



Consolidated Financial Statements

**For the Years Ended
March 31, 2012 and March 31, 2013**

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STATEMENT OF MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the University of Alberta have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements present fairly the financial position of the university (as at March 31, 2013, March 31, 2012, April 1, 2011) and the results of its operations for the years then ended.

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

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

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

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

Original signed by Indira V. Samarasekera
President

Original signed by Phyllis Clark
Vice-President (Finance & Administration)
Chief Financial Officer



Independent Auditor's Report

To the Board of Governors

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the University of Alberta, which comprise the consolidated statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the consolidated statements of operations and cash flows for the years ended March 31, 2013 and March 31, 2012, and the consolidated statement of remeasurement gains and losses for the year ended March 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 audits. I conducted my audits 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 in my audits 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, and its remeasurement gains and losses for the year ended March 31, 2013 in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 03, 2013

Edmonton, Alberta

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(thousands of dollars)

	March 31, 2013	March 31, 2012 (note 2)	April 1, 2011 (note 2)
ASSETS			
Cash and cash equivalents (note 5)	\$ 17,156	\$ 20,925	\$ 6,118
Investments (note 6)	1,696,984	1,632,498	1,749,504
Accounts receivable	122,722	163,857	187,019
Inventories and prepaid expenses	13,005	13,273	21,125
Capital assets (note 9)	2,730,905	2,719,566	2,568,681
	\$ 4,580,772	\$ 4,550,119	\$ 4,532,447
LIABILITIES			
Accounts payable and accrued liabilities	\$ 194,549	\$ 219,599	\$ 235,263
Employee future benefit liabilities (note 10)	239,695	230,443	226,630
Debt (note 11)	175,822	183,313	197,835
Deferred revenue (note 12)	2,689,914	2,763,827	2,758,460
	3,299,980	3,397,182	3,418,188
NET ASSETS			
Endowments (note 13)	879,861	800,343	783,340
Investment in capital assets (note 14)	462,233	439,714	414,157
Accumulated deficit from operations (note 14)	(76,132)	(87,120)	(83,238)
Accumulated remeasurement gains	14,830	-	-
	1,280,792	1,152,937	1,114,259
	\$ 4,580,772	\$ 4,550,119	\$ 4,532,447

Contingent liabilities and contractual obligations (note 15 and 16)

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED MARCH 31
(thousands of dollars)

	2013 Budget	2013	2012 (note 2)
REVENUE			
Government of Alberta grants (note 20)	\$ 874,555	\$ 907,806	\$ 879,623
Federal and other government grants	183,039	193,937	189,834
Student tuition and fees	277,728	285,629	269,355
Sales of services and products	219,488	183,034	200,875
Donations and other grants	97,119	116,441	108,278
Investment income	49,603	40,952	42,970
	1,701,532	1,727,799	1,690,935
EXPENSE (note 17)			
Instruction and non-sponsored research	978,704	981,192	955,558
Sponsored research	414,009	398,923	398,829
Facility operations and maintenance	130,357	117,527	119,697
Special purposes	92,084	111,230	104,800
Ancillary enterprises	103,659	93,515	100,252
	1,718,813	1,702,387	1,679,136
Operating surplus (deficit)	(17,281)	25,412	11,799
Transfer from endowments (note 13)	-	8,095	9,876
Change in accumulated surplus	(17,281)	33,507	21,675
Accumulated surplus, beginning of year	347,145	352,594	330,919
Accumulated surplus, end of year (note 14)	\$ 329,864	\$ 386,101	\$ 352,594

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31

(thousands of dollars)

	2013	2012 (note 2)
OPERATING TRANSACTIONS		
Operating surplus	\$ 25,412	\$ 11,799
Add (deduct) non-cash items:		
Amortization of capital assets	166,387	158,881
Expended capital recognized as revenue	(112,697)	(104,264)
Losses (gains) on disposal of capital assets	964	(1,254)
Inventory writedown	300	8,781
Unrealized gains on investment	-	(2,295)
Increase in employee future benefit liabilities	9,252	3,813
Total non-cash items	64,206	63,662
Decrease in accounts receivable	41,135	23,162
Increase in inventories and prepaid expenses	(32)	(929)
Decrease in accounts payable and accrued liabilities	(25,050)	(15,664)
Increase in deferred revenue, less expended capital recognized as revenue	31,820	62,394
Cash provided by operating transactions	137,491	144,424
CAPITAL TRANSACTIONS		
Acquisition of capital assets	(171,889)	(262,641)
Proceeds on sale of capital assets	163	1,366
Cash applied to capital transactions	(171,726)	(261,275)
INVESTING TRANSACTIONS		
Sales of investments, net of purchases	9,052	115,387
Endowment investment (loss) income	(1,191)	4,171
Cash provided by investing transactions	7,861	119,558
FINANCING TRANSACTIONS		
Endowment donations	30,096	26,622
Debt - repayment	(10,991)	(15,922)
Debt - new financing	3,500	1,400
Cash provided by financing transactions	22,605	12,100
Increase (decrease) in cash and cash equivalents	(3,769)	14,807
Cash and cash equivalents, beginning of year	20,925	6,118
Cash and cash equivalents, end of year (note 5)	\$ 17,156	\$ 20,925

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
(thousands of dollars)

	2013
Accumulated remeasurement gains, beginning of year	\$ -
Unrealized gains attributable to:	
Investments	14,830
Accumulated remeasurement gains, end of year	\$ 14,830

UNIVERSITY OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(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 Enterprise 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. Conversion to Public Sector Accounting Standards

Commencing April 1, 2012, the university adopted Canadian Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board. In accordance with PSA Handbook Section 2125 (First-time Adoption), the date of transition to PSAS is April 1, 2011 and the university has prepared and presented an opening consolidated statement of financial position at the date of transition. The consolidated statement of cash flows reflects the reclassification of certain amounts as a result of the conversion to PSAS. These consolidated financial statements are the first consolidated financial statements for which the university has applied PSAS. The impact of the conversion to PSAS is presented in Schedule 1.

In accordance with the requirements of PSA Handbook Section 2125, the accounting policies set out in note 4 have been consistently applied to all years presented. Adjustments resulting from the adoptions of PSAS have been applied retroactively excluding cases where optional exemptions available under Section 2125 have been applied. The university has elected to adopt the exemptions available under Section 2125 as follows:

- To retroactively recognize retirement and post-employment unamortized cumulative gains and losses to accumulated surplus.
- To accept the exemption for:
 - Business combinations that were acquired prior to the date of transition.
 - Investments in government business enterprises for investments incurred prior to the date of transition.
 - Government business partnerships entered into prior to the date of transition.
 - Capital assets impairment (prospectively).

