



2020-2021

Annual Report

**Alberta
University
of the
Arts**

Alberta University of the Arts rests on the traditional Treaty 7 territories of the Blackfoot people, and in the spirit of our efforts to promote reconciliation, we acknowledge the traditional territories and oral and visual practices of the Blackfoot Confederacy (Siksika, Piikani and Kainai), the Tsuut'ina (Sarcee), the Stoney Nakoda First Nations (Bears paw, Chiniki and Wesley), the Metis Nation (Region 3) and all those who make their homes in the Treaty 7 region of Southern Alberta.

Alberta University of the Arts' Values

PASSION: We are curious and thoughtful risk takers; we celebrate our creative process.

RESPECT: We build relationships based on trust and accountability; we are connected to one another's success and wellness.

OPENNESS: We embrace diversity and inclusivity in culture, identity and perspective; we are transparent, confident, approachable and welcoming.

UNIQUE: We pursue excellence in our studio-based practices, and in our support for our learners, faculty, staff, and external partners.

DARING: We are courageous and deeply committed to experimentation, free enquiry, and research.

Vision

To change the world through art, craft and design while enriching creative communities and economies.

Mission

Alberta University of the Arts is a diverse and inclusive community committed to leading education and research in creative practices.

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Accountability Statement

This Alberta University of the Arts annual report for the year ended June 30, 2021 was prepared under the Board of Governors' direction in accordance with the Fiscal Planning and Transparency Act and ministerial guidelines established pursuant to the Post-Secondary Learning Act (PSLA). All material economic, environmental or fiscal implication of which we are aware has been considered in preparation of this report.

Management's Responsibility for Reporting

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

The Annual Report has been developed under the oversight of the university's Finance and Audit Committee, is approved by the Board of Governors, and is prepared in accordance with the Fiscal Planning and Transparency Act and the Post-Secondary Learning Act.

The Auditor General of the Province of Alberta, the university's external auditor appointed under the Auditor General Act, performs an annual independent audit of the financial statements which are prepared in accordance with Canadian Public Sector Accounting Standards.

Message from the Chair of the Board of Governors and the President and CEO

2020-21 was a most unique year for the university which saw teaching and learning entirely online. While not ideal for a studio-based university, all courageously embraced this major challenge.

We are so grateful for everyone's dedication and resilience during these most difficult times both at work and at home. Health and safety of all was our paramount priority, above all other considerations. Our second priority was to ensure that our students could continue to advance their studies. And, recognizing the challenging financial situation that many of our students faced during COVID-19, under the leadership of the Board of Governors, and with the generous support of donors, we were able to substantially increase our financial support to many students.

This was the year where our bicameral structure was in evidence, with the General Faculties Council and all its committees and sub-committees operating fully for the first time. This completes the governance component of our transition to a university.

2020-21 was the first year for our Strategic Plan Moving Forward 2026. Due to the pandemic and the financial impact of the base-grant reduction, the demands for resources are high and it has been critical that we realistically focus on key institutional priorities.

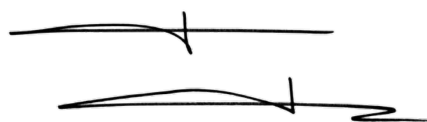
Program and Curricular Innovation is one of two institutional priorities, with academics working on program reviews and recommended changes, and the General Faculties Council fully engaged. Learner pathways are critical as we establish micro- and alternative-credentials. With one of the Investment Management Agreement (IMA) metrics being Work Integrated Learning, incorporating this into curriculum and providing supports has been evolving quickly.

Equity, Diversity and Inclusion (EDI) is the other top priority. An EDI Task Force, comprised of representatives from each part of the university, is working with consultants to evaluate the existing environment and create an EDI Strategy and Plan for early 2022. We have also engaged our community, and our Elders' Council, in the development of an Indigenous Framework, also to be completed in early 2022. These are directional documents to assist the University in creating better equity and inclusion, and further respecting diversity.

As we closed the 2020-21 academic year, we still faced many uncertainties, but having witnessed the resilience of our community, we are most optimistic about 2021-22, which sees a physical return to our campus.



M. Carol Ryder
Chair of the Board of Governors



Dr. Daniel Doz
President and CEO

Public Interest Disclosure Act

This section presents Alberta University of the Arts' report concerning disclosures made during 2020-21 pursuant to the Public Interest Disclosure Act. The Act applies to provincial agencies, boards and commissions, and therefore applies to Alberta University of the Arts. Under the Act, the Chief Officer of each agency, board and commission is responsible for the preparation of an annual report detailing the number of disclosures received and investigated.

Amendments to Alberta Public Interest Disclosure Act (PIPA) took effect March 1, 2018. In response, Alberta University of the Arts has a Public Interest Disclosure Policy and Procedure. No disclosures were reported in the past year.

Operational Overview

2020-21 in its entirety, was a continuation of a response to the global pandemic crisis. As with 2019-20, the university's operations were accomplished through a remote work environment, with teaching and learning online.

With the top priorities remaining the health and safety of our community, as much as circumstances would allow, we ensured our students could continue their studies. Many courses require dedicated resources and specialized equipment that could not easily be duplicated in a remote environment.

Furthermore, it is very important to note here that the pandemic and its impact on all of us has had a growing effect on the mental health of students, faculty and staff. Particular attention will need to be given on providing additional support as we navigate the most challenging circumstances.

As a small university with declining resources, shifting to the crisis management of the pandemic has resulted in some adjustments to the ability to deliver performance measures, as noted in the next section of the annual report. The main adjustment was to narrow our focus on two key priorities identified in the Strategic Plan and its subsidiary Academic Plan.

To manage as much as possible, and in an effective manner this rapidly evolving context, an academic leadership restructuring was undertaken. With the elimination during the winter 2021 of the Vice President Academic and Provost position, a new structure was developed and saw the creation of a three-Dean model to oversee Student and Academic affairs. There is now a Dean of Students, Dean, Academic Programs, and Dean, Innovation, Learning and Development. The guiding principles in this restructure were:

- Support the Strategic and Academic Plans, in particular dedicated support for:
 - Equity, Diversity and Inclusion
 - Internationalization
 - Graduate Studies
 - Scholarly Research and Creative Activities (SRC)
 - Program Innovation
 - Career Services and Work Integrated and Experiential Learning
- Respond to the grant reduction
- Respond to the Alberta Government priorities (in particular with the introduction of Investment Management Agreement's (IMAs) and future directions developed with Alberta 2030)
- New structure as cost neutral
- Even workload distribution between the three Deans

It is the goal to have the recruited individuals in place for this new structure during the next academic year (most likely in 2022).

Goals and Performance Measures

AUArts is pleased to report progress over the past year towards accomplishing our Strategic Plan* Goals and Academic Plan* priorities.

This progress also works towards fulfillment of our roles and mandates under the Post-Secondary Learning Act (PSLA), programming and student supports to meet the needs of both students and employers, strategic research priorities and our collaborations with other educational institutions.

AUArts' Strategic Goals:

1. Align programming and curriculum to the evolving needs of students and communities
2. Enable innovation and experimentation through teaching, applied and scholarly research, and creative activities
3. Expand relationships with strategic partners and communities that enrich and improve students' learning outcomes
4. Drive sustainable growth through revenue diversification, an engaging academic environment and a high performance organization

AUArts' Academic Priorities

1. Advance quality sustainable programming that prepares students for life and work beyond graduation
2. Promote research and career skills development throughout AUArts
3. Build strong relationships
4. Commit to a culture of inclusion and respect

*Alberta University of the Arts' 2020-2026 Strategic Plan and 2020-2025 Academic Plan can be found at <https://www.auarts.ca/about-auarts/publications/strategic-plans2020-2026> Strategic Plan.

