



# Annual Report

2021–2022

**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 collective effort to promote reconciliation, we acknowledge the traditional territories and oral and visual practices of the Blackfoot Confederacy, which includes Siksika, Piikani and Kainai, the Tsuu'tina, the Stoney Nakoda First Nations (Bears paw, Chiniki and Wesley), Metis National Region III, 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, 2022 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. 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 institution'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 institution's external auditor appointed under the *Post-Secondary Learning 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

*2021-22 continued to be a challenging year for all at the institution, as studio courses started to move back to campus from a full year being online. The university continued to face the health crisis as well as the ongoing budget reductions with resilience, with a second full academic year taught remotely, further Alberta government grant reductions, shifting to the achievement of the Investment Management Agreements, and rising inflation.*

During this time of great uncertainty, our paramount priority continued to remain the health and safety of our community. Our second priority was to ensure that our students could continue to advance their studies. Furthermore, recognizing the challenging financial situation that many of our students faced during COVID-19, under the leadership of the Board of Governors, we were able to continue our financial support to many students by providing access to emergency funding through the “Boost-A-Student” program.

2021-22 was the second year for our Strategic Plan Moving Forward 2026. Two key activities fully took place during that period. The first one was the work centered around the development of an Equity, Diversity and Inclusion Strategy for the institution. The second one, in close partnership with our Elder Council, was the continued development of our Indigenous strategic framework.

Program and Curricular Innovation is one of two institutional priorities, with academics working on program reviews and recommended changes, and our General Faculties Council fully engaged. Learner pathways are critical as we establish micro- and alternative-credentials.

As we slowly emerge from the pandemic, the university knows it needs to focus on curriculum growth to better respond to the changing times and growing societal and economic needs of the province. This provides an exciting context for our future.

**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 2021-22 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 (PIDA) 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

The 2019-20 fiscal year saw the emergence of the world-wide pandemic and forced our university to switch most of its operations to a remote work environment where all teaching moved online. This uncertainty continued into the 2020-21 academic year in response to this global crisis. However, during the academic year we saw a gradual return to campus, albeit in a controlled environment to preserve everyone's health and safety. This allowed us to bring back most on-campus specialized instructions – a clear benefit to our students.

Proven through surveys and absences, we know the mental health of students, faculty and staff has been severely impacted. Particular attention will continue to be given on providing additional support as we navigate the most challenging circumstances.

An academic leadership restructuring was needed to address our further grant reductions and the achievement of the Investment Management Agreement, while still working towards goals in our Strategic and Academic Plans.

Over the last two fiscal years, under the Board of Governors' leadership, we were able to substantially grow our endowment to \$9.5 million. New funds were created for support to Faculty Scholarly Research and Creative Activities, Work Integrated Learning, MFA Scholarships and Awards, General Scholarship Funds and our Indigenous resource centre, called the Lodgepole Center.

## 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 PSLA, programming and student supports to meet the needs of both students and employees, 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-plans>



Strategic Goal 1. Align programming and curriculum to the evolving needs of students and communities	
Strategy	2021–2022 Accomplishments
Curriculum and credential framework	<ul style="list-style-type: none"> <li>BFA (<i>Bachelor of Fine Arts</i>) degree restructuring completed and approved at the GFC (General Faculties Council)</li> <li>New academic leadership structure with School Directors implemented and changes to academic processes and governance initiated</li> <li>Proposed new credentials framework developed to support growth and seamless laddering of credits. Project included market analysis reports with inventory of most viable growth pathways</li> <li>Microcredentials pilot launched (3 digital badges now available)</li> <li>Animation Certificate pilot launched</li> </ul>
Attract and retain students	<ul style="list-style-type: none"> <li>Enrolment expectations met or exceeded with targeted marketing efforts and Internal collaboration</li> <li>Direct entry to BDes (<i>Bachelor of Design</i>) degree approved by GFC</li> <li>Project to automate timetable initiated</li> <li>Transfer agreements with College of the Rockies and Portage College struck/renewed</li> <li>Career Services Centre launched (including career coaching, resume and job preparation and some job searching support)</li> <li>ArtStream proposed change plan completed</li> <li>Student Awards internal process streamlined and focused on attraction and retention</li> </ul>
Equity, diversity and inclusion	<ul style="list-style-type: none"> <li>EDI (<i>Equity, Diversity and Inclusion</i>) research conducted</li> </ul>