3. Adoption of new accounting standards

(a) Financial instruments

As of April 1, 2012, the university adopted PSA Handbook Section 3450 (Financial Instruments). This new standard provides guidance for recognition, measurement and disclosure of financial instruments. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the university immediately preceding its adoption of PSAS.

(b) Investments, foreign currency, and financial statement presentation

As of April 1, 2012, the university adopted PSA Handbook Sections 3041 (Portfolio Investments), 2601 (Foreign Currency Translation), and 1201 (Financial Statement Presentation). These standards establish how to account for and report on investments, transactions denominated in foreign currency, and the disclosure of information in financial statements.

The transitional provisions in Section 2601 state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the university immediately preceding its adoption of PSAS. Sections PS 3041 and PS 1201 have been applied retroactively.

(c) Government transfers

As of April 1, 2012, the university applied PSA Handbook Section 3410 (Government Transfers). This revised standard establishes how to account for and report on government transfers from both a transferring government and a recipient government perspective. The university has elected to apply the requirements of the standard on a retroactive basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

4. 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, amortization of capital assets and valuation of floating rate notes 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 financial statements.

(b) Net debt model presentation

PSAS require a net debt presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and financial 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 financial liabilities

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

Financial Statement Component	Measurement
Cash and cash equivalents	Amortized cost
Investments	Fair value
Derivatives	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and financial 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 except derivatives 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 financial 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 financial liabilities that are measured at amortized cost and expensed when measured at fair value.

Derivatives are recorded at fair value in the statement of financial position. Derivatives with a positive (negative) fair value are recognized as assets (liabilities). All unrealized changes in the fair value of derivatives are recognized in accumulated remeasurement gains and losses in the year in which they occur, except for the derivatives associated with the restricted amount which is recognized as deferred revenue. Once realized, these gains and losses are recognized as revenue or expense.

University 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 financial liabilities. The university has elected to apply the evaluation of embedded derivatives prospectively, from April 1, 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

4. Summary of significant accounting policies and reporting practices (cont'd)

(d) Revenue recognition

All revenue is reported on an accrual basis. Cash received for which goods or services have not been provided is recognized as deferred revenue.

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for use, or the terms along with the university's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue when the terms are met.

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 investments. Unrealized gains and losses on 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 revenue. 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. Inventories held for consumption are valued at cost.

(f) Capital assets

Capital assets are comprised of only tangible capital assets. 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 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

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

4. Summary of significant accounting policies and reporting practices (cont'd)

(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.

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 average remaining service life of active employees expected to receive benefits under the plans.

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.

The university provides non-contributory defined contribution supplementary retirement benefits to eligible 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.

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
YEARS ENDED MARCH 31
(thousands of dollars)

4. Summary of significant accounting policies and reporting practices (cont'd)

(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) (9.09% interest) - a joint venture with ten 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.

5. Cash and cash equivalents

	2013	2012	April 1 2011
Cash	\$ 17,156	\$ 5,925	\$ 1,118
Money market funds	-	15,000	5,000
	\$ 17,156	\$ 20,925	\$ 6,118

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

6. Investments

	2013	2012	April 1 2011
Fair value			
Money market funds	\$ 625,905	\$ 661,200	\$ 793,052
Floating rate notes	101,720	95,710	92,367
Canadian government and corporate bonds	157,981	176,171	252,323
Canadian equity	242,166	189,863	190,507
Foreign equity	447,865	396,020	395,472
Pooled hedge funds	62,213	62,718	24,711
Annuities	-	82	86
Real estate funds	56,029	50,734	986
	1,693,879	1,632,498	1,749,504
Other at amortized cost	3,105	-	-
	\$ 1,696,984	\$ 1,632,498	\$ 1,749,504

As at March 31, 2013, the average effective yields and the terms to maturity are as follows:

- Money market funds: 1.23% (2012 – 1.12%); term to maturity: less than one year.
- Canadian government and corporate bonds: 1.85% (2012 – 1.42%); terms to maturity: range from less than one year to more than 10 years.

Unrealized gains and losses on endowment investments

Endowment investment unrealized gains of \$57,517 are recognized as an increase to endowment net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

6. Investments (cont'd)

The following table provides a categorization of investments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

2013				
	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total
Investments at fair value				
Money market funds	\$ -	\$ 625,905	\$ -	\$ 625,905
Floating rate notes	-	-	101,720	101,720
Canadian government and corporate bonds	-	157,981	-	157,981
Canadian equity	237,911	-	4,255	242,166
Foreign equity	447,865	-	-	447,865
Pooled hedge funds	-	62,213	-	62,213
Real estate funds	8,570	-	47,459	56,029
	\$ 694,346	\$ 846,099	\$ 153,434	\$ 1,693,879
2012				
	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total
Investments at fair value				
Money market funds	\$ -	\$ 661,200	\$ -	\$ 661,200
Floating rate notes	-	-	95,710	95,710
Canadian government and corporate bonds	-	176,171	-	176,171
Canadian equity	186,292	-	3,571	189,863
Foreign equity	396,020	-	-	396,020
Pooled hedge funds	-	62,718	-	62,718
Annuities	-	82	-	82
Real estate funds	24,728	-	26,006	50,734
	\$ 607,040	\$ 900,171	\$ 125,287	\$ 1,632,498

The fair value measurements are those derived from:

⁽¹⁾ Quoted prices in active markets for identical assets or liabilities.

⁽²⁾ Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

⁽³⁾ Valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

6. Investments (cont'd)

Level 3 valuations

The following table reconciles the changes in fair value of level 3 investments:

	2013	2012
Balance, beginning of year	\$ 125,287	\$ 96,018
Unrealized gains	16,901	4,901
Purchases	19,208	25,750
Proceeds on sale	(7,067)	(1,259)
Other	(895)	(123)
Balance, end of year	\$ 153,434	\$ 125,287

Floating rate notes:

The university holds \$101,720 (2012 - \$95,710) in floating rate notes which are comprised of synthetic assets and ineligible tracking notes with a book value of \$134,617 (2012 - \$139,954).