Strategic Goal	1. Align programming and curriculum to the evolving needs of students and communities
Strategy	2020 / 2021 Accomplishments
Curriculum and credential framework	<ul style="list-style-type: none"> • Three Dean structure implemented and undergraduate degree restructuring proposal moving to Academic Policy and Oversight Committee and General Faculties Council (GFC) review and approval • Master of Fine Art (MFA) cost analysis conducted • Development of Low Residency element to the MFA program initiated
Attract and retain students	<ul style="list-style-type: none"> • Continued ArtStream and Pre-College pathway programs to attract and retain students by boosting qualifications • Initiated review to increase student retention and began first year cohorting and student focused timetabling • Enhanced Entrance Scholarship Opportunities and Implemented Annual Awards process • New scholarships and awards • Enhanced marketing supports for recruitment
Equity, diversity and inclusion	<ul style="list-style-type: none"> • EDI Task Force committee set-up, RFP issued and EDI consultant engaged • Initiated development of Indigenous plan and roadmap • Revised hiring guidelines and incorporated into recruitment efforts • Provided Indigenous History & Culture and Sexual Diversity professional development for staff and faculty

Strategic Goal	2. Enable innovation and experimentation through teaching, applied and scholarly research, and creative activities
Strategy	2020 / 2021 Accomplishments
Teaching and learning	<ul style="list-style-type: none"> • Adjusted to, refined and learned from comprehensive online curriculum delivery for studio and seminar based courses • Foundational Work Integrated and Learning activities underway and grant funding secured
Scholarly research and creative activities	<ul style="list-style-type: none"> • Research Committee work plan created • Faculty Investment Grant funds deployed for three faculty-led research projects • Illingworth Kerr Gallery Advisory committee launched • New student research scholarships

Strategic Goal	3. Expand relationships with strategic partners and communities that enrich and improve students' learning outcomes
Strategy	2020 / 2021 Accomplishments
Integrating external communities	<ul style="list-style-type: none"> • Held events with funding by sponsors • Continued developing relationships (Mount Royal University, Calgary Board of Education, Edmonton Catholic School District) • Established Program Advisory Committees for School of Communication Design and Quick Draw • Website rebuild initiated
Strategic partnerships	<ul style="list-style-type: none"> • Advance work to address the 2019 Fund Development audit by testing new philanthropic initiatives • Sponsor/donor support allowed for programming, work experiences and community profile • Developed and implemented policy framework • Established Honorary Degree Committee
Internal partnerships	<ul style="list-style-type: none"> • Projects integrating Illingworth Kerr Gallery and academics launched featuring gallery preparatory and administrative activities and critical art writing experience • VIVID second anniversary alumni mural projects

Goals and Performance Measures

Strategic Goal	4. Drive sustainable growth through revenue diversification, an engaging academic environment and a high performance organization
Strategy	2020 / 2021 Accomplishments
High performance organization	<ul style="list-style-type: none"> • Crisis Management and Recovery Management Teams guided institutional efforts during the pandemic and subsequent recovery efforts • Completed leadership development for academic leadership and leadership program for senior leaders (Dare to Lead) • Implemented systems enhancements and upgrades (e.g. Student Information System; Continuing Education; Finance System, Library system) • Initiated website rebuild and new CRM solution review • Enhanced operational reporting and implemented effectiveness tools and practices • Began analyzing sustainable environmental practices
Funding aligned with vision and mandate	<ul style="list-style-type: none"> • Managed current and implemented / piloted new funding initiatives • Direct donor/sponsor funding toward student/alumni scholarship, work experiences, student programs, community profile
Facility master plan	<ul style="list-style-type: none"> • Studio and equipment evergreening plan and funding confirmed

Financial Statement Discussion Analysis

The June 30, 2021 Annual Report includes the financial statements for Alberta University of the Arts (AUArts) prepared in accordance with Canadian public sector accounting standards (PSAS).

The Auditor General of Alberta has audited the financial statements and has provided the accompanying Independent Auditors' Report. The financial statements and Annual Report satisfy a legislative requirement as set out in the Post-Secondary Learning Act of Alberta. The following financial statement discussion and analysis should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of Management.

This discussion and analysis and the audited financial statements are reviewed and approved by the Board of Governors of AUArts on the recommendation of the Finance and Audit Committee of the Board of Governors.

(All amounts are in thousands of dollars unless otherwise noted).

Significant Trends And Risks

AUArts operates in a complex environment and must deal with a variety of risks which it manages through its integrated enterprise risk management framework. The major risks that can affect AUArts from a financial perspective are as follows:

1. Budgetary Pressure

69.8% of AUArts annual revenues are received from the Government of Alberta. This makes AUArts vulnerable to any decreases in the annual Operations and Program Support Grant, as well as, other government funding. Although AUArts presented a break-even operating budget for 2020-21, the government reduction to the Campus Alberta Grant of \$1,017 for 2021-22 (with additional reductions expected in future years) indicates that budgetary pressures will continue to represent a significant strategic risk for AUArts. AUArts is currently identifying and implementing operating efficiencies and assessing the potential impact of the grant reduction on future years.

2. Tuition Fees

The tuition fee freeze ended for the 2020-21 academic year and AUArts has been allowed to increase tuition for the new academic year by 7%. With the anticipated reduction in government funding, the university continues to be in a position where it must charge fees that contribute more towards the real costs of the education provided.

3. Negotiations with Collective Bargaining Units

70.6% of AUArts annual operating expenses are payroll related costs. AUArts' financial viability is dependent on its ability to negotiate reasonable salary and benefit terms with two bargaining units. The current agreement with Alberta Union of Provincial Employees Local 071/006 expired on June 30, 2020 and negotiations are currently underway. The collective agreement with Alberta University of the Arts Faculty Association (formerly Alberta College of Art + Design Faculty Association) also expired June 30, 2020, and negotiations commenced in September 2021.

4. Information Technology

AUArts spends a significant portion of operating funds, internally sourced capital funds, and restricted reserve funds on information technology each year to develop and support systems. Although there is a significant operating contribution towards information technology and security and insurance coverage, the number of cyber risks including malware and ransomware continue to increase. If AUArts was impacted by one of these cyber risks, there could be significant financial and reputational impact.

Statement Of Financial Position Highlights

Overall Results

AUArts' Net Assets increased by \$2,134 to \$17,420. The change in net assets is due to the annual operating surplus of \$1,857, as well as, \$98 in endowment capitalized investment income, \$55 of endowment new donations and a \$124 increase in accumulated remeasurement gains.

Net financial asset balance has improved over the past year from \$14,174 to \$16,369. AUArts' presentation of net financial assets includes \$9,104 of portfolio investments that are restricted for endowments. Endowment restricted investments represent contributions from donors that are required to be maintained intact in perpetuity, as well as, capitalized investment income that is required to be maintained in perpetuity to protect the economic value of the endowment. Therefore, these investments cannot be used to pay for liabilities or future operating or capital purchases. Other major components of financial assets are cash and cash equivalents and non-endowment investments totaling \$25,498.

Financial Assets

Total financial assets increased by \$7,422 to \$26,032 at June 30, 2021, an increase of 40% from the prior year. The majority of the increase is attributable to receipt of cash funding to support future research and other educational initiatives, in addition to future capital improvements, both of which are accounted for as Deferred Revenue as detailed below.

Cash and cash equivalents

AUArts' cash position comprises cash and temporary investments. Temporary investments are used to ensure that enough cash and liquid assets are available to manage the timing of AUArts' operating and capital expenditures. The cash position has increased by \$7,667 to \$17,806, an increase of 75.6% from the prior year, largely as a result of cash received to support future research and capital improvements. AUArts continued to invest in short-term Guaranteed Investment Certificates where required by the underlying grants and to cover payments as they come due for essential infrastructure projects.

The Statement of Cash Flows summarizes the sources and uses of cash in the fiscal year. During the fiscal year, \$9,281 cash was raised from operating and financing transactions, and cash decreased due to capital and investing activities \$960 and \$654, respectively. See note 3 of the financial statements for additional information relating to cash and cash equivalents.

Portfolio investments

Portfolio investments increased by \$1,757 to \$16,796 at June 30, 2021, an increase of 11.7% from the prior year. The unrealized gain on unrestricted and restricted investments represents the increase in market value of the investment portfolios during the year (see notes 4 and 5 of the financial statements for additional information relating to portfolio investments and financial risk management).