Strategic Goal 2. Enable innovation and experimentation through teaching, applied and scholarly research, and creative activities	
Strategy	2021–2022 Accomplishments
Teaching and learning	<ul style="list-style-type: none"> <li>Incorporation of WIL (Work Integrated Learning) into curriculum underway: <ul style="list-style-type: none"> <li>First government Work Integrated Learning IMA (Investment Management Agreement) target met for BFA Degree</li> <li>WIL Consortium partnership agreement signed</li> <li>WIL typologies/classification framework established for APOC (Academic Planning and Oversight Committee) review</li> </ul> </li> <li>Online learning workgroup created to draft principles and priorities for future online offerings</li> </ul>
Scholarly research and creative activities	<ul style="list-style-type: none"> <li>Summer Research Leave program launched</li> <li>Research administration workgroup struck to draft policy and procedure</li> <li>First SSHRC (<i>Social Sciences and Humanities Research Council</i>) Connection Grant received</li> <li>Research support endowment launched (Rawlinson Research Investment Grant program will provide bridging funds while the endowment is in its first year of investment)</li> </ul>

## Goals and Performance Measures

Strategic Goal 3. Expand relationships with strategic partners and communities that enrich and improve students' learning outcomes	
Strategy	2021–2022 Accomplishments
Integrating external communities and strategic partnerships	<ul style="list-style-type: none"> <li>Continued developing small community partnership experiments</li> <li>Continued developing sponsor/donor activities in support of programming, work experiences and community profile</li> <li>Improved policies and procedures of Honorary Degree Committee resulting in more nominations and awarding of two Honorary Degrees at Convocation 2022</li> <li>Initiated Centennial planning</li> </ul>
Internal partnerships	<ul style="list-style-type: none"> <li>Two murals completed to commemorate VIVID murals second anniversary</li> </ul>

Strategic Goal 4. Drive sustainable growth through revenue diversification, an engaging academic environment and a high performance organization	
Strategy	2021 – 2022 Accomplishments
High performance organization	<ul style="list-style-type: none"> <li>Implemented COVID-19 Vaccination Policy and rapid testing</li> <li>Implemented Transitional Remote Work Guidelines for Staff</li> <li>Negotiated/ratified collective agreements without mediation (AUPE &amp; AUAFA)</li> <li>Implemented new employee benefits provider</li> <li>Developed and commenced implementation of internal communications plan to enhance /rebuild culture post pandemic</li> <li>Enabled 2020 and 2021 graduates to join class of 2022 for in-person Convocation and Grad Show with continued digital elements</li> <li>Completed website backend updates</li> </ul>
Funding aligned with vision and mandate	<ul style="list-style-type: none"> <li>Achieved better understanding of value for effort from sponsorships and fundraising activities</li> </ul>
Facility master plan	<ul style="list-style-type: none"> <li>Revised costing and scope for Learning Commons and submitted business case and \$25 million funding request to province</li> <li>Evaluated facilities and finance requirements to support the comprehensive administration of Opex (operating expenditures) and Capex (capital expenditures) approvals, vetting, administration and reporting.</li> <li>Restructured finance department</li> </ul>

## Financial Statement Discussion Analysis

The June 30, 2022, Annual Report includes the financial statements for Alberta University of the Arts (AUArts) prepared following 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 in Alberta's Post-Secondary Learning Act. 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.

The financial statement 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.

**(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 significant risks that can affect AUArts from a financial perspective are as follows:

#### Budgetary Pressure

AUArts relies on the Government of Alberta's Operations and Program Support Grant for over 60% of revenue. In recent years, the Government has introduced the Investment Management Agreement, which dictates performance metrics that must be achieved to maintain funding. To date, AUArts has met these metrics. However, any future reductions to this grant represent a significant financial risk to the university. Were this grant to be reduced, AUArts would have limited options to cultivate other revenue streams, given tuition regulation and limited capacity to pursue ancillary services revenue. As such, AUArts must focus on meeting the Government of Alberta's performance metrics and implementing operating efficiencies.

