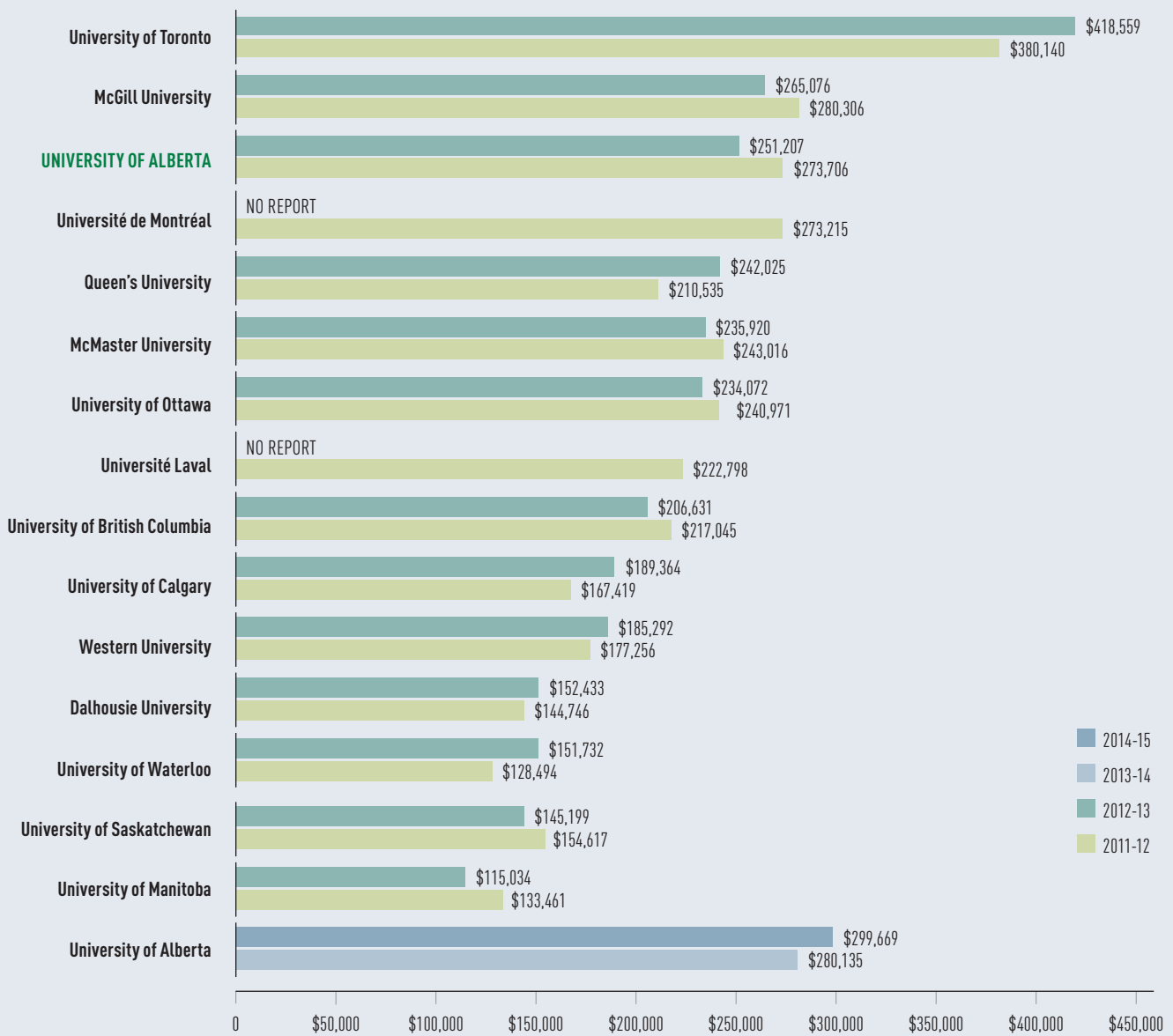
FIGURE 16 U15 SPONSORED RESEARCH INCOME BY TYPE



Notes: Income from Tri-Council includes Social Sciences and Humanities Research Council (SSHRC); Natural Sciences and Engineering Research Council (NSERC); and Canadian Institutes of Health Research (CIHR). Other Government income reflects income from all government departments and agencies—grants and contracts, less Tri-Council, and includes foreign government income. Donations, non-government grants and contracts, and investment and other incomes, are reported in each respective category on the CAUBO report. Université de Montréal includes École Polytechnique de Montréal and HEC Montréal. **Sources:** Canadian Association of University Business Officers (CAUBO): Financial Information of Universities and Colleges ending in 2012 and 2013, Report 3.1. Data are the most recent available.