	2021	2020	Change
Net transfer from cash and cash equivalents	\$654	\$406	\$248
Unrealized gain on investments	979	427	552
Realized (loss) gain on sale of portfolio investment	-	(247)	247
Change in accumulated remeasurement gains	124	254	(130)
Change in portfolio investments	1,757	840	917
Portfolio investment, beginning of year	15,039	14,199	840
Portfolio investment, end of year	\$16,796	\$15,039	\$1,757

Liabilities

Total liabilities increased by \$7,282 to \$18,767 at June 30, 2021, an increase of 63.4% from the prior year. The majority of the increase is attributable to receipt of cash funding to support future research and other educational initiatives, in addition to future capital improvements, both of which are accounted for as Deferred Revenue as detailed below.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by \$233 to \$3,299 at June 30, 2021, an increase of 7.6% from the prior year.

Deferred revenue

Deferred revenue consists of the following components (see note 8 of the financial statements for additional information):

	2021	2020	Change
Deferred research and special purpose	\$6,723	\$5,289	\$1,434
Unspent deferred capital contributions	8,469	2,705	5,764
Tuition and other fees	177	294	(117)
	\$15,369	\$8,288	\$7,081

- Deferred research and special purpose include several one-time and conditional funding supporting program development, research, scholarships and other operating requirements. This category also includes unrealized investment gains on restricted investments which amounted to \$979 at June 30, 2021.
- Unspent deferred capital contributions represent grants and donations received to fund capital acquisitions. At June 30, 2021, \$8,469 was held for capital upgrades still to be completed, including \$4,850 for the Mechanical Room Retrofit and \$840 for the Power Panel.
- Student and tuition fees represent operating revenues received in the current year relating to services which will be provided in the next fiscal year.

Non-Financial Assets

Tangible capital assets

Tangible capital assets increased by \$245 to \$6,389 at June 30, 2021, an increase of 4.0% from the prior year (see note 10 in the financial statements for information on the changes during the year), which are summarized below:

	2021	2020
Acquisition of tangible capital assets	\$960	\$1,668
Amortization expense	(715)	(707)
Change in tangible capital assets	245	961
Tangible capital assets, beginning of year	6,144	5,183
Tangible capital assets, end of year	\$6,389	\$6,144

Acquisition of tangible capital assets includes:

- Furnishings and equipment - \$33
- Computer hardware and software - \$0
- Building improvements - \$927

Spent Deferred Capital Contributions

Spent deferred capital contributions is comprised of restricted grants and donations spent on tangible capital acquisitions not yet recognized as revenue (see note 9 of the financial statements for additional details).

Net Assets

The net assets for AUArts increased by \$2,134 or 14.0% (see note 11 of the financial statements for additional details). Net assets are comprised of the following:

Endowments

Endowment net assets increased by \$1,153 or 21.4%, materially as a result of a net board appropriation of \$1,000 from accumulated surplus from operations.

Accumulated surplus from operations

Accumulated surplus from operations increased by \$1,159 from \$7,866 at June 30, 2020 to \$9,025 at June 30, 2021. Changes to accumulated surplus from operations are comprised of the following:

	2021	2020
Operating surplus (deficit)	\$1,857	\$1,284
Add back:		
Amortization of internally funded capital assets	101	150
Operating expenses funded from internally restricted surplus	170	479
	2,128	1,913
Less:		
Net Board appropriation to internally restricted surplus	(50)	(11)
Net Board appropriation to endowments	(1,000)	-
	(1,050)	(11)
Capital activities		
Internally funded acquisition of tangible capital assets	(43)	(127)
Change in accumulated remeasurement gains	124	254
Accumulated surplus from operations, beginning of year	7,866	5,837
Accumulated surplus from operations, end of year	\$9,025	\$7,866

Investment in tangible capital assets

In 2021, capital assets decreased by, net of depreciation, \$25. Of this decrease, \$76 of asset acquisitions were internally funded.

	2021	2020	Change
Investment in tangible capital assets, opening balance	\$523	\$373	\$150
Amortization of internally funded capital assets	(101)	(150)	49
Internally funded acquisition of tangible capital assets	76	300	(224)
Investment in tangible capital assets, ending balance	\$498	523	\$(25)

Internally restricted surplus

Internally restricted surplus represents amounts set aside by AUArts' Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Currently, the use of those funds has been appropriated as follows:

	2021	2020
Capital and infrastructure	\$846	\$971
Academic & institutional initiatives	502	530
	\$1,348	\$1,501

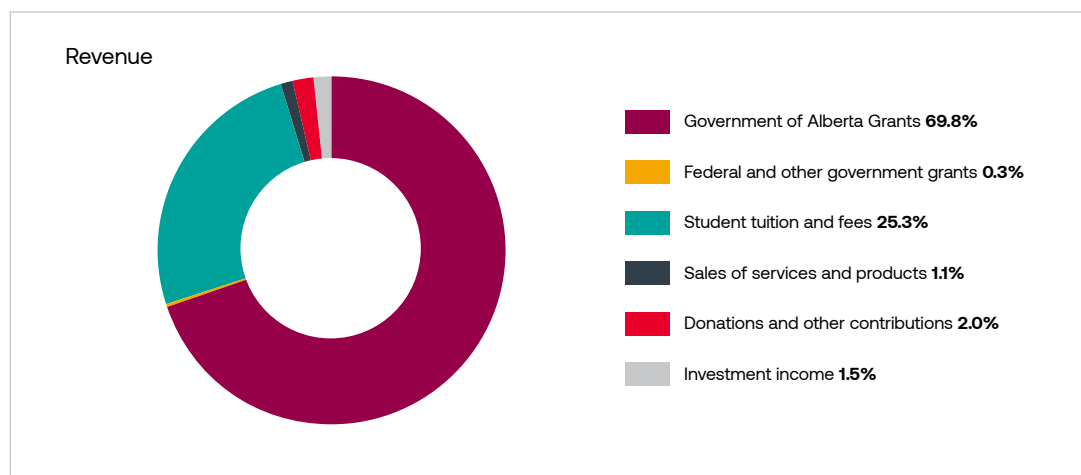
Accumulated remeasurement gains

Accumulated remeasurement gains represent the unrealized gain on unrestricted financial instruments. At June 30, 2021, AUArts had \$1,699 (2020 - \$1,575) accumulated remeasurement gains.

Statement Of Operations Highlights

Overall Results

Fiscal Year 2021 ended with a final operating surplus of \$1,857 (2020 - \$1,284). The operating surplus increased by \$573 from the prior year.



	2021		2020		Change from 2020	
	\$	%	\$	%	\$	%
Government of Alberta Grants	16,607	69.8%	18,122	70.5%	(1,515)	(8.4)%
Federal and other government grants	74	0.3%	94	0.4%	(20)	(21.3)%
Student tuition and fees	6,010	25.3%	6,029	23.5%	(19)	(.3)%
Sales of services and products	266	1.1%	646	2.5%	(380)	(58.8)%
Donations and other contributions	480	2.0%	524	2.0%	(44)	(8.4)%
Investment income	353	1.5%	279	1.1%	74	(26.5)%
	23,790	100.0%	25,694	100.0%	(1,904)	(7.4)%

Summary Of Key Statement Of Operations Variances

Revenues

Total revenues for the year ended June 30, 2021 was \$23,790 compared to \$25,694 for the previous fiscal year. This represents a decrease of 7.4% in overall revenues. Actual revenues were higher than budgeted revenues by 2.1% or \$480. The largest changes to AUArts revenue base year-over-year were as follows:

- In 2020-21, the university was impacted by the second of three upcoming annual cuts to the Advanced Education Operations and Program Support Grant. The total cuts for the year 2020-21 amounted to \$1,407. The loss of base grant revenue was partly offset by increases in other government grants, in particular government funding for post-secondary student mental health initiatives.