#### Inflation Pressures and Escalating Costs

During the year, AUArts contended with increased costs due to macro inflationary pressures. This trend will continue into subsequent years, particularly for labour costs due to the ratification of the AUArts Faculty Association and Alberta Union of Employees collective agreements. These escalating costs will challenge AUArts' ability to maintain service excellence and ongoing operational efficiencies.

#### 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 requirements across the university. Although there are significant expenditures on information technology security and insurance, the number of cyber risks continues to increase. If a cyber event impacted AUArts, there could be a considerable financial and reputational impact.

#### Investment Performance

AUArts held \$15 million in portfolio investments at June 30, 2022. Although the value of AUArts investments is greater than the book value, there was a significant reduction in the unrealized gain compared to the prior year due to market volatility driven by inflation and other macroeconomic forces. AUArts relies on the performance of these investments to fund scholarships and other critical programs. If the valuation of the investments continues to decline, it may impact AUArts' ability to support these services.

## Statement of Financial Position Highlights

### Overall Results

AUArts' Net Assets decreased by \$277 to \$17,143. The change in net assets is due to the annual operating surplus of \$658, \$276 in endowment capitalized investment income, \$64 of new endowment donations, and a \$1,275 decrease in accumulated remeasurement gains.

Net financial assets decreased by \$683 to \$15,686, compared to \$16,369 at the end of the prior year. AUArts' presentation of net financial assets includes \$8.7 million of portfolio investments restricted for endowments. Endowment restricted investments represent contributions from donors that are maintained in perpetuity and capitalized investment income needed in perpetuity to protect the economic value of the endowment. Therefore, these investments cannot be applied to liabilities, operating or capital expenditures. Other major components of financial assets are cash and cash equivalents and non-endowment investments totaling \$23,064.

### Financial Assets

Total financial assets decreased by \$2,492 to \$23,540 at June 30, 2022, a decrease of 9.6% from the prior year. This decrease is primarily attributable to the use of cash to support capital improvements and a reduction in portfolio investment performance, as detailed in the portfolio investments section below.

### Cash and cash equivalents

AUArts' cash position comprises cash and temporary investments. The cash position decreased by \$1,193 million to \$16,613, a decrease of 6.7% from the prior year due to cash disbursements for capital improvements.

The Statement of Cash Flows summarizes the sources and uses of cash in the fiscal year. During the fiscal year, cash increased by \$1,405 due to operating and financing transactions, while capital and investing activities saw a decrease in cash of \$1,949 and \$649, respectively. See note 3 of the financial statements for additional information relating to cash and cash equivalents.

### Portfolio investments

Portfolio investments decreased by \$1,651 to \$15,145 at June 30, 2022, a decrease of 9.8% from the prior year. The reduced value of the portfolio investments was due to market conditions, including inflationary pressures and recessionary risk (see notes 4 and 5 of the financial statements for additional information relating to portfolio investments and financial risk management).

	2022	2021	Change
Net transfer from cash and cash equivalents	\$649	\$654	\$(5)
Unrealized gain on investments	(1,025)	979	(2,004)
Change in accumulated remeasurement gains	(1,275)	124	(1,399)
Change in portfolio investments	(1,651)	1,757	(3,408)
Portfolio investment, beginning of year	16,796	15,039	1,757
Portfolio investment, end of year	\$15,145	\$16,796	\$(1,651)

## Liabilities

Total liabilities decreased by \$2,219 to \$16,548 at June 30, 2022, a decrease of 11.8% from the prior year. Most of the reduction is attributable to spending on capital improvements and the performance on portfolio investments allocated to deferred revenue, both of which are accounted for as Deferred Revenue as detailed below.

### Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased by \$11 to \$3,288 at June 30, 2022, a decrease of 0.3% from the prior year.

### Deferred revenue

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

	2022	2021	Change
Deferred research and special purpose	\$5,648	\$6,723	\$(1,075)
Unspent deferred capital contributions	7,049	8,469	(1,420)
Tuition and other fees	382	177	205
	<b>\$13,079</b>	<b>\$15,369</b>	<b>\$(2,290)</b>

Deferred research and special purpose include several one-time and conditional funding supporting program development, research, scholarships and other operating requirements. This category also contains unrealized investment losses on restricted investments which amounted to \$(2,021) at June 30, 2022.