The university has estimated the fair value of these floating rate notes as at March 31, 2013 using a discounted cash flow valuation model. This model incorporates management's best estimates of multiple factors, updated to reflect market-related and other additional information. The valuation also involves assumptions regarding the difference between the yield the university expects to earn from the floating rate notes and the appropriate market discount attributable to such investments. The estimated investment yields were determined based on available information. The estimated market discount rates for the floating rate notes were determined by reference to market rates for other investments and appropriate forward credit indices. They were then adjusted to include an estimated premium to reflect the expected lack of liquidity in the floating rate notes together with the leveraged nature of the underlying assets and were further adjusted for subordination where appropriate. The shortfall between the expected yield and the estimated discount rate for notes in the synthetic assets ranges from 4.02% to 10.22%. An increase of 1% in the estimated discount rate would decrease the fair value by approximately \$4,485.

Since the eventual timing and amount of future cash flows attributable to these assets may vary significantly from management's current best estimates, it is possible that the ultimate fair value of these assets may vary significantly from current estimates and that the magnitude of any such difference could be material to the financial results.

Canadian equity:

The university has invested in a partnership agreement with iNovia Investment fund II-B. The valuation of this partnership agreement is based on cost and then adjusted by current activity as provided by the general partner.

Real estate funds:

Real estate funds consist of units held in three limited partnerships that are not traded in a public market. The units can only be sold privately to another qualifying investor within the fund with the approval of the general partner. Fair value is determined by an appraisal of the real property held in the funds by independent qualified real estate appraisers on a minimum annual basis. The hiring of these independent appraisers is coordinated by the general partner of each fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

7. Derivatives

Derivative financial instruments are used by the university to manage currency exposure primarily with respect to the university's investments. The university uses foreign currency forward contracts to manage its foreign exchange currency exposure on certain investments, and has entered into foreign currency forward contracts to minimize exchange rate fluctuations. All outstanding contracts have a remaining term to maturity of less than one year. As at March 31, 2013 the university held foreign currency forward contracts for settlement on April 16, 2013, with a notional amount of \$229,478 (2012 - \$228,748). The fair value of outstanding foreign currency forward contracts receivable is \$12,076 (2012 - \$11,273) and of foreign currency forward contracts payable is \$11,880 (2012 - \$7,267). The fair value measurement of derivative financial instruments is categorized into level 1 as described in note 6.

The composition of the most significant derivatives notional amount and fair value are as follows:

	2013			2012		
	Forward rate	Notional amount	Fair value	Forward rate	Notional amount	Fair value
Currency						
US dollar	1.0163	\$ 113,539	\$ (3,893)	1.0000	\$ 124,040	\$ 944
Euro	1.3055	62,655	1,167	1.3319	58,611	(1,146)
British pound	1.5432	33,050	504	1.5975	31,474	(505)
Japanese yen	0.0108	30,108	1,707	0.0122	46,943	5,034

8. Financial risk management

The university is exposed to the following risks:

Market risk

Market 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 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 UEP over a four year period as determined by the BNY Mellon Asset Servicing consulting report. At March 31, 2013, if market prices had a 8.7% (2012 - 11.3%; 2011 - 10.4%) 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 \$76,320 (March 31, 2012 - \$90,439; April 1, 2011 - \$81,467).

Foreign exchange risk

Foreign exchange risk on investments is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign currencies. The university uses forward contracts to manage this risk. The university does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes.

The impact of changes in the value of various foreign currencies are as follows:

	Fair value	5% decrease	1% decrease	1% increase	5% increase
US investments					
US dollar	\$ 252,513	\$ 245,564	\$ 251,123	\$ 253,903	\$ 259,462
International investments					
Euro	69,475	69,134	69,407	69,543	69,816
Japanese yen	55,504	54,234	55,250	55,758	56,774
British pound	43,297	42,785	43,195	43,399	43,809
Swiss franc	22,484	22,365	22,460	22,508	22,603

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8. Financial risk management (cont'd)

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, which is not drawn upon at year end, to ensure that funds are available to meet current and forecasted financial requirements.

Credit risk

The university is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honor 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 credit risk on money market funds and bonds (including floating rate notes) are as follows:

	2013	2012	April 1 2011
	%	%	%
Money market funds			
R-1 (high)	69.2	60.9	83.6
R-1 (mid)	30.6	38.9	16.2
Not rated	0.2	0.2	0.2
	100.0	100.0	100.0
Bonds			
AAA	25.8	31.5	35.5
AA	29.3	26.2	24.1
A	22.2	20.2	24.5
BBB	15.5	14.1	11.2
Not rated	7.2	8.0	4.7
	100.0	100.0	100.0

Interest rate risk

Interest rate risk is the risk to the university's earnings that arise from the fluctuation and degree of volatility in those 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 rate agreements with Alberta Capital Finance Authority (note 11).

The maturity of interest bearing investments are as follows:

	< 1 year	1 - 5 years	> 5 years	Average effective market yield
	%	%	%	%
Money market funds	100.0	-	-	1.2
Canadian government and corporate bonds	1.8	40.9	57.3	2.5
Floating rate notes	1.4	3.4	95.2	0.8

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9. Capital assets

	2013				
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total
Cost					
Beginning of year	\$ 3,020,539	\$ 1,143,342	\$ 319,513	\$ 85,463	\$ 4,568,857
Acquisitions	95,309	63,203	20,341	-	178,853
Disposals	-	(8,567)	-	-	(8,567)
	3,115,848	1,197,978	339,854	85,463	4,739,143
Accumulated amortization					
Beginning of year	857,045	770,817	221,429	-	1,849,291
Amortization expense	74,436	72,090	19,861	-	166,387
Disposals	-	(7,440)	-	-	(7,440)
	931,481	835,467	241,290	-	2,008,238
Net book value at March 31, 2013	\$ 2,184,367	\$ 362,511	\$ 98,564	\$ 85,463	\$ 2,730,905

	2012				
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total
Cost					
Beginning of year	\$ 2,831,319	\$ 1,059,595	\$ 298,860	\$ 85,463	\$ 4,275,237
Acquisitions	189,220	100,005	20,653	-	309,878
Disposals	-	(16,258)	-	-	(16,258)
	3,020,539	1,143,342	319,513	85,463	4,568,857
Accumulated amortization					
Beginning of year	792,577	712,401	201,578	-	1,706,556
Amortization expense	64,468	74,562	19,851	-	158,881
Disposals	-	(16,146)	-	-	(16,146)
	857,045	770,817	221,429	-	1,849,291
Net book value at March 31, 2012	\$ 2,163,494	\$ 372,525	\$ 98,084	\$ 85,463	\$ 2,719,566

Included in buildings and utilities is \$129,732 (2012 - \$60,845) 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 \$ 6,964 (2012 - \$47,237).