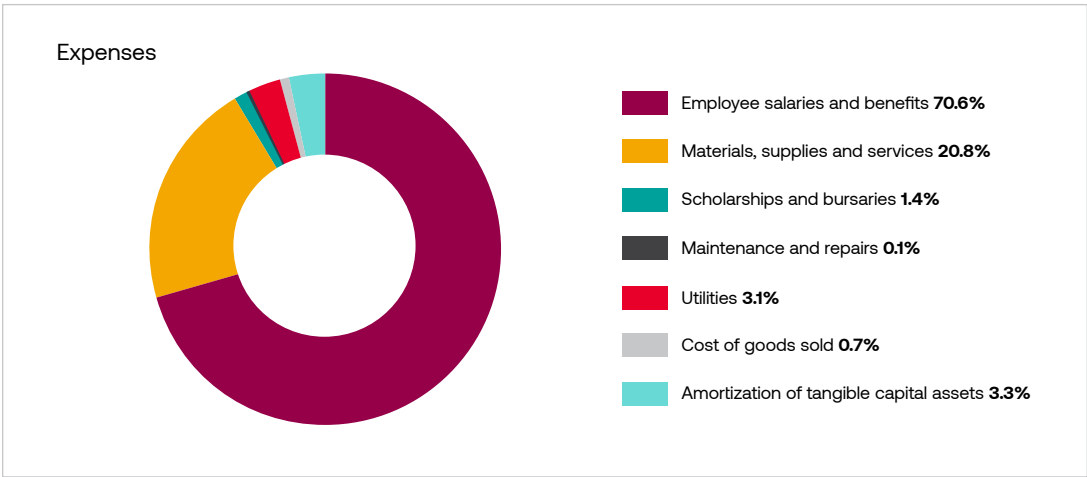
- Student tuition and fees decreased by \$19 year over year, with an increase in tuition revenues being offset by declines in enrollment. Non-credit courses faced another challenging year. The shift from hobbyist programming to certificate programming continues to be delayed by the pandemic and the consequent campus restrictions. On-campus non-credit programming has not yet been restored, although there are a number of online courses running in the Fall 2021.
- Although the university bookstore continued to be available to students during the campus restrictions, sales were mainly made by the means of curbside pickup and email orders. The university does not have an automated online retail sales process.

The largest differences between AUArts' revenue budget and its actual results for 2021 were as follows:

	2021 Budget	2021 Actuals	Variance from budget
Government of Alberta Grants	\$16,694	\$16,607	\$(87)
Federal and other government grants	74	74	-
Student tuition and fees	5,323	6,010	687
Sales of services and products	489	266	(223)
Donations and other contributions	510	480	(30)
Investment income	220	353	133
	\$23,310	\$23,790	\$480

- Government of Alberta, Federal and Other Government Grants were materially consistent with budget.
- Student tuition and fees had a favourable budget to actual variance of \$687. AUArts exceeded the enrollment targets set in the 2020-21 budget, however overall tuition revenues were adversely affected by the cancellation of continuing education programs.
- Sales of services and products had an unfavourable budget to actual variance of \$223. The campus restrictions resulting from the pandemic prevented the university bookstore from achieving its annual sales targets.
- The university continued to receive important support from existing sponsors and received some new sponsorship funding, with actual results being materially consistent with budget.
- Investment income had a favorable budget to actual variance of \$133 due to the strong performance of the investment portfolio.

Expenses



Expense by Object

COMPARISON TO 2020

Total expenses for the period ended June 30, 2021 was \$21,933. This represents a decrease of \$2,477 or 10.1% over total operating expenses for the previous year (2020 - \$24,410). The most significant changes were as follows:

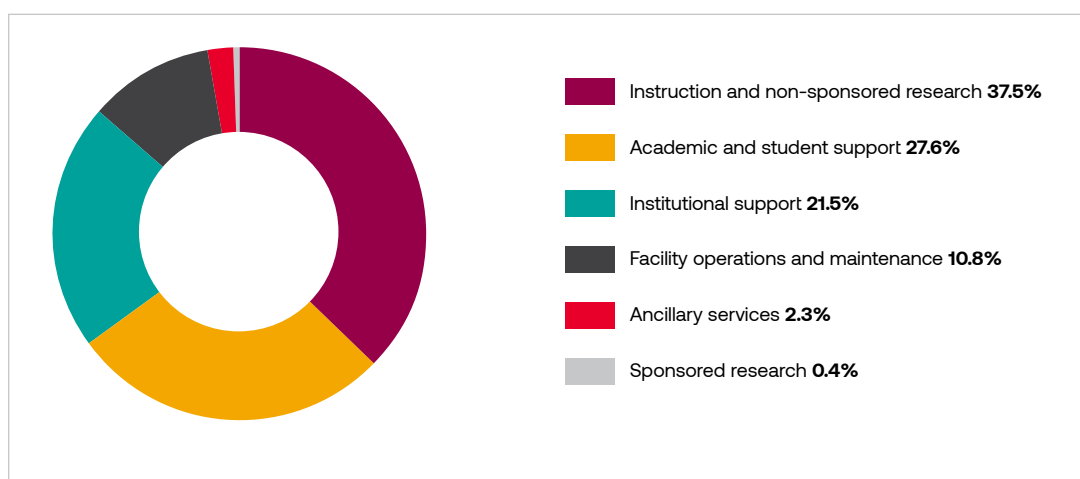
- Payroll costs were \$1,551 or 9.1% lower than in the previous year as the previous years' restructuring, layoffs, retirements, and elimination of payroll vacancies took full effect. With the exception of payroll increases dictated by faculty and support staff movement up the negotiated salary grids as set out in the collective agreements, there were no salary or wage increases for any group of employees during the year. With the campus closure in March 2020 and the move to working from home for all non-essential personnel, the casual staffing requirement was significantly reduced.
- Materials, supplies and services decreased \$625 over the prior year. This decrease is attributable to several factors:
 - Ongoing efforts by the university to comply with the directive from the ministry in December 2019 to minimize or eliminate all discretionary spending.
 - A few projects relating to the ongoing move to full university status were delayed or cancelled at the onset of the pandemic.
 - Most professional development, business travel, hospitality and other associated costs ceased at the start of the pandemic and continued to be hampered as a result of the restrictions in university operations.
- Utilities costs decreased year on year by \$185 or 21.5%. There were savings from the campus closure to all utilities, and a reduction in the usage and rates charged for steam condensate.

	2021 Budget	2021 Actuals	Variance from budget
Employee salaries and benefits	16,027	15,488	(539)
Materials, supplies and services	4,913	4,570	(343)
Scholarships and bursaries	314	314	-
Maintenance and repairs	50	13	(37)
Utilities	1,064	677	(387)
Cost of goods sold	240	156	(84)
Amortization of tangible capital assets	698	715	17
	23,306	21,933	(1,373)

Comparison to Approved Operating Budget:

- Throughout the year, the university minimized discretionary spending as much as possible. This, in conjunction with very low spending for the year when the campus was restricted and senior management's enhanced focus on further cuts required to accommodate anticipated reductions in the Operations and Program Support Grant, allowed the university to reduce its operating spend for 2020-21 by \$1,373.
- Employee salaries and benefits for the year were under budget by \$539. As a result of the ongoing pandemic, several vacancies remained unfilled for the year including faculty and support staff positions. This also resulted in lower cost of benefits than expected. Efficiency gains from streamlined timetabling also resulted in fewer sessional and term contracts than the prior year.
- The move to working from home and online learning resulted in significant favourable variances for materials, services and supplies, utilities and cost of goods sold.

Expenses by Function



	2021 Budget		2021 Actuals		Change from budget	
	\$	%	\$	%	\$	%
Instruction and non-sponsored research	9,154	39.3%	8,216	37.5%	(938)	(10.2)%
Academic and student support	6,251	26.8%	6,061	27.6%	(190)	(3.0)%
Institutional support	4,397	18.9%	4,705	21.5%	308	7.0%
Facility operations and maintenance	2,937	12.6%	2,365	10.8%	(572)	(19.5)%
Ancillary services	567	2.4%	504	2.3%	(63)	(11.1)%
Sponsored research	-	0.0%	82	0.4%	82	(100.0)%
	23,306	100%	21,933	100%	(1,373)	(5.9)%

Comparison to Operating Budget

- Savings in salaries, wages and benefits account for 39.3% of the total expenditure budget variance of \$1,373. These payroll savings account for the majority of the favourable budget variances in instruction and non-sponsored research, academic and student support. There were some additional non-payroll related cost savings across all departments as a result of university efforts to minimize all discretionary costs and the campus restrictions for the year.
- The favourable budget variance for facility operations and maintenance of \$572 stems from savings on utility costs and other campus services contracts that were not fully utilized.
- The reduction to the ancillary services budgeted costs are a result of the impact of the campus restrictions on the university bookstore. With mainly curbside pick-up only for purchases by students or staff, revenues and the associated cost of goods sold were far below the university's projections and had a significant impact on the net return for the year.