When sponsored research revenue is scaled for faculty size, the University of Alberta is third in our Canadian peer group.

FIGURE 17 SPONSORED RESEARCH INCOME PER FULL-TIME TEACHING FACULTY FOR U15 UNIVERSITIES



Notes: Full-time teaching faculty (including medical/dental) are professors, associate professors and assistant professors. Université de Montréal includes École Polytechnique de Montréal and HEC Montréal. Staff figures for 2012-13 are not available for Université de Montréal and Université Laval. Data are the most recent available.
Sources: CAUBO Financial Information of Universities and Colleges, 2011-12 and 2012-13 Report 3.1. U15 Data Exchange for Faculty Counts.

RENEWING AND ENHANCING FACILITIES AND INFRASTRUCTURE

In the competitive world of 21st-century post-secondary education, the vitality, vibrancy, and sustainability of the U of A's multi-campus educational and research ecosystem can only be maintained through well-supported, well-planned strategic construction of new facilities and repurposing and renewal of existing facilities. As the university changes, space must transform to meet new needs and requirements.

PROJECT COMPLETION

- **Li Ka Shing Centre:** Last year, the capital fit-out of the CGMP (current good manufacturing practice) area was completed, which concludes the remaining major fit-up for this facility. The extensive commissioning process was completed this year and final certification granted for 2015.
- **Donadeo Innovation Centre for Engineering (Shell and Core):** Even with the renewal and repurposing of the existing Chemical and Materials Engineering building, there is a continued and pressing need for program space in the Faculty of Engineering. The Innovation Centre for Engineering (ICE) will support the faculty's focus on providing increased space for graduate student programming and associated faculty and staff. Construction of the base shell and core of this facility is nearly done and fit-out of the facility is scheduled to be completed in the spring of 2015.
- **South Academic Building Repurposing:** A portion of the South Academic Building has been repurposed and renewed to accommodate the growing need for wet lab space for the Faculty of Agricultural, Life and Environmental Sciences and the School of Public Health. This space has attracted world-leading researchers in the areas of soil reclamation and water research.
- **Medical Isotope and Cyclotron Facility:** The partnered redevelopment of the old Balmoral Curling Club into a state-of-the-art cyclotron facility was completed in late 2012. The university space is occupied and has been operational since 2012. Alberta Health Services is anticipated to start moving into their space in the late spring of 2015.
- **The Jeanne and Peter Lougheed Performing Arts Centre (formerly the Camrose Performing Arts Centre):** This project is the result of strong capital and program partnerships with the city and county of Camrose. Construction of this facility, located on Augustana Campus, started in the fall of 2012 and is now complete.
- **Pharmacy Fit-Out:** Phase II of the Pharmacy fit-out within the Medical Sciences Building has commenced. This space is connected to both the Katz Group Centre for Pharmacy and Health Research and the Edmonton Clinic Health Academy, and provides needed space for offices, student services, and teaching and research.
- **Physical Activity and Wellness (PAW) Centre:** Construction of this facility began in late 2012 in response to growing demand for additional recreation and fitness space, as well as research and programming space in the Faculty of Physical Education and Recreation. This project is funded in partnership with the Students' Union, Graduate Students' Association, Alberta Lotteries, private donors, and institutional dollars, and was completed in January 2015. A \$10-million donation from Dick, '74 BA, '75 Law, and Carol Wilson, '74 BED, helped make the new Physical Activity and Wellness Centre a reality.
- **New Access for South Campus off 122 Street (63 Ave):** An infrastructure development project in partnership with the City of Edmonton, the new access was opened in November 2014.