Unspent deferred capital contributions represent grants and donations received to fund capital acquisitions. At June 30, 2022, \$7,049 was held for capital upgrades still to be completed, including \$4,207 for the Mechanical Room Retrofit and \$295 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 \$1,189 to \$7,578 at June 30, 2022, an increase of 18.6% 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	\$1,949	\$960
Amortization expense	(760)	(715)
Change in tangible capital assets	1,189	245
Tangible capital assets, beginning of year	6,389	6,144
Tangible capital assets, end of year	\$7,578	\$6,389

Acquisition of tangible capital assets includes:

- Furnishings and equipment - \$270
- Computer hardware and software - \$0
- Building improvements - \$1,679

### Spent Deferred Capital Contributions

Spent deferred capital contributions are 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 decreased by \$277 or 1.6% (see note 11 of the financial statements for additional details). Net assets are comprised of the following:

### Endowments

Endowment net assets increased by \$1,340 or 17%, 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 decreased by \$1,428 from \$9,025 at June 30, 2021, to \$7,597 at June 30, 2022. Changes to accumulated surplus from operations are comprised of the following:

	2022	2021
Operating surplus (deficit)	\$658	\$1,857
Add back:		
Amortization of internally funded capital assets	121	101
Operating expenses funded from internally restricted surplus	111	170
	890	2,128
Less:		
Net Board appropriation to internally restricted surplus	-	(50)
Net Board appropriation to endowments	(1,000)	(1,000)
	(1,000)	(1,050)
Capital activities		
Internally funded acquisition of tangible capital assets	(43)	(43)
Change in accumulated remeasurement gains	(1,275)	124
Accumulated surplus from operations, beginning of year	9,025	7,866
Accumulated surplus from operations, end of year	\$7,597	\$9,025

### Investment in tangible capital assets

In 2022, capital assets increased by \$296. Of this increase, \$417 of asset acquisitions were internally funded, offset by \$121 in amortization.

	2022	2021	Change
Investment in tangible capital assets, opening balance	\$498	\$523	\$(25)
Amortization of internally funded capital assets	(121)	(101)	(20)
Internally funded acquisition of tangible capital assets	417	76	341
Investment in tangible capital assets, ending balance	\$794	498	\$296

### 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:

	2022	2021
Capital and infrastructure	\$440	\$846
Academic & institutional initiatives	423	502
	\$863	\$1,348

### Accumulated remeasurement gains

Accumulated remeasurement gains represent the unrealized gain on unrestricted financial instruments. At June 30, 2022, AUArts had \$424 (2021 - \$1,699) accumulated remeasurement gains.

## Statement of Operations Highlights

### Overall Results

Fiscal Year 2022 ended with a final operating surplus of \$658 (2021 - \$1,857). The operating surplus decreased by \$1,199 from the prior year.

### REVENUE

		2022	2021	Change
Government of Alberta Grants	\$15,764	65.5%	\$16,607	\$(843)
Federal and other government grants	152	0.6%	74	78
Sales of services and products	453	1.9%	266	187
Student tuition and fees	6,491	26.9%	6,010	481
Donations and other contributions	525	2.2%	480	45
Investment income	687	2.9%	353	334
	<b>\$24,072</b>	<b>100.0%</b>	<b>\$23,790</b>	<b>\$282</b>

## Summary of Key Statement of Operations Variances

### Revenues

The total revenues for the year ended June 30, 2022, were \$24,072 compared to \$23,790 for the previous fiscal year. This represents an increase of 1.2% in overall revenues. Actual revenues were lower than budgeted revenues by 1.1% or \$276. The largest changes to AUArts revenue base year-over-year were as follows:

- In 2021-22, the university was impacted by the third and final annual cut to the Advanced Education Operations and Program Support Grant. The total cuts for the year 2020-22 amounted to \$688.
- Student tuition and fees increased by \$481 due to a combination of tuition fee increases and increased enrollment due to compared to the prior year.
- Investment income increased primarily due to a realized gain of \$352 from a change in fund position.
- With a return to more normal operations and students on campus, the university bookstore increased sales.

The largest differences between AUArts' revenue budget and its actual results for 2022 were as follows:

	2022 Budget	2021 Actuals	Variance from Budget
Government of Alberta Grants	\$16,238	\$15,764	\$474
Federal and other government grants	58	152	(94)
Student tuition and fees	6,484	6,491	(7)
Sales of services and products	743	453	290
Donations and other contributions	555	525	30
Investment income	270	687	(417)
	<b>\$24,348</b>	<b>\$24,072</b>	<b>\$276</b>

- Government of Alberta Grants were less than budgeted due to less spending against the University Transition Grant than anticipated due to resourcing constraints and other priority projects.