Self-generated Revenue

AUArts has almost no supplementary resources with which to generate additional revenues. The university has no student residences, parking lots, institutional catering services or food courts.

The School of Continuing Education and Professional Development has been developing a new strategic roadmap over the past few years. Grant and sponsorship contributions have contributed to the development of new curriculum and marketing initiatives. Several new programs were expected to launch in the spring of 2021 but have been delayed as a result of the pandemic and operating budget constraints. These programs include new certificate programs (Art and Business, Creative Technologies and Gemology), new micro credential courses, online partnerships with third parties, entrepreneurship workshops and skills based bootcamps. However, as a result of the pandemic and resulting campus restrictions the introduction of the majority of these new courses has been delayed until 2022.

The university also operates a bookstore providing textbooks and art supplies to students. This ancillary service also provides core institutional procurement and contract tendering services and is not solely a cost recovery or revenue generating unit. Anticipated revenues for the 2020-21 year were significantly reduced by the pandemic and the move to online teaching.

Capital Plan

Type of Project and Funding Sources					
Type: (Proposed, New, Expansion, Maintenance)	Project Description	Total Project Cost	Funding sources: (GoA, GoC, PSI funds, donation, foundation, industry)	Funding received to June 30, 2021, and source	Revised funding sources
Maintenance	Classroom HVAC Re- placement	\$2.6 million	100% GoA	None	No change
Maintenance	Power Panels and Transformers	\$840,000	100% GoA	\$840,000 BLIMS grant received	No change
Maintenance	Mechanical Room Retrofit	\$4.85 million	100% GoA	\$4.85 million BLIMS grant received	No change
Maintenance	Washroom Upgrades	\$1.8 million	100% GoA	\$240,000 IMP	No change
Maintenance	Flooring Replacement	\$4.7 million	100% GoA	None	No change
Proposed	Mid-Size Lecture Theatre	\$1.9 million	100% GoA	None	No change
Proposed	Classroom/Studio Modernization	\$10.8 million	100% GoA	None	No change

Project Timelines and Status					
Project Description	Estimated Project Timelines	Expected Project Start	Expected Project Completion	Project Status	Progress Made in Last 12 Months
Classroom HVAC Replacement	Estimated April 2022 – August 2023	Estimated April 2022	Estimated August 2023	N/A	N/A
Power Panels and Transformers	January 2021 – April 2022	January 2021	April 2022	In progress	Initial planning has begun
Mechanical Room Retrofit	March 2021 – May 2023	March 2021	May 2023	In progress	Initial planning has begun
Washroom Upgrades	February 2019 – December 2022	February 2019	December 2022	In progress	2 on 4th floor and 2 on 5th floor completed
Flooring Replacement	Estimated May 2022 – August 2024	Estimated May 2022	Estimated August 2024	N/A	N/A
Mid-Size Lecture Theatre	Estimated June 2023 – December 2023	Estimated June 2023	Estimated December 2023	N/A	N/A
Classroom/Studio Modernization	Estimated May 2023 – September 2025	Estimated May 2023	Estimated September 2025	N/A	N/A

Research, Applied Research, and Scholarly Activities

The AUArts 2020-25 Academic Plan explicitly identifies the expansion of university capacity for the support of faculty research and dissemination as a strategy in the service of its fulfilment. As a new university, AUArts is at the beginning of its journey toward the development of a robust research infrastructure, and is in the midst of drafting research administration procedures that will establish roles and responsibilities in the management of all aspects of research. With this structure in place, AUArts will then be able to strike research institutes and similar research foci, and use these to ground a long-term research plan. In the meantime, faculty research production continues steadily, and internal research supports have led to a gradual growth in applications for external funding including at least one application for Tri-Council funding going forward this year. Meeting the anticipated timelines and commitment made in the 2017-20 Comprehensive Institutional Plan, AUArts received its first Social Sciences and Humanities Research (SSHRC) grant in Spring 2021.

Appendix

Alberta University of the Arts Financial Statements

Alberta University of the Arts

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2021

Alberta University of the Arts
FINANCIAL STATEMENTS
For the Year ended June 30, 2021

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**ALBERTA UNIVERSITY OF THE ARTS
FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED JUNE 30, 2021**

The financial statements of the Alberta University of the Arts ("University") have been prepared by management in accordance with Canadian public sector accounting standards. The financial statements present fairly the financial position of the University as at June 30, 2021 and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

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

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

The Board of Governors carries out its responsibility for review of the financial statements principally through its Finance and Audit Committee. With the exception of the President and Chief Executive Officer, the Board Faculty Representative and the Alberta Union of Provincial Employees representative, all members of the Finance and Audit Committee are not employees of the University. The Finance and Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Finance and Audit Committee, with and without the presence of management.

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

Original signed by Dr. Daniel Doz
President and Chief Executive Officer

Original signed by Jill Brown
Vice-President, Administration

To the Board of Governors of Alberta University of the Arts

Report on the Financial Statements

Opinion

I have audited the financial statements of Alberta University of the Arts (the University), which comprise the statement of financial position as at June 30, 2021, and the statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2021, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

November 3, 2021
Edmonton, Alberta

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021
(thousands of dollars)

	<u>2021</u>	<u>2020</u>
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (note 3)	\$ 17,806	\$ 10,139
Portfolio investments – non-endowment (note 4)	7,692	7,990
Accounts receivable	210	224
Inventories held for sale	324	257
	<u>26,032</u>	<u>18,610</u>
Liabilities		
Accounts payable and accrued liabilities	3,299	3,066
Employee future benefit liabilities (note 6)	77	85
Debt (note 7)	22	46
Deferred revenue (note 8)	15,369	8,288
	<u>18,767</u>	<u>11,485</u>
Net financial assets excluding portfolio investments restricted for endowments	<u>7,265</u>	<u>7,125</u>
Portfolio investments – restricted for endowments (note 4)	9,104	7,049
Net financial assets	<u>16,369</u>	<u>14,174</u>
Non-financial assets		
Tangible capital assets (note 10)	6,389	6,144
Inventories of supplies	299	329
Prepaid expenses	229	211
	<u>6,917</u>	<u>6,684</u>
Net assets before spent deferred capital contributions	<u>23,286</u>	<u>20,858</u>
Spent deferred capital contributions (note 9)	5,866	5,572
Net assets (note 11)	<u>\$ 17,420</u>	<u>\$ 15,286</u>
Net assets is comprised of:		
Accumulated surplus	\$ 15,721	\$ 13,711
Accumulated remeasurement gains	1,699	1,575
	<u>\$ 17,420</u>	<u>\$ 15,286</u>

Contingent assets and contractual rights (notes 12 and 14)
Contingent liability and contractual obligations (notes 13 and 15)

Approved by the Board of Governors:

Original signed by M. Carol Ryder
Chair, Board of Governors

Original signed by A. Stewart Hanlon
Chair, Finance and Audit Committee

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

	Budget (note 20)	2021	2020
Revenues			
Government of Alberta grants (note 18)	\$ 16,694	\$ 16,607	\$ 18,122
Federal and other government grants (note 18)	74	74	94
Sales of services and products	489	266	646
Student tuition and fees	5,323	6,010	6,029
Donations and other contributions	510	480	524
Investment income	220	353	279
	<u>23,310</u>	<u>23,790</u>	<u>25,694</u>
Expenses			
Instruction and non-sponsored research	9,154	8,216	9,739
Academic and student support	6,251	6,061	6,826
Institutional support	4,397	4,705	4,790
Facility operations and maintenance	2,937	2,365	2,479
Ancillary services	567	504	564
Sponsored research	-	82	12
	<u>23,306</u>	<u>21,933</u>	<u>24,410</u>
Annual operating surplus	4	1,857	1,284
Endowment contributions (note 11)	50	55	101
Endowment capitalized investment income (note 11)	75	98	53
	<u>125</u>	<u>153</u>	<u>154</u>
Annual surplus	129	2,010	1,438
Accumulated surplus, beginning of year		13,711	12,273
Accumulated surplus, end of year	<u>\$ 129</u>	<u>\$ 15,721</u>	<u>\$ 13,711</u>