MAJOR FUNDED CAPITAL PROJECTS UNDERWAY

- **Donadeo Innovation Centre for Engineering Fit-Out:** Due to the critical need to accommodate the demand and planned growth of engineering programs, the university has approved funding for the fit-out of this facility.
- **Student Housing:** Residence projects underway add a total of 213 beds to our inventory and will increase the university's ability to provide housing to 13.75 per cent of full-time students. These new residences will provide housing for faculty cohorts, and support the university's goal of providing purpose-built housing for up to 25 per cent of its full-time student population.
- **Peter Lougheed Hall:** This residence expansion project will add about 150 beds to our on-campus housing inventory. The new residence will support the Peter Lougheed Leadership College, part of the larger Peter Lougheed Leadership Initiative between the U of A and The Banff Centre focused on leadership development of undergraduate students.
- **East Campus Village Infill Housing Projects:** These two East Village facilities will provide a total of 70 new bed spaces and will increase our ability to provide on-campus housing to just over 13.75 per cent of full-time students. The unique designs have permitted the streetscape to remain in balance with adjacent facades using a typical residential housing scale.
- **Research & Collection Resource Facility (RCRF):** This project involves construction of a purpose-built facility of approximately 3,437 gross square metres and will be suitable to house 5.1 million volumes (anticipated requirement to 2035) on South Campus with easy access. The new facility will include all required environmental and retrieval systems expected in a modern records depository, is expandable to accommodate future needs, and will provide outstanding opportunities for increased student access and for expanded academic initiatives.

FINANCIAL HIGHLIGHTS FOR 2015

The financial highlights are intended to provide the reader with key points for the 2014-2015 fiscal year. Additional detail is available in the complete financial analysis available at www.financial.ualberta.ca/en/AnnualFinancialStatements

From total revenue of \$1,830.8 million, the university ended the year with an excess of revenue over expense of \$75.3 million compared to a \$9.5 million budgeted excess. The excess is mainly due to a one-time recovery of a previous write-down on the floating rate notes (\$29.1) and a timing delay on expenditures by faculties and administrative units across the institution. Of the \$75.3 million excess, \$15.8 million was used for net purchases of capital assets and debt repayment, \$2.6 million was transferred to endowments and \$56.9 million was used to reduce the accumulated deficit from operations from \$89.1 million to \$32.2 million. It is anticipated that faculties and administrative units will utilize their accumulated surplus to fund expenditures to support the university in reaching its strategic goals.

Net assets increased by \$251.7 million due to increases in endowments (\$187.8), an investment in tangible capital assets (\$15.8) and a decrease in the accumulated deficit from operations (\$56.9) offset by a decrease in unrealized investment gains (\$8.8).

HIGHLIGHTS

- Grants from GoA represent the university's single largest source of funding for university activities. There was no increase to the fiscal 2015 Campus Alberta grant. GoA grants are \$35.5 million more than budget due to higher than anticipated funding for the Academic Alternative Relationship Plans (AARP).
- The university received an Access to the Future Fund (AFF) grant of \$58.7 million, of which \$54.4 million was capitalized to endowment net assets.
- Federal and other government grants primarily support the university's research activities. Revenue is relatively comparable to budget.
- Enrollment is comparable to last year and is expected to remain relatively stable over the next few years. The annual budgeted increase is due to the increase in instructional fees, which is based upon the increase to the annual CPI, market modifiers, program differential fees and international student fees.
- Ancillary services and academic and administrative units generate revenue through the sale of services and products to both individuals and organizations external to the university. Ancillary services generated sales of \$93.6 million, while academic and administrative units generated sales of \$93.0 million. Sales revenue is comparable to budget.
- Donations and other grants support many university activities. Revenue is \$15.9 million more than budget. In fiscal 2015 donations include an in kind donation (\$14.3) for the Jeanne and Peter Lougheed Performing Arts Centre.
- Investment income is \$43.3 million more than budget mainly due to the gains on the sale of the floating rate notes and the endowment spending allocation being fully funded from realized income. The budget had anticipated that a portion of the spending allocation would be funded by a transfer from endowments. The floating rate note gains are a recovery of a previous write-down. Investments primarily fall into two categories, the Unitized Endowment Pool (UEP) and the Non-Endowed Investment Pool (NEIP). The UEP returned 15.3% (2014: 15.5%) and represents the majority of the university's long-term investment strategy. The NEIP investments which are allocated to the short-term, mid-term and long-term investment strategies returned 4.7% (2014: 6.0%).
- Learning effectively represents the operating activities of the university and therefore a significant component of this category is staff salary and benefit costs. This expense is comparable to budget.
- Expenses for research activities are funded by restricted grants and donations as well as internal funds designated for research related spending. This expense is \$12.9 million less than budget.
- The cost of maintaining university facilities and grounds is comparable to budget.
- Special purpose is non-research activity that is funded through restricted grants and donations and includes student scholarships and bursaries, teaching and learning programs and community service. This expense is \$34.3 million more than budget mainly due to the higher than anticipated AARP grant.
- Ancillary services include the university bookstore, parking services, utilities and student residences. Ancillary services are \$11.7 million less than budget mainly due to the Bookstore closure of the Microstore and lower text book sales, resulting in lower cost of goods sold.