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

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10. Employee future benefit liabilities

	2013		
	Academic staff	Support staff	Total
UAPP	\$ 165,855	\$ -	\$ 165,855
Long-term disability	8,459	18,971	27,430
Early retirement	102	23,662	23,764
SRP (defined contribution)	10,759	-	10,759
SRP (defined benefit)	7,094	-	7,094
Administrative/professional leave	3,518	-	3,518
General illness	726	549	1,275
	\$ 196,513	\$ 43,182	\$ 239,695

	2012		
	Academic staff	Support staff	Total
UAPP	\$ 165,927	\$ -	\$ 165,927
Long-term disability	8,182	16,075	24,257
Early retirement	217	22,496	22,713
SRP (defined contribution)	7,966	-	7,966
SRP (defined benefit)	5,644	-	5,644
Administrative/professional leave	2,999	-	2,999
General illness	937	-	937
	\$ 191,872	\$ 38,571	\$ 230,443

	April 1, 2011		
	Academic staff	Support staff	Total
UAPP	\$ 167,224	\$ -	\$ 167,224
Long-term disability	7,847	16,366	24,213
Early retirement	389	21,245	21,634
SRP (defined contribution)	5,119	-	5,119
SRP (defined benefit)	4,623	-	4,623
Administrative/professional leave	2,477	-	2,477
General illness	1,340	-	1,340
	\$ 189,019	\$ 37,611	\$ 226,630

(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, 2010 and was then extrapolated to March 31, 2013, resulting in a UAPP deficit of \$1,149,175 (2012 - \$1,153,334) consisting of a pre-1992 deficit (\$766,644) and a post-1991 deficit (\$382,531). 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% (2012 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.34% (2012 - 2.34%) of salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions is \$327,710 at March 31, 2013. The unfunded deficit for service after December 31, 1991 is financed by special payments of 5.54% (2012 - 5.09%) of pensionable earnings shared equally between employees and employers until December 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. Employee future benefit liabilities (cont'd)

(a) Defined benefit plans accounted for on a defined benefit basis (cont'd)

Long-term disability (LTD) and general illness

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, 2013. 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, 2013.

Supplementary retirement plans (SRP)

The university provides non-contributory defined benefit supplementary retirement benefits to executive. An actuarial valuation of these benefits was carried out as at March 31, 2013.

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. An actuarial valuation of these benefits was carried out as at March 31, 2013.

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

	2013				2012			
	UAPP	LTD, GI ⁽¹⁾	Early retirement ⁽¹⁾	SRP, leave ⁽¹⁾	UAPP ⁽¹⁾	LTD, GI ⁽¹⁾	Early retirement ⁽¹⁾	SRP, leave ⁽¹⁾
Expense								
Current service cost	\$ 33,208	14,505	\$ 1,469	\$ 1,334	\$ 33,406	10,666	\$ 1,398	\$ 1,192
Interest cost	13,610	1,823	1,125	542	11,538	1,531	1,137	427
Amortization of actuarial (gains) losses	3,473	441	(135)	171	-	-	-	-
Total expense	\$ 50,291	\$ 16,769	\$ 2,459	\$ 2,047	\$ 44,944	\$ 12,197	\$ 2,535	\$ 1,619
Financial position								
Accrued benefit obligation								
Balance, beginning of year	\$ 763,083	\$ 27,166	\$ 20,877	\$ 9,174	708,155	25,553	21,634	7,100
Current service cost	33,208	14,505	1,469	1,334	33,406	10,666	1,398	1,192
Interest cost	50,644	1,823	1,125	542	47,164	1,531	1,137	427
Benefits paid	(34,317)	(13,258)	(1,408)	(77)	(31,917)	(12,556)	(1,456)	(77)
Actuarial (gains) losses	51,820	806	862	(874)	6,275	1,972	(1,836)	532
Balance, end of year	864,438	31,042	22,925	10,099	763,083	27,166	20,877	9,174
Plan assets	(660,361)	-	-	-	(561,736)	-	-	-
Plan deficit	204,077	31,042	22,925	10,099	201,347	27,166	20,877	9,174
Unamortized actuarial gains (losses)	(38,222)	(2,337)	839	513	(35,420)	(1,972)	1,836	(532)
Accrued benefit liability	\$ 165,855	\$ 28,705	\$ 23,764	\$ 10,612	\$ 165,927	\$ 25,194	\$ 22,713	\$ 8,642

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

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10. Employee future benefit liabilities (cont'd)

(a) Defined benefit plans accounted for on a defined benefit basis (cont'd)

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

	2013		2012	
	UAPP, SRP, leave	LTD, GI, early retirement ⁽⁴⁾	UAPP, SRP, leave	LTD, GI, early retirement ⁽⁴⁾
	%	%	%	%
Accrued benefit obligation:				
Discount rate	5.2 - 6.2	5.2	5.1 to 6.5	4.2
Long-term average compensation increase ⁽¹⁾	2.0 - 3.5	3.0	3.0 to 3.5	3.0
Benefit cost:				
Discount rate	5.2 - 6.5	5.2	5.2 - 6.5	4.8
Long-term average compensation increase ⁽¹⁾	3.0 - 3.5	3.0	3.0 - 3.5	3.0
Alberta inflation (long-term) ⁽²⁾	2.25	2.5	2.25	2.5
Estimated average remaining service life ⁽³⁾	10.2 yrs	4 - 13 yrs	10.2 yrs	5 - 13 yrs

⁽¹⁾ Compensation increases are not applicable for long-term disability.

⁽²⁾ SRP lump-sum payments upon retirement are based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries.

⁽³⁾ SRP actuarial gains and losses are amortized over the remaining contract terms of the participants.

⁽⁴⁾ These same discount rates are used to measure the general illness obligation.

(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 \$ 28,759 (2012 - \$25,070).

An actuarial valuation of the PSPP was carried out as at December 31, 2010 and was then extrapolated to December 31, 2012. At December 31, 2012, the PSPP reported an actuarial deficit of \$1,645,141 (2011 - \$1,790,383). For the year ended December 31, 2012 PSPP reported employer contributions of \$257,350 (2011 - \$227,616). For the 2012 calendar year, the university's employer contributions were \$27,473 (2011 calendar year - \$24,352). PSPP's deficit is being discharged through additional contributions from both employees and employers until 2026 (2011 - 2025). 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 academic staff members. The expense recorded in these statements is \$ 2,793 (2012 - \$2,847).