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

	<u>Budget</u> (note 20)	<u>2021</u>	<u>2020</u>
Annual surplus		\$ 2,010	\$ 1,438
Acquisition of tangible capital assets		(960)	(1,668)
Amortization of tangible capital assets	698	715	707
Change in inventories of supplies		30	(2)
Change in prepaid expenses		(18)	25
Change in spent deferred capital contributions		294	831
Change in accumulated remeasurement gains		124	254
Increase in net financial assets		2,195	1,585
Net financial assets, beginning of year		14,174	12,589
Net financial assets, end of year		\$ 16,369	\$ 14,174

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

	<u>2021</u>	<u>2020</u>
Accumulated remeasurement gains, beginning of year	\$ 1,575	\$ 1,321
Unrealized gains attributable to:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	407	405
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	(283)	(151)
Change in accumulated remeasurement gains	124	254
Accumulated remeasurement gains, end of year	<u>\$ 1,699</u>	<u>\$ 1,575</u>

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

	<u>2021</u>	<u>2020</u>
Operating transactions		
Annual surplus	\$ 2,010	\$ 1,438
Add (deduct) non-cash items:		
Amortization of tangible capital assets	715	707
Gain on sale of portfolio investments	(979)	(180)
Expended capital recognized as revenue	(590)	(537)
Decrease in employee future benefit liabilities	(8)	(456)
Change in non-cash items	(862)	(466)
Decrease in accounts receivable	14	108
Increase in inventories held for sale	(67)	(38)
Increase in accounts payable and accrued liabilities	233	218
Increase (decrease) in deferred revenue, excluding change in restricted unrealized gain	7,081	(1,214)
Decrease (increase) in inventories of supplies	30	(2)
(Increase) decrease in prepaid expenses	(18)	25
Cash provided by operating transactions	<u>8,421</u>	<u>69</u>
Capital transactions		
Acquisition of tangible capital assets, less in-kind donations	(960)	(1,668)
Cash applied to capital transactions	<u>(960)</u>	<u>(1,668)</u>
Investing transactions		
Purchase of portfolio investments	(706)	(456)
Proceeds on sale of portfolio investments	52	50
Cash applied to investing transactions	<u>(654)</u>	<u>(406)</u>
Financing transactions		
Debt – repayment	(24)	(22)
Increase in spent deferred capital contributions	884	1,368
Cash provided by financing transactions	<u>860</u>	<u>1,346</u>
Increase (decrease) in cash and cash equivalents	<u>7,667</u>	<u>(659)</u>
Cash and cash equivalents, beginning of year	<u>10,139</u>	<u>10,798</u>
Cash and cash equivalents, end of year	<u>\$ 17,806</u>	<u>\$ 10,139</u>

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

1. Authority and Purpose

The Board of Governors of the Alberta University of the Arts is a corporation which manages and operates the Alberta University of the Arts ("the University") under the *Post-Secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President and Chief Executive Officer, who is an *ex officio* member. Under the *Post-Secondary Learning Act* the University is a specialized arts and culture institution mandated to offer four-year undergraduate and graduate degrees in visual art and design. 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 - Public Sector Accounting Standards and Use of Estimates

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS).

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. The University's management uses judgement to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets and restricted expended capital recognized as revenue 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 financial statements and, together with the following notes, should be considered an integral part of the financial statements.

b) Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost
Portfolio investments	Fair value
Inventories held for sale	Lower of cost and net realizable value
Accounts receivable	Lower of cost and net realizable value
Accounts payable and accrued liabilities	Cost
Debt	Amortized cost

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

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

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recognized in the statement of operations. A write-down of a portfolio investment to reflect a loss in value that is other than temporary is not reversed for a subsequent increase in value.

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

The University does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the University's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities. The University does not have any embedded derivatives.

c) Revenue Recognition

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end 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 the use, or the terms along with the University's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met. If the grants and donations are used to acquire or construct tangible capital assets revenue will be recognized over the useful life of the tangible capital 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.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

In-kind donations or services, materials and tangible capital assets are recognized at fair value when such value can reasonably be determined. Transfers of tangible capital assets from related parties are recognized at the carrying value. While volunteers, as well as, University staff contribute a significant amount of time each year to assist the University in carrying out its mission, the value of their services is not recognized in the financial statements because the fair value cannot be reasonably determined.

Endowment contributions

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

Investment income

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

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for the use of the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the statement of operations as a component of endowment contributions and capitalized investment income.

d) 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 (excluding unrealized income) by the endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Donors 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 the reinvesting of unexpended income.

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

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

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

Twenty-five percent of the investment income earned on endowment is re-invested along with the principal donation. The remaining seventy-five percent is held to fund scholarship awards. During 2020–2021, a small number of individual expendable funds were insufficient to cover the scholarship awards. In these cases, the University allocated funds from the General Scholarship Fund for scholarships to fund the shortfall. The University does not draw against the principal of the endowment to fund scholarship awards.

Endowment contributions, matching contributions, and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the statement of operations in the period in which they are received.

e) Inventories for sale

Inventories held for sale are valued at the lower of cost and expected net realizable value and are determined using the first in first out (FIFO) method. Inventories of supplies are valued at cost.

f) Tangible Capital Assets

Tangible capital assets are recognized at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets, and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Work-in-progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service. Assets or disposal groups that are classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets. Capital lease liabilities are recognized at the present value of future minimum lease payments at the inception of the lease excluding executor costs (e.g. insurance, maintenance costs, etc.). Leased equipment is reflected as an asset and a liability in the statement of financial position. The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease. Note 7 provides a schedule of repayments and amount of interest on the lease.

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:

Building improvements	15 years
Furnishings and equipment	5 years
Computer hardware and software	3 – 5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

Assets under capital lease are amortized on the same basis as tangible capital assets.

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

g) Asset Retirement Obligations

Asset retirement obligations are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

h) Foreign Currency Translation

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

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

i) Employee Future Benefits

Pension

The University participates with other employers in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the University's participating employees based on years of service and earnings.

The University does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the LAPP 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 to provide the plan's future benefits.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

Long-Term Disability

The University pays or shares the premiums for certain employees on 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 determined using the present value of the estimated cost of these premiums and is recorded at the time the University becomes obligated under the plan. Comparative amounts for the liability associated with employees on long-term disability continue to be presented in the statement of financial position as employee future benefit liabilities.

Other Employee Benefit Plans

The University also provides employee future benefits in the form of compensated absences for sabbaticals. The cost of providing employee future benefits for compensated absences under the University's sabbatical plan is charged to expense in full when the event occurs which obligates the University to provide the benefits. These benefits are disclosed as part of the salaries and benefits.

j) Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into the soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the University is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

As at June 30, 2021 there are no contaminated sites.

k) Expense by Function

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

Instruction and non-sponsored research

Expenses relating to the support for the academic functions of the University including institutional program delivery, both credit and non-credit, and expenses related to scholarly and non-sponsored research activities undertaken by faculty.

Academic and student support

Expenses related to the direct support of instructional delivery and the support of the student body.

Institutional support

Expenses related to executive management, corporate insurance premiums, corporate finance, human resources, information technology, communications and fund development, and other institution-wide administrative services.

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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, security, custodial services, as well, as minor repairs and renovations.

Ancillary services

Expenses related to secondary services available to students, faculty and staff. Services include food services and bookstore operations.