FIGURE 18 REVENUE (\$ MILLIONS)

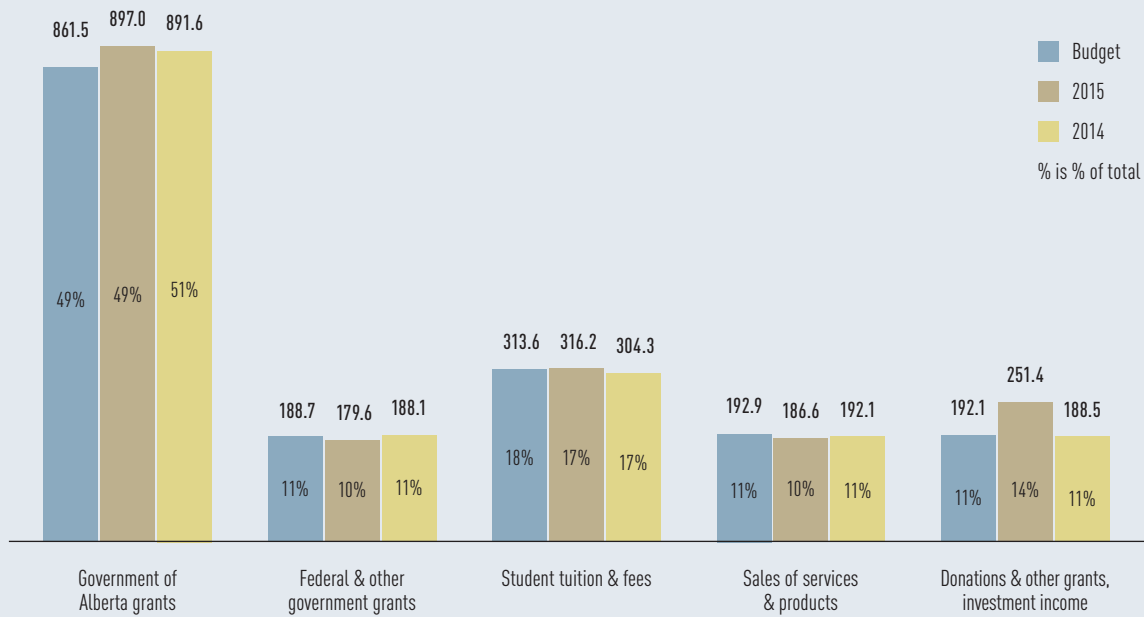
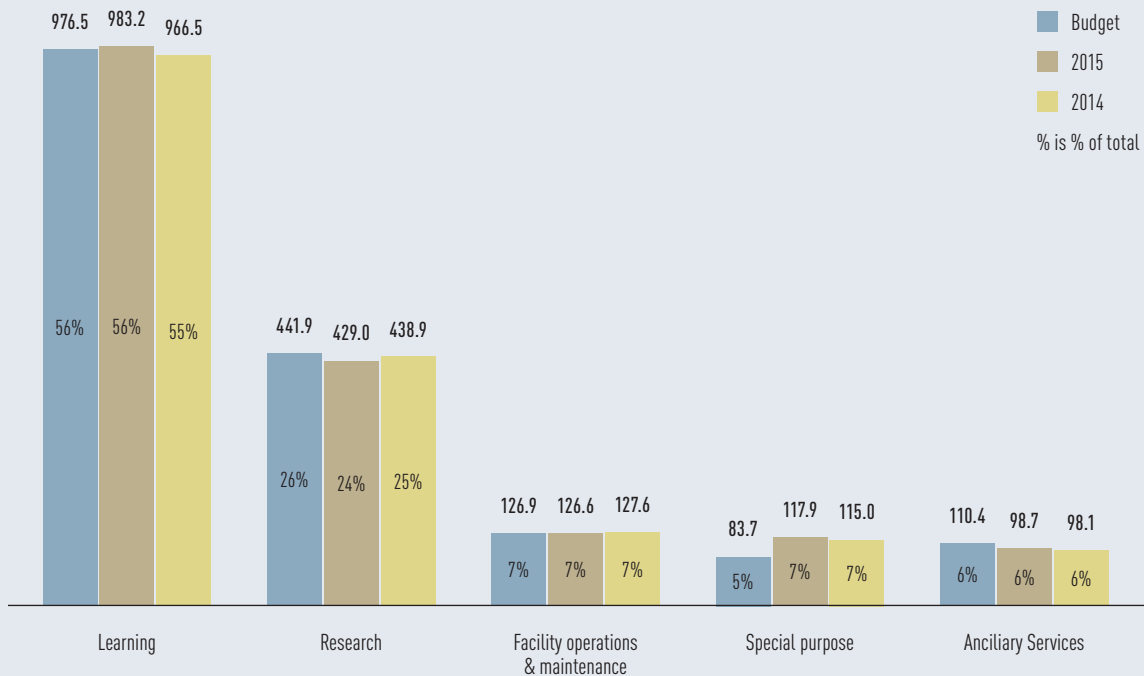