- Federal and other government grants had a favourable budget to actual variance as grants were received that had not been budgeted for, including a \$45 municipal foundation grant.
- Student tuition and fees were materially consistent with the budget.
- Sales of services and products had an unfavourable budget-to-actual variance of \$290.
- Although there was a return to more normal operations, there were still intermittent in-person class cancellations due to the pandemic resulting in fewer students on campus and sales than anticipated.
- The university continued to receive support from existing sponsors and new sponsorship funding, with actual results being materially consistent with the budget.
- Investment income had a favourable budget-to-actual variance of \$417 due to a realized gain of \$352 from a change in fund position.

## Expenses

### EXPENSE BY OBJECT

Total expenses for the period ended June 30, 2022 were \$23,414. This represents an increase of \$1,481 or 6.8% over total operating expenses for the previous year (2021 - \$21,933). The most significant changes were as follows:

- Materials, supplies and services increased \$1,203 over the prior year primarily due to the return to more normal operations, as well as some unique transactions for the year including:
  - Purchase of new furniture that did not meet the capitalization threshold to refurbish the main mall/student affairs area, cafeteria and new entrance and library.
  - Professional expense reimbursement allowance for faculty granted as part of the collective agreement negotiations.
- Utility costs increased year-over-year by \$215 or 31.8% due to a combination of increased utility costs and return to more normal operations and increased utility use.

	2022 Budget	2022 Actuals	Variance to Budget
Employee salaries and benefits	\$16,466	\$15,347	\$1,119
Materials, supplies and services	5,406	5,773	(367)
Scholarships and bursaries	314	396	(82)
Maintenance and repairs	50	60	(10)
Utilities	1,055	892	163
Cost of goods sold	356	186	170
Amortization of tangible capital assets	698	760	(62)
	<b>\$24,345</b>	<b>\$23,414</b>	<b>\$931</b>

### Comparison to Approved Operating Budget:

- Due to the uncertainty of return to more normal operations when the budget was created in the spring of 2021, the variance to budget is not unexpected.
- Employee salaries and benefits for the year were under budget by \$1,119, primarily due to unfilled position vacancies for faculty, management and support staff.
- Materials, supplies and services were over budget by \$367 due to a combination of agency expense costs to temporarily backfill a key management position, an increase in general services contract spending due to the return to more normal operations, and increased advertising and promotion to recruit students.

- The cost of goods sold was under budget by \$170 due to fewer bookstore sales than budgeted. Although there was a return to more normal operations, the school year included periods of remote learning due to the pandemic, which meant fewer students were physically on campus to purchase goods.

### EXPENSE BY FUNCTION

	2022 Budget		2022 Actual	Variance to Budget
Instruction and non-sponsored research	\$8,964	36.8%	\$8,478	\$486
Academic and student support	5,066	20.8%	4,977	89
Institutional support	6,672	27.5%	6,526	146
Facility operations and maintenance	2,933	12.0%	2,854	9
Ancillary services	710	2.9%	525	185
Sponsored research	-	0.0%	54	(54)
	<b>\$24,345</b>	<b>100%</b>	<b>\$23,414</b>	<b>\$931</b>

### Comparison to Operating Budget

The favourable budget variance of \$486 for instruction and non-sponsored research was due to uncertainty around instructional needs with the return to more normal operations. Although AUArts did return primarily to in-person learning in the school year, there were still adjustments and challenges. Consequently, there was less spending in specific programs than anticipated.

Institutional support had a favourable budget variance due to reduced spending by computing and technical services on salaries and benefits because of unfilled vacancies.

Ancillary services were under budget as the bookstore services did not return to pre-pandemic levels as anticipated due to ongoing challenges with returning to normal operations.

The remaining expense by function categories were consistent with the budget.

### 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 several years. Several new programs were expected to launch in the spring of 2021 but were delayed due to the COVID-19 pandemic and operating budget constraints. These 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 boot camps.