Sponsored research

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

l) Funds and Reserves (PSG-4)

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

m) Future Accounting Changes

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

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

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

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

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3. Cash and Cash Equivalents

	<u>2021</u>	<u>2020</u>
Cash	\$ 5,263	\$ 5,594
Cash equivalents	<u>12,543</u>	<u>4,545</u>
	<u>\$ 17,806</u>	<u>\$ 10,139</u>

Cash and cash equivalents are comprised of cash on hand and short-term investments with a short maturity within 90 days from the date of acquisition.

4. Portfolio Investments

	<u>2021</u>	<u>2020</u>
Portfolio investments – non-endowment	\$ 7,692	\$ 7,990
Portfolio investments – restricted for endowments	<u>9,104</u>	<u>7,049</u>
	<u>\$ 16,796</u>	<u>\$ 15,039</u>

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

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investments at fair value:				
Portfolio managed money market	\$ -	\$ 631	\$ -	\$ 631
Portfolio managed fixed income	-	5,751	-	5,751
Portfolio managed equity	-	10,414	-	10,414
	<u>\$ -</u>	<u>\$ 16,796</u>	<u>\$ -</u>	<u>\$ 16,796</u>

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investments at fair value:				
Portfolio managed money market	\$ -	\$ 683	\$ -	\$ 683
Portfolio managed fixed income	-	5,873	-	5,873
Portfolio managed equity	-	8,483	-	8,483
	<u>\$ -</u>	<u>\$ 15,039</u>	<u>\$ -</u>	<u>\$ 15,039</u>

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The fair market value measurements are those derived from:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Fair value measurements are those derived from inputs other than quoted market prices included with level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The University has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The University's Finance and Audit Committee, a subcommittee of the Board of Governors, has delegated authority for oversight of the University's investments under a policy of the Board. The Finance and Audit Committee monitors investment manager performance, to ensure compliance with the University's investment guidelines, and to evaluate the continued appropriateness of the University's investment guidelines.

Under the investment policy, the prime objectives of the investment fund are to generate income and to preserve the purchasing power of donated capital, and to generate growth in the capital value of the University's investment funds.

The prime constraints that guide the investment practice are risk aversion and liquidity.

5. Financial Risk Management

The University is exposed to the following risks:

Market risk

The University is exposed to market risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the University has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits and is designed to achieve a long-term rate of return that in real terms equals or exceeds total endowment expenditures with an acceptable level of risk.

The following details the University's portfolio sensitivity to a 6.98% increase or decrease in the market prices. The sensitivity rate is determined using the historical standard deviation for the total fund based on a 4-year rolling period as determined by the investment advisor. At June 30, 2021, if market prices had a 6.98% (2020 – 6.68%) increase or decrease with all other variables held constant, the increase or decrease in investments for the year would have been a total of \$332 (2020 – \$244).

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Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The University does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. The University's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the University. The University is exposed to credit risk on investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The credit risks on investments held are as follows:

	<u>2021</u>	<u>2020</u>
Credit rating		
AAA	26.10%	34.38%
AA	41.02%	33.28%
A	14.85%	15.30%
BBB	18.03%	17.04%
	<u>100.00%</u>	<u>100.00%</u>

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with its financial liabilities. The University maintains investments that may not be immediately liquid. This risk is managed through the University's investment guidelines and other internal policies, guidelines and procedures.

Interest rate risk

Interest rate risk is the risk to the University's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the University holds.

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

Asset class	< 1 year	1 - 5 years	> 5 years	Average effective market yield
Cash and cash equivalents	100%	0%	0%	0.04%
Portfolio funds, fixed income	7.25%	32.44%	60.31%	1.77%

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Commodity price risk

The University is exposed to commodity price risk as a result of electricity and natural gas usage required to operate the University's facilities. The University manages these risks by monitoring prices and responding in accordance with internal policies, guidelines and procedures.

6. Employee Future Benefits

Employee future benefits are comprised of the following:

	<u>2021</u>	<u>2020</u>
Long-term disability	<u>77</u>	<u>85</u>
	<u>\$ 77</u>	<u>\$ 85</u>

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

Multi-Employer Pension Plan

Local Authorities Pension Plan (LAPP)

The LAPP is a multi-employer contributory defined benefit plan for support staff members and is accounted for on a defined contribution basis. At December 31, 2020, the LAPP reported an actuarial surplus of \$4,961,337 (2019 – \$7,913,261). An actuarial valuation of the LAPP was carried out at December 31, 2019 and then extrapolated to December 31, 2020. The pension expense recognized in these financial statements is \$1,010 (2020 – \$1,093).

b) Long term disability

The University provides certain extended health benefits to employees leaving the employment of the University under specific conditions. Liabilities for future benefit payments are recognized by the University in the year the application is approved. The remaining liability recorded in these financial statements is \$77 (2020 – \$85).

7. Debt

The University has liabilities under capital lease agreements for copier and printing equipment. The following outstanding amounts relate to these obligations:

	Interest rate	<u>2021</u>	<u>2020</u>
Liabilities under capital leases	5%	<u>\$ 22</u>	<u>\$ 46</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	<u>\$ 22</u>	<u>\$ 1</u>	<u>\$ 23</u>
	<u>\$ 22</u>	<u>\$ 1</u>	<u>\$ 23</u>

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8. Deferred Revenue

Deferred revenue is set aside for specific purposes as required by legislation, regulation or agreement:

	2021				2020	
	Deferred research and special purpose	Unspent deferred capital contributions	Tuition and other Fees	Total	Total	
Balance, beginning of year	\$ 5,289	\$ 2,705	\$ 294	\$ 8,288	\$	9,502
Grants, tuition, donations received during the year	851	6,625	5,193	12,669		5,919
Restricted investment income	297	14	-	311		228
Unrealized gains	979	-	-	979		173
Other transfers	(74)	9	-	(65)		-
Transfers to spent deferred capital contributions	-	(884)	-	(884)		(1,368)
Recognized as revenue	(420)	-	(5,310)	(5,730)		(5,923)
Scholarships, bursaries issued	(199)	-	-	(199)		(243)
Balance, end of year	\$ 6,723	\$ 8,469	\$ 177	\$ 15,369	\$	8,288

9. Spent Deferred Capital Contributions

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

	2021	2020
Balance, beginning of year	\$ 5,572	\$ 4,741
Transfers from unspent deferred capital contributions	884	1,368
In-kind donation of capital assets	-	-
Expended capital recognized as revenue	(590)	(537)
Net book value of tangible capital asset disposal recognized as revenue	-	-
Net change for the year	294	831
Balance, end of year	\$ 5,866	\$ 5,572

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10. Tangible Capital Assets

	2021				2020
	Building Improvements	Furnishings and Equipment ⁽¹⁾	Computer Hardware and Software	Total	Total
Cost					
Beginning of year	\$ 10,032	\$ 1,295	\$ 1,684	\$ 13,011	\$ 11,343
Acquisitions	927	33	-	960	1,668
Disposals, including write-downs	-	(23)	(50)	(73)	-
	<u>\$ 10,959</u>	<u>\$ 1,305</u>	<u>\$ 1,634</u>	<u>\$ 13,898</u>	<u>\$ 13,011</u>
Accumulated Amortization					
Beginning of year	\$ 4,280	\$ 950	\$ 1,637	\$ 6,867	\$ 6,160
Amortization expense	586	110	19	715	707
Effects on disposals, including write-downs	-	(23)	(50)	(73)	-
	<u>\$ 4,866</u>	<u>\$ 1,037</u>	<u>\$ 1,606</u>	<u>\$ 7,509</u>	<u>\$ 6,867</u>
Net Book Value at June 30, 2021	<u>\$ 6,093</u>	<u>\$ 268</u>	<u>\$ 28</u>	<u>\$ 6,389</u>	
Net Book Value at June 30, 2020	<u>\$ 5,752</u>	<u>\$ 345</u>	<u>\$ 47</u>		<u>\$ 6,144</u>

No interest was capitalized by the University in 2021.

Cost includes work-in-progress at June 30, 2021 totaling \$558 (2020 – \$19) comprised of building improvements. These amounts are not amortized as they are not yet available for use.