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11. Debt

	Collateral	Maturity Date	Interest rate %	Amount outstanding		
				2013	2012	April 1 2011
Debentures payable to Alberta Capital Finance Authority						
Health Research Innovation Facility	1	June 2011	5.030	\$ -	\$ -	\$ 1,000
Enterprise Square	2	October 2011	4.162	-	-	1,301
Natural Resources Engineering Facility	2	June 2014	4.974	2,928	4,764	6,512
Energy Management Program, Year 1		September 2014	4.551	630	1,028	1,408
Energy Management Program, Year 2		March 2016	4.525	1,367	1,783	2,181
Natural Resources Engineering Facility	2	June 2017	5.056	4,096	4,888	5,641
Health Research Innovation Facility		June 2017	5.053	8,345	9,958	11,493
Extension Centre		October 2017	8.750	1,246	1,439	1,616
Energy Management Program, Year 3		December 2017	4.493	1,944	2,283	2,608
Energy Management Program, Year 4		March 2019	3.718	2,252	2,582	2,899
Steam Turbine Generator	2	May 2020	6.250	9,273	10,147	10,970
Newton Place	1	August 2024	6.000	10,477	11,063	11,616
Newton Place Renovation	1	August 2024	6.000	1,812	1,913	2,008
Energy Management Program, Year 5		December 2025	3.885	3,142	3,324	3,500
Energy Management Program, Year 6		September 2027	2.599	3,404	-	-
Lister Residence II	1	November 2027	5.875	16,415	17,088	17,723
Windsor Car Park	2	September 2028	6.000	5,455	5,655	5,844
Saville Centre	2	December 2028	5.875	3,585	3,718	3,844
East Campus Village	1	March 2029	4.960	7,310	7,603	7,883
Centennial Centre for Interdisciplinary Science Phase I		September 2029	5.353	7,936	8,229	8,508
Centennial Centre for Interdisciplinary Science Phase I		June 2030	4.518	-	-	1,867
Health Research Innovation Facility		June 2032	5.191	4,986	5,132	5,269
Killam Centre		September 2036	4.810	1,849	1,891	1,931
Enterprise Square	1	September 2036	4.627	37,977	38,857	39,697
East Campus Village - Graduate Housing	2	September 2040	4.886	24,015	24,423	24,812
Jubilee Carpark	2	December 2047	4.814	15,378	15,545	15,704
				\$ 175,822	\$ 183,313	\$ 197,835

1 - title to land, building; 2 - cash flows from facility ; 3 - none

Interest expense on debt recorded in these statements is \$ 10,303 (2012 - \$11,239).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2014	\$ 11,661	\$ 8,726	\$ 20,387
2015	11,021	8,113	19,134
2016	10,321	7,559	17,880
2017	10,367	7,012	17,379
2018	9,354	6,532	15,886
Thereafter	123,098	59,687	182,785
	\$ 175,822	\$ 97,629	\$ 273,451

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12. Deferred revenue

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

2013					
	Restricted			Student tuition and other revenue	Total
	Research and special purpose	Capital	Total		
Balance, beginning of year	\$ 477,215	\$ 2,266,444	\$ 2,743,659	\$ 20,168	\$ 2,763,827
Net change for the year					
Grants, donations, tuition	533,227	17,750	550,977	289,353	840,330
Investment income	(14,214)	(1,033)	(15,247)	-	(15,247)
Unearned capital acquisition transfers	(44,991)	44,991	-	-	-
Debt - repayment	(42)	42	-	-	-
Recognized as revenue	(501,129)	(112,697)	(613,826)	(285,170)	(898,996)
Total net change for the year	(27,149)	(50,947)	(78,096)	4,183	(73,913)
Balance, end of year	\$ 450,066	\$ 2,215,497	\$ 2,665,563	\$ 24,351	\$ 2,689,914
2012					
	Restricted			Student tuition and other revenue	Total
	Research and special purpose	Capital	Total		
Balance, beginning of year	\$ 502,671	\$ 2,234,649	\$ 2,737,320	\$ 21,140	\$ 2,758,460
Net change for the year					
Grants, tuition, donations	494,664	39,362	534,026	267,655	801,681
Investment income	(82)	(1,266)	(1,348)	-	(1,348)
Unearned capital acquisition transfers	(97,923)	97,923	-	-	-
Debt - repayment	(40)	40	-	-	-
Recognized as revenue	(422,075)	(104,264)	(526,339)	(268,627)	(794,966)
Total net change for the year	(25,456)	31,795	6,339	(972)	5,367
Balance, end of year	\$ 477,215	\$ 2,266,444	\$ 2,743,659	\$ 20,168	\$ 2,763,827

Capital is comprised of \$2,093,782 (March 31, 2012 - \$2,096,037; April 1, 2011 - \$1,958,733) restricted grants and donations spent on capital acquisitions and \$121,715 (March 31, 2012 - \$170,407; April 1, 2011 - \$275,916) of unspent restricted grants and donations. The expended capital is deferred and will be recognized as revenue when the terms are met.

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13. 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.

	2013	2012
Balance, beginning of year	\$ 800,343	\$ 783,340
Endowment donations	30,096	26,622
Investment unrealized gains	57,517	257
Transfer from endowments	(8,095)	(9,876)
Balance, end of year	\$ 879,861	\$ 800,343
Cumulative donations	627,989	595,089
Cumulative capitalized income	251,872	205,254
	\$ 879,861	\$ 800,343

During 2013, \$10,899 of cumulative capitalized income was required to fund a portion of the approved 2013 endowment spending allocation (\$3,653) and a portion of the 2012 approved spending allocation (\$7,246).

In 2012, \$10,550 of cumulative capitalized income was required to fund a portion of the approved 2012 endowment spending allocation due to investment income shortfall. Per the terms of specific endowments, \$ 257 was capitalized.

The Board of Governors approved the permanent endowment of certain unrestricted amounts and transferred \$2,804 (2012 - \$674) from accumulated surplus to endowment net assets.

Endowment donations include capitalization of certain restricted amounts of \$423 (2012 - \$1,966).

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14. Accumulated surplus

	Accumulated deficit from operations	Investment in capital assets	Accumulated surplus
Balance as at April 1, 2011	\$ (83,238)	\$ 414,157	\$ 330,919
Operating surplus	11,799	-	11,799
Transfer from endowments	9,876	-	9,876
Acquisition of capital assets	(72,428)	72,428	-
Debt - repayment	(10,764)	10,764	-
Debt - new financing	2,800	(2,800)	-
Net book value of asset disposals	492	(492)	-
Amortization of capital assets	54,343	(54,343)	-
Balance as at March 31, 2012	\$ (87,120)	\$ 439,714	\$ 352,594
Operating surplus	25,412	-	25,412
Transfer from endowments	8,095	-	8,095
Acquisition of capital assets	(69,600)	69,600	-
Debt - repayment	(9,290)	9,290	-
Debt - new financing	2,164	(2,164)	-
Net book value of asset disposals	793	(793)	-
Amortization of capital assets	53,414	(53,414)	-
Balance as at March 31, 2013	\$ (76,132)	\$ 462,233	\$ 386,101

15. 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.