FIGURE 19 EXPENSE (\$ MILLIONS)



RISK IMPLICATIONS

Like all internationally competitive research-intensive universities, the U of A must deal with a variety of risks that have the potential to hinder its growth and the realization of its vision, mission, and strategic objectives. Many of these risks have been identified throughout this document.

RISK IMPLICATIONS

1. The ongoing challenges in the fiscal environment have required the university to undergo significant structural changes across the academy and administrative operations. Already the university has seen a net loss in academic faculty. This new financial reality gives rise to numerous institutional risks, including the impact on quality; ability to grow research and establish international partnerships; maintenance of program accreditation; ability to attract and retain the highest-quality faculty, staff, and students; maintenance of infrastructure; and overall institutional reputation.
2. Enrolment growth must be managed from the perspective of meeting the labour demands of the province and supporting the research mandate of the university. This will require the university striking the right balance of undergraduate to graduate students to position the U of A as an internationally competitive research-intensive institution. To grow its graduate student numbers, the university needs the necessary funding support for graduate students and the capacity to grow its professoriate. At the same time, with increasing financial pressures and reduced capacity across the university, the net result will be an increase in entrance averages with the result of qualified Alberta students being turned away. Finally, the university must monitor carefully trends in international student applications. With an extremely high percentage of international students coming from China, any downward shift in demand will affect the university's international student numbers.
3. Without the appropriate number of leaders, teachers, researchers, and support staff contributing to their full potential, the university will not be able to provide the quality of the learning experience or participate in the world-leading research expected of an internationally competitive research university. Previous and planned budget reductions will negatively affect the capacity of the university to attract and retain the appropriate number and type of staff.
4. For the university to remain relevant to its students and meet the needs and expectations of its faculty to engage in the highest-calibre research, it requires continuous investment in leading-edge IT infrastructure, highly skilled personnel, and support. The university must also invest in the required security infrastructure to safeguard the personal, financial, and research data within its IT systems. Previous and planned budget reductions will negatively affect the capacity of the university to make the required investments in information technology to advance its mission and safeguard its data.
5. Due to reductions in funding, the university is starting to see an increase in deferred maintenance levels. High levels of deferred maintenance put at risk ongoing operations of facilities. In addition, limited or no funding of capital for new, expansion, or renewal projects will affect the capacity of the university to meet its strategic goals and will have a negative impact on the economic goals of the province.
6. An institution that aspires to be among the top research-intensive universities in the world can only achieve that goal through the recruitment of internationally renowned faculty, the capacity and funding to attract graduate students and post-doctoral fellows, the ability to provide the necessary research supports and infrastructure, and the establishment of strategic collaborations and partnerships with an extensive range of stakeholders. The current fiscal environment and lack of research matching dollars will have a negative impact on the university's research competitiveness and performance.

7. As the U of A has moved toward the vision of being one of the world's great public universities, its national and international profile has increased. The university must address the current economic and financial challenges it faces in such a way that it does not negatively affect its increasing national and international reputation as an exceptional place to learn and work.
8. While the university must assume risks in support of its mandate as an internationally recognized research-intensive institution, it must also promote appropriate risk management plans and strategies that develop responsive attitudes and behaviour at all levels of the organization to maintain a healthy and safe environment for all. Continuing reductions in funding reduce the capacity of the university to provide best-in-class enterprise risk management and health and safety management systems.
9. All students who attend the university arrive with their own expectations, abilities, talents, experiences, and levels of maturity. The university must strive to ensure that students have access to the supports they need and the best possible opportunity to reach their potential, however that may be measured or defined. If our students do not develop their academic or personal potential, the university will fail to achieve its mission. Previous and planned budget reductions may negatively affect the capacity of the university to provide the programs and services required for students to meet their potential.
10. Through its integrated enterprise risk management framework, the university will monitor, manage, and mitigate these and other emerging risks in an effort to avoid substantial impact on the university's ability to fulfil its strategic objectives.