(1) Included in furnishings and equipment are assets under capital lease that have a cost of \$118 (2020 – \$118) and accumulated amortization of \$95 (2020 – \$72).

The land and buildings which house the University are owned by SAIT and are occupied by the University under a facility license granted by SAIT. The term of the license is through a renewable contractual agreement between the University and SAIT determined by the Minister of Advanced Education.

The University holds a large number of contemporary works of art including paintings, sculptures, drawings, photographs, prints and other craft media. Due to the subjective nature of the value of these assets, the values are not reported in this note.

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11. Net Assets

	Accumulated surplus from operations	Investment in tangible capital assets	Internally restricted surplus	Endowments	Total
Net Assets as at June 30, 2019	\$ 5,837	\$ 373	\$ 2,142	\$ 5,242	\$ 13,594
Annual operating surplus	1,284	-	-	-	1,284
Endowments:					
New donations	-	-	-	101	101
Capitalized investment income	-	-	-	53	53
Tangible capital assets:					
Amortization of tangible capital assets	150	(150)	-	-	-
Acquisition of tangible capital assets	(127)	300	(173)	-	-
Operating expenses funded from internally restricted surplus	479	-	(479)	-	-
Net board appropriation to internally restricted surplus	(11)	-	11	-	-
Change in accumulated remeasurement gains	254	-	-	-	254
Net assets, beginning of year	\$ 7,866	\$ 523	\$ 1,501	\$ 5,396	\$ 15,286
Annual operating surplus	1,857	-	-	-	1,857
Endowments:					
New donations	-	-	-	55	55
Capitalized investment income	-	-	-	98	98
Tangible capital assets:					
Amortization of tangible capital assets	101	(101)	-	-	-
Acquisition of tangible capital assets	(43)	76	(33)	-	-
Operating expenses funded from internally restricted surplus	170	-	(170)	-	-
Net board appropriation to internally restricted surplus	(50)	-	50	-	-
Net board appropriation to endowments	(1,000)	-	-	1,000	-
Change in accumulated remeasurement gains	124	-	-	-	124
Net assets, end of year	\$ 9,025	\$ 498	\$ 1,348	\$ 6,549	\$ 17,420
Net assets is comprised of:					
Accumulated surplus	\$ 7,326	\$ 498	\$ 1,348	\$ 6,549	\$ 15,721
Accumulated remeasurement gains and losses	1,699	-	-	-	1,699
	\$ 9,025	\$ 498	\$ 1,348	\$ 6,549	\$ 17,420

Internally restricted accumulated surplus represent amounts set aside by the University's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted net assets with significant balances include:

Internally restricted surplus	2021	2020
Capital and infrastructure	846	971
Academic and institutional initiatives	502	530
	\$ 1,348	\$ 1,501

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12. Contingent Assets

The University has no contingent assets as at June 30, 2021.

13. Contingent Liability

The University is a defendant in a legal proceeding concerning one student. While the ultimate outcome and liability of this proceeding cannot reasonably be estimated at this time, the University believes that any settlement will not have a materially adverse effect on its financial position or the results of operations. The University administration has concluded that the claim does not meet the criteria for being recorded under PSAS.

14. Contractual Rights

The University has no material rights arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of those contracts or agreements are met.

15. Contractual Obligations

The University has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

	Service contracts	Information systems and technology	Long - term leases	Total
2022	\$ 1,012	\$ 1,978	\$ 6	\$ 2,996
2023	34	1,135	-	1,169
2024	15	589	-	604
	<u>\$ 1,061</u>	<u>\$ 3,702</u>	<u>\$ 6</u>	<u>\$ 4,769</u>
Total at June 30, 2020	<u>\$ 1,193</u>	<u>\$ 3,674</u>	<u>\$ 32</u>	<u>\$ 4,899</u>

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16. Expense by Object

The following is a summary of expense by object:

	2021		2020
	Budget	Actual	Actual
Employee salaries and benefits	\$ 16,027	\$ 15,488	\$ 17,039
Materials, supplies and services	4,913	4,570	5,195
Scholarships and bursaries	314	314	290
Maintenance and repairs	50	13	44
Utilities	1,064	677	862
Cost of goods sold	240	156	273
Amortization of tangible capital assets	698	715	707
	<u>\$ 23,306</u>	<u>\$ 21,933</u>	<u>\$ 24,410</u>

17. Related Parties

The University is a related party to organizations within the Government of Alberta reporting entity. Key management personnel of the University and their close family members are also considered related parties. The University may enter into arm's length transactions with these entities and individuals.

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

- The University operates out of the Nellie McClung building owned by the Southern Alberta Institute of Technology (SAIT). The University has occupied the site for the past 35 years for a nominal sum in accordance with the terms of a short term lease agreement with SAIT which has been renewed regularly.
- The University service agreement with SAIT for the provision of certain computer and information systems support and maintenance. During the year, the University paid \$404 (2020 – \$486) for these services, but due to the unique physical and operating arrangements in place and the specialized integrated nature of operations, the fair value of this agreement cannot reasonably be determined. The University has a contractual obligation to SAIT for \$296 (2020 – \$619) included in Note 15 related to future computer and information systems support and maintenance.

During the year, the University conducted business transactions with related parties, including Ministries of the Government of Alberta, school district and other public colleges and universities. The revenues and expenses incurred for these business transactions have been included in the statement of operations, but have not been separately quantified.

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18. Government Transfers

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

	<u>2021</u>	<u>2020</u>
Grants from Government of Alberta		
Advanced Education:		
Operating grant	\$ 16,181	\$ 17,331
Capital grants	6,625	658
Other grants	-	11
Total Advanced Education	<u>22,806</u>	<u>18,000</u>
Other Government of Alberta departments and agencies	<u>-</u>	<u>10</u>
Total contributions received	22,806	18,010
Deferred revenue	(6,719)	(355)
Expended capital recognized as revenue	520	467
Revenue	<u>\$ 16,607</u>	<u>\$ 18,122</u>
Federal and other government grants		
Contributions received	\$ 38	\$ 19
Deferred revenue	(21)	18
Expended capital recognized as revenue	57	57
Revenue	<u>\$ 74</u>	<u>\$ 94</u>

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19. Salary and Employee Benefits

	2021				2020
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ⁽³⁾	Total	Total
Governance ⁽⁴⁾					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	-	-	-
Executive					
President and Chief Executive Officer	235	6	33	274	314
Vice-Presidents:					
Vice-President Administration	180	-	33	213	225
Vice-President Academic and Provost ⁽⁵⁾	146	77	23	246	218
Vice-President Advancement	155	-	30	185	185
Deans: ⁽⁵⁾					
Dean, Innovation, Learning & Development ⁽⁶⁾	29	-	12	41	-
Dean of Students ⁽⁷⁾	29	-	7	36	-
Associate Vice-President:					
Associate Vice-President Academic Affairs	103	21	25	149	148
Associate Vice-President Student Affairs ⁽⁷⁾	111	-	21	132	168

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include earnings such as vacation payouts, bonuses, vehicle allowances, honoraria, stipends, cash payments in lieu of pension contributions and other lump sum payments, including severance. Included in Other Cash Benefits is \$63 in severance benefits paid as a result of a termination agreement. No bonuses were paid in 2021 or 2020.
- (3) Other non-cash benefits include the University's share of all employee benefits and contributions or payments made on behalf of employees including pension, group life insurance, employee family assistance program, critical illness, supplementary health care, short and long-term disability plans, dental plan, accidental disability, dismemberment, administration leave, professional memberships, tuition fees, and fair market value of parking.
- (4) The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.
- (5) The Vice-President Academic and Provost position terminated effective April 7, 2021 due to academic leadership restructuring. The position will be replaced with a Dean, Academic Programs position that will be filled in fiscal year 2022.
- (6) The Dean, Innovation, Learning & Development is a new position and was filled effective April 12, 2021.
- (7) The Associate Vice-President Student Affairs position became the Dean of Students position effective April 12, 2021.

20. Budget Figures

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

21. Comparative Figures

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

Alberta University of the Arts

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