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16. 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
2014	\$ 69,994	\$ 171,622	\$ 5,781	\$ 247,397
2015	42,598	46,081	4,641	93,320
2016	32,879	960	4,077	37,916
2017	17,524	-	3,498	21,022
2018	7,532	-	1,830	9,362
Thereafter	48	-	5,905	5,953
	\$ 170,575	\$ 218,663	\$ 25,732	\$ 414,970

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 at an average of \$72.99 (2012 - \$73.33) per megawatt hour. The six contracts (2012 - six contracts) with expenditures totaling \$97,889 (2012 - \$120,924) 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 three years remaining with a total estimated cost of \$ 25,800 (2012 - \$35,800).
 - Effective July 1, 2010, the university entered into agreements with two external parties for information technology support. The agreement for infrastructure management services has two years remaining with a cost of \$5,392 (2012 - \$7,735). The agreement for application management services has three months remaining with a cost of \$476 (2012 - \$2,431). The university is currently negotiating a two year extension for application management services.
 - Effective August 1, 2011, the university entered into an agreement with an external party for custodial services. The agreement has one year remaining with a cost of \$ 8,000 (2012 - \$14,000).
- (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, 2012 CURIE had a surplus of \$60,500 (2011 - \$48,586). This surplus is an accumulation of five different underwriting periods. The university participates in four of the underwriting periods, which have an accumulated surplus of \$60,500 (2012 - \$44,984) of which the university's pro rata share is approximately 7.02% (2012 - 6.90%). This surplus is not recorded in the consolidated financial statements.
- (c) The university has invested in a partnership agreement with iNovia Investment Fund II-B, Limited Partnership, which invests in the technology, energy, life sciences and applied sciences sectors. The partnership will continue until April 17, 2017, extendable for up to three additional years. The university subscribed to five million partnership units at a price of \$1.00 per unit of which the university has purchased 4.125 million units. The remaining commitment of \$875 (2012 - \$1,750) is due at such times and in such amounts as the General Partner may determine.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

17. Expense by function

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

Instruction and non-sponsored research

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 and non-sponsored research activities and by institutional wide administrative services.

Sponsored research

Expenses for all sponsored research activities specifically funded by restricted grants and donations.

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 purposes

Expenses for the Faculty of Medicine Academic Alternate Relationship Plans, scholarships and bursaries and other programs involving teaching and community service specifically funded by restricted grants and donations.

Ancillary enterprises

Expenses relating to the university's business enterprises that provide services and products to the university community and to external individuals and organizations.

18. Expense by object

	2013 Budget	2013	2012
Salaries	\$ 838,527	\$ 873,406	\$ 838,600
Employee benefits	170,448	174,377	159,129
Materials, supplies and services	320,886	278,738	315,041
Scholarships and bursaries	92,772	92,323	90,183
Maintenance and repairs	70,881	74,239	78,118
Utilities	51,214	42,917	39,184
Amortization of capital assets	174,085	166,387	158,881
	\$ 1,718,813	\$ 1,702,387	\$ 1,679,136

19. Budget

The university's 2012-13 budget was approved by the Board of Governors and was presented to the Minister of Enterprise and Advanced Education as part of the university's submission of its 2012-13 Comprehensive Institutional Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

20. Government of Alberta grants

	2013	2012
Enterprise and Advanced Education - Campus Alberta grant	\$ 604,157	\$ 565,647
Enterprise and Advanced Education - other grants	112,685	172,385
Alberta Health and Wellness	69,100	69,392
Alberta Health Services	9,875	10,848
Other departments and agencies	13,709	23,192
Total grants received	809,526	841,464
Restricted expended capital recognized as revenue	94,033	93,898
Deferred revenue	4,247	(55,739)
	\$ 907,806	\$ 879,623

The net amount payable is \$409 (2012 - \$3,257).

The university has debt with Alberta Capital Finance Authority as disclosed in note 11.

21. Salary and employee benefits

Treasury Board Directive 12-98 under the *Financial Administration Act* of the Province of Alberta requires the disclosure of certain salary and employee benefits information.

	2013				
	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	529	64	437	142	1,172
Provost and Vice-President Academic ⁽²⁾	430	36	58	-	524
Vice-President Research	483	96	117	133	829
Vice-President Facilities and Operations	465	43	167	129	804
Vice-President Finance and Administration	460	32	215	117	824
Vice-President University Relations	361	47	95	-	503
Vice-President Advancement ⁽³⁾	360	42	53	-	455
	2012				
	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	512	64	321	132	1,029
Provost and Vice-President Academic ⁽²⁾	499	37	165	-	701
Vice-President Research	461	98	109	122	790
Vice-President Facilities and Operations	443	49	122	140	754
Vice-President Finance and Administration	450	31	116	148	745
Vice-President University Relations	355	45	73	-	473
Vice-President Advancement ⁽³⁾	309	40	36	-	385

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

(2) The incumbent Provost and Vice-President Academic applied for, and has had approved, a one-year administrative leave commencing July 1, 2012 (extended to two years in February 2013). The acting Provost does not participate in executive benefit programs. The 2013 salary and benefits includes the incumbent Provost's information for three months and the acting Provost's information for nine months.

(3) The position title was changed July 1, 2012 (formerly Chief Advancement Officer).

(4) Base salary includes pensionable base pay and an administrative honorarium for the Provost and Vice-President Academic (both the incumbent and the acting). Certain base salary amounts also include a reduction for the optional personal leave program (days off without pay).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31
(thousands of dollars)

21. Salary and employee benefits (cont'd)

- (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 car allowance, parking, supplemental life insurance, forgivable housing loans, club dues, and child care. 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 supplementary retirement 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.