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 and 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 Board University Relations Committee, as well as the Board Audit Committee with respect to the financial information, and approved by the Board of Governors. The report is prepared in accordance with the Fiscal Management Act and the Post-secondary Learning Act.

The Auditor General of the Province of Alberta, the institution's external auditor appointed under the Auditor General Act, performs an annual independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

Original signed by Indira V. Samarasekera, OC

President and Vice-Chancellor

Original signed by Phyllis Clark

Vice-President (Finance & Administration)
and Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

FOR YEAR ENDED MARCH 31, 2015



Independent Auditor's Report

To the Board of Governors of the University of Alberta

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 1, 2015

Edmonton, Alberta

UNIVERSITY OF ALBERTA FINANCIAL STATEMENTS

FOR YEAR ENDED MARCH 31, 2015

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

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

Contingent liabilities and contractual obligations (note 13 and 14)

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

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

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

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

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

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

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

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

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

UNIVERSITY OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

1. Authority and purpose

"The Governors of The University of Alberta" is a corporation which manages and operates the University of Alberta (the university) under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Innovation and Advanced Education, with the exception of the Chancellor and President, who are ex officio members. Under the *Post-secondary Learning Act*, Campus Alberta Sector Regulation, the university is a comprehensive academic and research institution offering undergraduate and graduate degree programs as well as a full range of continuing education programs and activities. The university is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2. Summary of significant accounting policies and reporting practices

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

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

(b) Net debt model presentation

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

(c) Valuation of financial assets and liabilities

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

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

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

All financial assets are assessed annually for impairment. Impaired financial losses are recognized as a decrease in revenue, except for the restricted amount which is recognized as a decrease in deferred revenue or a decrease in endowment net assets. A write-down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

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

(d) Revenue recognition

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

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

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

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

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

Grants and donations related to land

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

Endowments

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

Investment income

Investment income includes dividends, interest income and realized gains and losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments from unrestricted grants and donations are recognized in accumulated remeasurement gains and losses until settlement. Once realized, these gains and losses are recognized as investment income. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as revenue when the terms of the grant or donation are met.

(e) Inventories

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

(f) Tangible capital assets

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

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

(g) Employee future benefits

Pension

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

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

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

Long-term disability

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

Early retirement

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

Supplementary retirement plans

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

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

Administrative/professional leave

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

General illness

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

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

(h) Investment in government partnerships

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

- Northern Alberta Clinical Trials and Research Centre (50% interest) - a joint venture with Alberta Health Services to support the shared missions of Alberta Health Services and the university for collaborative clinical research.
- TEC Edmonton (50% interest) - a joint venture with Edmonton Economic Development Corporation to stimulate entrepreneurialism, advance corporate development and accelerate commercialization of new ideas and technologies that benefit society.
- Tri-University Meson Facility (TRIUMF) (8.33% interest) - a joint venture with eleven other universities to operate a sub-atomic physics research facility.
- Western Canadian Universities Marine Sciences Society (20% interest) - provides research infrastructure in the marine sciences for member universities and the world-wide scientific community.

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

(i) Investment in government business enterprises

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

(j) Expense by function

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

Learning

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

Research

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

Facility operations and maintenance

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

Special purpose

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

Ancillary services

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

(k) Future accounting changes

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

3. Change in accounting standard

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

4. Cash and cash equivalents

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

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

5. Portfolio investments

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

5. Portfolio investments (continued)

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

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

The fair value measurements are those derived from:

- ⁽¹⁾ Quoted prices in active markets for identical assets.
- ⁽²⁾ Inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ⁽³⁾ Valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

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

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

6. Financial risk management

The university is exposed to the following risks:

Market price risk

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

The university assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total Unitized Endowment Pool over a four year period as determined by the BNY Mellon Asset Servicing consulting report. At March 31, 2015, if market prices had a 7.0% (2014 - 7.7%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and endowment net assets for the year would be \$82,705 (2014 - \$76,917).

Foreign exchange risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

6. Financial risk management (continued)

Credit risk

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

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

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

Liquidity risk

The university maintains a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements. The university maintains a short-term line of credit to ensure that funds are available to meet current and forecasted financial requirements. In 2015, the line of credit was not drawn upon.