The current service cost and accrued obligation for each executive under the SRP is as follows:

		2012		2013			
	Years of eligible University of Alberta service	Accrued obligation	Service costs	Interest and other costs ^(6b)	Actuarial loss	Accrued obligation ^(6c)	
President	7.8	\$ 1,848	\$ 274	\$ 163	\$ (127)	\$ 2,158	
Provost and Vice-President Academic ^(6a)	9.8	1,163	133	101	11	1,408	
Vice-President Research	5.8	472	75	42	(163)	426	
Vice-President Facilities and Operations	9.0	771	100	67	(253)	685	
Vice-President Finance and Administration	9.3	737	148	67	(245)	707	
Vice-President University Relations	2.7	139	80	15	4	238	
Vice-President Advancement	2.6	72	44	8	44	168	

(6a) The incumbent Provost and Vice-President Academic continues to accrue pensionable service during the administrative leave period noted in (2) above.

(6b) Includes additional costs with respect to plan amendments for the Vice-President Facilities and Operations and the Vice-President Finance and Administration.

(6c) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in note 10.

(7) The university provides certain executive with a paid leave at the end of their executive appointment, and these leaves are recorded in the consolidated financial statements (refer to table below). For other executive, the leave program is contained in the relevant collective bargaining agreement and must be applied for; therefore an amount is not recorded in the consolidated financial statements.

Leave 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 leave benefits. 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.

The current service cost and accrued obligation related to the leave for each participating executive is as follows:

		2012		2013			
	Years of eligible University of Alberta service	Accrued obligation	Service costs	Interest and other costs	Actuarial gains	Accrued obligation ^(7a)	
President	7.8	\$ 693	\$ 103	\$ 39	\$ (41)	\$ 794	
Vice-President Research	5.8	475	105	28	(79)	529	
Vice-President Facilities and Operations	10.2	872	71	46	(88)	901	
Vice-President Finance and Administration	10.9	948	79	50	(122)	955	

(7a) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in note 10.

22. Approval of financial statements

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

UNIVERSITY OF ALBERTA
SCHEDULE 1 - TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
(thousands of dollars)

a) Reconciliation of April 1, 2011 consolidated statement of financial position

		April 1, 2011								April 1, 2011	
		GAAP	Capital assets	Employee future benefits	Cash and cash equivalents	Derivatives	Investment in capital assets	Deferred revenue	Total Adjustments	PSAS	
			Collections	Past service costs	ST Investment Maturity						
ASSETS											
Cash and cash equivalents	(1)	\$ 122,800	\$ -	\$ -	\$ (116,682)	\$ -	\$ -	\$ -	\$ (116,682)	\$ 6,118	
Investments	(1)	1,632,822	-	-	116,682	-	-	-	116,682	1,749,504	
Accounts receivable	(2)	177,119	-	-	-	9,900	-	-	9,900	187,019	
Inventories and prepaid expenses		21,125	-	-	-	-	-	-	-	21,125	
Capital assets	(3)	2,670,255	(101,574)	-	-	-	-	-	(101,574)	2,568,681	
		\$ 4,624,121	\$ (101,574)	\$ -	\$ -	\$ 9,900	\$ -	\$ -	\$ (91,674)	\$ 4,532,447	
LIABILITIES											
Accounts payable and accrued liabilities	(2)	\$ 225,363	\$ -	\$ -	\$ -	\$ 9,900	\$ -	\$ -	\$ 9,900	\$ 235,263	
Employee future benefit liabilities	(4)	146,929	-	79,701	-	-	-	-	79,701	226,630	
Debt		197,835	-	-	-	-	-	-	-	197,835	
Deferred revenue	(5)	21,140	-	-	-	-	-	2,737,320	2,737,320	2,758,460	
Deferred contributions, research and capital	(5)	778,587	-	-	-	-	-	(778,587)	(778,587)	-	
Unamortized deferred capital contributions	(5)	1,964,182	-	-	-	-	(5,449)	(1,958,733)	(1,964,182)	-	
		3,334,036	-	79,701	-	9,900	(5,449)	-	84,152	3,418,188	
NET ASSETS											
Endowments		783,340	-	-	-	-	-	-	-	783,340	
Investment in capital assets	(6)	510,283	(101,574)	-	-	-	5,449	-	(96,125)	414,157	
Accumulated surplus	(7)	(3,538)	-	(79,701)	-	-	-	-	(79,701)	(83,238)	
		1,290,085	(101,574)	(79,701)	-	-	5,449	-	(175,826)	1,114,259	
		\$ 4,624,121	\$ (101,574)	\$ -	\$ -	\$ 9,900	\$ -	\$ -	\$ (91,674)	\$ 4,532,447	

- (1) Reclassify short-term investments from cash and cash equivalents to investments. Only securities with a maturity of 90 days or less at date of acquisition are recorded as cash (PS 1201).
- (2) To record the gross payable and receivable amounts for derivatives held by the university
- (3) Remove permanent collections from capital assets (PS 3150).
- (4) To record unamortized gains (losses) for employee future benefit liabilities. (UAPP - (\$84,875); LTD - \$3,502.; Early retirement - \$2,446) and change in discount rate (LTD - \$317; Early retirement - \$754; SRP - (\$460); Administrative/professional leave - (\$45); General illness - (\$1340))(PS 3250 and PS 2125).
- (5) Reclassify Deferred contributions, research and capital and Unamortized deferred capital contributions into one deferred revenue line (UDCC - \$1,964,182; Deferred contributions \$778,587); reclassify restricted capital donation to accumulated surplus (\$5,449)
- (6) Remove collections from investment in capital assets.
- (7) Close investment in capital assets to accumulated surplus. Adjustments in employee future benefit liabilities direct to accumulated surplus.

SCHEDULE 1 - TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (Con't)

(thousands of dollars)