Interest rate risk

Interest rate risk is the risk to the university's earnings that will be affected by the fluctuation and degree of volatility in interest rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income instruments that the university holds. Interest rate risk on the university's debt is managed through fixed interest rate agreements with Alberta Capital Finance Authority (note 9).

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

	< 1 year	1 - 5 years	> 5 years	Average effective market yield
	%	%	%	%
Money market funds	100.0	-	-	1.1
Canadian government and corporate bonds	16.6	48.2	35.2	0.8
Floating rate notes	-	95.9	4.1	0.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

7. Tangible capital assets

	2015				
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total
Cost					
Beginning of year	\$ 3,227,490	\$ 1,230,750	\$ 360,319	\$ 88,533	\$ 4,907,092
Acquisitions	120,143	60,560	19,749	250	200,702
Disposals	(40)	(9,122)	-	-	(9,162)
	3,347,593	1,282,188	380,068	88,783	5,098,632
Accumulated amortization					
Beginning of year	1,008,629	897,807	261,108	-	2,167,544
Amortization expense	84,227	66,934	18,025	-	169,186
Disposals	(40)	(8,136)	-	-	(8,176)
	1,092,816	956,605	279,133	-	2,328,554
	\$ 2,254,777	\$ 325,583	\$ 100,935	\$ 88,783	\$ 2,770,078
	2014				
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total
Cost					
Beginning of year	\$ 3,115,848	\$ 1,197,978	\$ 339,854	\$ 85,463	\$ 4,739,143
Acquisitions	111,642	44,003	20,465	3,070	179,180
Disposals	-	(11,231)	-	-	(11,231)
	3,227,490	1,230,750	360,319	88,533	4,907,092
Accumulated amortization					
Beginning of year	931,481	835,467	241,290	-	2,008,238
Amortization expense	77,148	72,185	19,818	-	169,151
Disposals	-	(9,845)	-	-	(9,845)
	1,008,629	897,807	261,108	-	2,167,544
	\$ 2,218,861	\$ 332,943	\$ 99,211	\$ 88,533	\$ 2,739,548

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

8. Employee future benefit liabilities

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

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

Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2012 and was then extrapolated to March 31, 2015, resulting in a UAPP deficit of \$1,129,894 (2014 - \$1,056,921) consisting of a pre-1992 deficit (\$883,098) and a post-1991 deficit (\$246,796). The university's portion of the UAPP deficit has been allocated based on its percentage of the plan's total employer contributions for the year.

The unfunded deficit for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2014 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.87% (2014 - 2.87%) of salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions is \$313,536 at March 31, 2015. The unfunded deficit for service after December 31, 1991 is financed by special payments of 5.79% (2014 - 5.54%) of pensionable earnings shared equally between employees and employers until December 31, 2027.

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

The university provides long-term disability and general illness defined benefits to its academic and support staff. The most recent actuarial valuation for these benefits was as at March 31, 2015. The long-term disability plans provide pension and non-pension benefits after employment, but before the employee's normal retirement date. The general illness plan provides similar benefits but for a maximum of 26 weeks (academic staff) or 120 days (support staff).

Early retirement

The early retirement benefits for support staff include bridge benefits and a retirement allowance. Bridge benefits allow eligible employees who retire early to continue participating in several staff benefit programs between the date of early retirement and the end of the month in which the employee turns 65. Benefits include group life insurance, employee family assistance program, supplementary health care and dental care. The support staff retirement allowance provides eligible employees (those with 20 years of pensionable service at retirement date) one week's base pay per full year of employment to a maximum 25 days pay. The early retirement benefit for academic staff was for bridge benefits and was terminated in 2004. Participants already receiving these benefits when the benefit was terminated will continue to receive bridge benefits under the original terms. An actuarial valuation of these benefits was carried out as at March 31, 2015.

Supplementary retirement plans (SRP)

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

Administrative/professional leave (leave)

The university provides for certain executive to accrue a paid leave at the end of their executive appointment. Upon completing their term of service, the individual's salary and benefits in effect at the end of the service are paid for the duration of the leave. The leave obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries. An actuarial valuation of these benefits was carried out as at March 31, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

8. Employee future benefit liabilities (continued)

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

Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for support staff members. As the university does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these consolidated financial statements is \$32,186 (2014 - \$31,984).