b) Reconciliation of March 31, 2012 consolidated statement of financial position

March 31, 2012											March 31, 2012	
		GAAP	Capital assets	Employee future benefits	Cash and cash equivalents	Derivatives	Investment in capital assets	Deferred revenue	Total Adjustments		PSAS	
			Collections	Past service costs	ST Investment Maturity							
ASSETS												
Cash and cash equivalents	(1)	\$ 119,652	\$ -	\$ -	\$ (98,727)	\$ -	\$ -	\$ -	\$ (98,727)	\$	20,925	
Investments	(1)	1,533,771	-	-	98,727	-	-	-	98,727		1,632,498	
Accounts receivable	(2)	156,590	-	-	-	7,267	-	-	7,267		163,857	
Inventories and prepaid expenses		13,273	-	-	-	-	-	-	-		13,273	
Capital assets	(3)	2,822,274	(102,708)	-	-	-	-	-	(102,708)		2,719,566	
		\$ 4,645,560	\$ (102,708)	\$ -	\$ -	\$ 7,267	\$ -	\$ -	\$ (95,441)	\$	4,550,119	
LIABILITIES												
Accounts payable and accrued liabilities	(2)	\$ 212,332	\$ -	\$ -	\$ -	\$ 7,267	\$ -	\$ -	\$ 7,267	\$	219,599	
Employee future benefit liabilities	(4)	158,935	-	71,508	-	-	-	-	71,508		230,443	
Debt		183,313	-	-	-	-	-	-	-		183,313	
Deferred revenue	(5)	20,168	-	-	-	-	(276)	2,743,935	2,743,659		2,763,827	
Deferred contributions, research and capital	(5)	647,622	-	-	-	-	-	(647,622)	(647,622)		-	
Unamortized deferred capital contributions	(5)	2,101,486	-	-	-	-	(5,173)	(2,096,313)	(2,101,486)		-	
		3,323,856	-	71,508	-	7,267	(5,449)	-	73,326		3,397,182	
NET ASSETS												
Endowments		800,343	-	-	-	-	-	-	-		800,343	
Investment in capital assets	(6)	536,973	(102,708)	-	-	-	5,449	-	(97,259)		439,714	
Accumulated surplus	(7)	(15,612)	-	(71,508)	-	-	-	-	(71,508)		(87,120)	
		1,321,704	(102,708)	(71,508)	-	-	5,449	-	(168,767)		1,152,937	
		\$ 4,645,560	\$ (102,708)	\$ -	\$ -	\$ 7,267	\$ -	\$ -	\$ (95,441)	\$	4,550,119	

- (1) Reclassify short-term investments from cash and cash equivalents to investments. Only securities with a maturity of 90 days or less at date of acquisition are recorded as cash (PS 1201).
- (2) To record the gross payable and receivable amounts for derivatives held by the university.
- (3) Remove permanent collections from capital assets (PS 3150).
- (4) To record unamortized gains (losses) for employee future benefit liabilities, PS 3250 PS 2125 (UAPP - (\$76,555); LTD - \$2,886; Early retirement - \$2,285) and change in discount rate (LTD - \$328; Early retirement - \$910; SRP - (\$401); Administrative/professional leave - (\$54); General illness - (\$937)) (PS 3250 and PS 2125).
- (5) Reclassify Deferred contributions, research and capital and Unamortized deferred capital contributions into one deferred revenue line (UDCC - \$2,101,486; Deferred contributions \$647,622); reclassify restricted capital donation to accumulated surplus (\$5,449).
- (6) Remove collections from investment in capital assets.
- (7) Close investment in capital assets to accumulated surplus. Adjustments in employee future benefit liabilities direct to accumulated surplus.

SCHEDULE 1 - TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (Con't)

(thousands of dollars)

c) Reconciliation of the March 31, 2012 consolidated statement of operations

March 31, 2012										March 31, 2012	
		GAAP	Employee future benefits		Foreign exchange	Investment in capital assets	Investment in capital assets	Amortization of deferred capital contribution	Total Adjustments	PSAS	
			Past service costs		Presentation	Collections adjustment	Presentation	Presentation			
REVENUE											
Government of Alberta grants	(1)	\$ 785,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,898	\$ 93,898	\$	879,623
Federal and other government grants	(1)	185,652	-	-	-	-	-	4,182	4,182		189,834
Student tuition and fees		269,355	-	-	-	-	-	-	-		269,355
Sales of services and products		200,875	-	-	-	-	-	-	-		200,875
Donations and other grants	(1)	101,152	-	-	666	276	6,184	7,126			108,278
Investment income	(2)	42,067	-	903	-	-	-	903			42,970
Amortization of deferred capital contributions	(1)	104,540	-	-	-	(276)	(104,264)	(104,540)			-
		\$ 1,689,366	\$ -	\$ 903	\$ 666	\$ -	\$ -	\$ 1,569		\$	1,690,935
EXPENSE											
Instruction and non-sponsored research	(3)	\$ 962,381	\$ (8,193)	\$ 903	\$ 467	\$ -	\$ -	\$ (6,823)		\$	955,558
Sponsored research		398,829	-	-	-	-	-	-			398,829
Facilities operation and maintenance		119,697	-	-	-	-	-	-			119,697
Special purposes	(4)	104,133	-	-	667	-	-	667			104,800
Ancillary services		100,252	-	-	-	-	-	-			100,252
		1,685,292	(8,193)	903	1,134	-	-	(6,156)			1,679,136
Operating surplus		4,074	8,193	-	(468)	-	-	7,725			11,799
Transfer from endowments		9,876	-	-	-	-	-	-			9,876
Change in operating surplus		13,950	8,193	-	(468)	-	-	7,725			21,675
Change in investment in capital assets	(5)	(26,024)	-	-	468	25,556	-	26,024			-
Change in accumulated surplus		(12,074)	8,193	-	-	25,556	-	33,749			21,675
Accumulated surplus, beginning of year	(6)	(3,538)	(8,130)	-	-	342,587	-	334,457			330,919
Accumulated surplus, end of year		\$ (15,612)	\$ 63	\$ -	\$ -	\$ 368,143	\$ -	\$ 368,206		\$	352,594

- (1) Permanent collections expensed (previously capitalized); allocation of amortization of deferred capital contributions to Government of Alberta grants, Federal and other government grants and grants and donations; reclassify amortization of deferred capital contributions on restricted capital donation.
- (2) Reclassify foreign exchange losses to expense.
- (3) Employee future benefits gains (losses), foreign exchange losses, permanent collections expensed.
- (4) Permanent collections expensed.
- (5) Change in investment in capital assets now part of accumulated surplus.
- (6) Employee future benefits, investment in capital assets.

SCHEDULE 1 - TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (Con't)

(thousands of dollars)

d) Reconciliation of the March 31, 2012 expense by object

	March 31, 2012						March 31, 2012	
	GAAP	Employee future benefits	Foreign exchange	Investment in capital assets	Total Adjustments		PSAS	
		Past service costs	Presentation	Collections adjustment				
EXPENSE								
Salaries	\$ 838,600	\$ -	\$ -	\$ -	\$ -		\$ 838,600	
Employee benefits	167,322	(8,193)	-	-	(8,193)		159,129	
Materials, supplies and services	313,004	-	903	1,134	2,037		315,041	
Scholarships and bursaries	90,183	-	-	-	-		90,183	
Maintenance and repairs	78,118	-	-	-	-		78,118	
Utilities	39,184	-	-	-	-		39,184	
Amortization of capital assets	158,881	-	-	-	-		158,881	
	\$ 1,685,292	\$ (8,193)	\$ 903	\$ 1,134	\$ (6,156)		\$ 1,679,136	