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

(c) Defined contribution plan

Supplementary retirement plan (SRP)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

9. Debt

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

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

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

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

Principal and interest payments are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

(thousands of dollars)

10. Deferred revenue

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

(thousands of dollars)

11. Endowments

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

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

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

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

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

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

Endowments are comprised of:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

12. Accumulated operating surplus

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

13. Contingent liabilities

- (a) The university is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the university believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the university. Management has concluded that none of the claims meet the criteria for recording a liability.
- (b) The university has identified a potential liability related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the university may be required to take appropriate remediation procedures to remove the asbestos. As the university has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these assets will be recorded in the period in which there is certainty that the renovation or demolition project will proceed and there is sufficient information to estimate fair value of the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

14. Contractual Obligations

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

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

The significant service contracts are as follows:

- In order to manage its exposure to the volatility in the electrical industry, the university has entered into contracts to fix a portion of its electrical cost. The six contracts (2014 - six contracts) with expenditures totaling \$88,101 (2014 - \$91,440) expire over the next five years.
 - Effective November 1, 2010, the university entered into an agreement with an external party for dining and catering services. The agreement has four months remaining with a total estimated cost of \$3,500 (2014 - \$14,000).
 - Effective July 1, 2010 the university entered into an agreement for infrastructure management services. The agreement has three months remaining with a cost of \$887 (2014 - \$3,018). Effective July 1, 2013 the university entered into an agreement for application management services. The agreement has three months remaining with a cost of \$687 (2014 - \$3,435).
 - Effective August 1, 2014, the university entered into an agreement with an external party for custodial services. The agreement has two years remaining with a cost of \$17,344 (2014 - \$2,000).
- (b) The university is one of 58 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2014 CURIE had a surplus of \$74,231 (2013 - \$71,331), of which the university's pro rata share is approximately 7.18% (2014 - 7.13%). This surplus is not recorded in the consolidated financial statements.

15. Budget

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

16. Government of Alberta grants

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

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

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

17. Expense by object

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

18. Salaries and employee benefits

	2015					Total
	Base salary ⁽⁴⁾	Non-cash benefits ⁽⁵⁾	Non-cash benefits (SRP) ⁽⁶⁾	Non-cash benefits (leave) ⁽⁷⁾		
Governance ⁽¹⁾						
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	-
Executive						
President	549	50	274	107		980
Provost and Vice-President (Academic) ⁽²⁾	450	39	43	76		608
Vice-President (Research)	504	95	76	93		768
Vice-President (Facilities and Operations)	477	42	115	72		706
Vice-President (Finance and Administration)	467	33	124	72		696
Vice-President (University Relations)	383	40	88	-		511
Vice-President (Advancement) ⁽³⁾	386	34	58	-		478
2014						
	Base salary ⁽⁴⁾	Non-cash benefits ⁽⁵⁾	Non-cash benefits (SRP) ⁽⁶⁾	Non-cash benefits (leave) ⁽⁷⁾		Total
Governance ⁽¹⁾						
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	-
Executive						
President	544	47	426	127		1,144
Provost and Vice-President (Academic) ⁽²⁾	420	36	40	206		702
Vice-President (Research)	496	95	104	109		804
Vice-President (Facilities and Operations)	472	41	166	99		778
Vice-President (Finance and Administration)	459	33	179	101		772
Vice-President (University Relations)	377	39	106	-		522
Vice-President (Advancement)	383	35	77	-		495

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

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

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

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

⁽⁵⁾ Non cash benefits include the university's share of all employee benefits and contributions or payments made on behalf of employees including pension, group life insurance, employee and family assistance program, critical illness, supplementary health care, short and long term disability plans and dental plan. Benefits for some of the executive also include parking, supplemental life insurance, forgivable housing loans, mobile device allowances, and club dues. Additional non cash benefits for the President include expenses related to the personal use portion of the residence which the President rents from the university.

⁽⁶⁾ Under the terms of the SRP, the executive may receive supplemental payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expenses for the rights to future compensation. Costs shown reflect the total estimated cost to provide supplementary retirement benefits. The SRP provides future benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro rated on service, a market interest rate, and other assumptions included in the Canadian Institute of Actuaries' lump sum commuted value standard. Net actuarial gains and losses of the benefit obligations are amortized over the remaining terms of the participants' contracts. Current service cost is the actuarial present value of the benefits earned in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(thousands of dollars)

18. Salaries and employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

19. Approval of financial statements

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

20. Comparative figures

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



Phone: 780.492.3212

Edmonton, Alberta, Canada

uofapres@ualberta.ca

www.ualberta.ca