The university-operated bookstore sells textbooks and art supplies to students, and provides core institutional procurement and contract tendering services and is not solely a cost-recovery or revenue-generating unit. Revenues for the 2021-22 year were higher than the prior year due to returning to more normal operations, but not yet to pre-pandemic levels.



## 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)		Revised funding sources
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	\$300,000 CMR	No change
Maintenance	Classroom HVAC Replacement	\$2.9 million	100% GoA	None	No change
Proposed	Classroom/Studio Modernization	\$11.8 million	100% GoA	None	No change
Proposed	Learning Commons	\$27 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
Power Panels and Transformers	January 2021 – April 2022	January 2021	December 2022	In progress	Substantial amount of work has been completed. Estimated completion date is December 2022
Mechanical Room Retrofit	March 2021 – May 2023	March 2021	January 2023	In progress	Substantial amount of work has been completed. Estimated completion date is January 2023
Washroom Upgrades	February 2019 – December 2022	February 2019	March 2023	In progress	Next phase of the washroom project is underway with an estimated completion date of March 2023
Classroom HVAC Replacement	Estimated April 2023 – August 2024	Estimated April 2023	Estimated August 2024	Project pending approval and funding	N/A
Classroom/Studio Modernization	Estimated May 2023 – September 2025	Estimated May 2023	Estimated September 2025	Project pending approval and funding	N/A
Learning Commons	Estimated June 2023 – May 2026	Estimated June 2023	Estimated May 2026	Project pending approval and funding	N/A

## Appendix

### Alberta University of the Arts Financial Statements

**Alberta University of the Arts**

**FINANCIAL STATEMENTS**

For the Year Ended  
June 30, 2022

**Alberta University of the Arts**  
**FINANCIAL STATEMENTS**  
**For the Year ended June 30, 2022**

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**ALBERTA UNIVERSITY OF THE ARTS  
FINANCIAL STATEMENTS  
STATEMENT OF MANAGEMENT RESPONSIBILITY  
YEAR ENDED JUNE 30, 2022**

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The financial statements of the Alberta University of the Arts ("University") have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the financial statements. The financial statements present fairly the financial position of the University as at June 30, 2022 and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that the 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 Scott Powell*  
Vice-President, Finance and Operations



## Independent Auditor's Report

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, 2022, 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, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 1, 2022  
Edmonton, Alberta

**ALBERTA UNIVERSITY OF THE ARTS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**  
**(thousands of dollars)**

	2022	2021
<b>Financial assets excluding portfolio investments restricted for endowments</b>		
Cash and cash equivalents (note 3)	\$ 16,613	\$ 17,806
Portfolio investments – non-endowment (note 4)	6,451	7,692
Accounts receivable	182	210
Inventories held for sale	294	324
	<b>23,540</b>	<b>26,032</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,288	3,299
Employee future benefit liabilities (note 6)	76	77
Debt (note 7)	105	22
Deferred revenue (note 8)	13,079	15,369
	<b>16,548</b>	<b>18,767</b>
<b>Net financial assets excluding portfolio investments restricted for endowments</b>	<b>6,992</b>	<b>7,265</b>
Portfolio investments – restricted for endowments (note 4)	8,694	9,104
<b>Net financial assets</b>	<b>15,686</b>	<b>16,369</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 10)	7,578	6,389
Inventories of supplies	308	299
Prepaid expenses	247	229
	<b>8,133</b>	<b>6,917</b>
<b>Net assets before spent deferred capital contributions</b>	<b>23,819</b>	<b>23,286</b>
Spent deferred capital contributions (note 9)	6,676	5,866
<b>Net assets (note 11)</b>	<b>\$ 17,143</b>	<b>\$ 17,420</b>
<b>Net assets is comprised of:</b>		
Accumulated surplus	\$ 16,719	\$ 15,721
Accumulated remeasurement gains	424	1,699
	<b>\$ 17,143</b>	<b>\$ 17,420</b>

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, 2022**  
**(thousands of dollars)**

	Budget (note 20)	2022	2021
<b>Revenues</b>			
Government of Alberta grants (note 18)	\$ 16,238	\$ 15,764	\$ 16,607
Federal and other government grants (note 18)	58	152	74
Sales of services and products	743	453	266
Student tuition and fees	6,484	6,491	6,010
Donations and other contributions	555	525	480
Investment income	270	687	353
	<u>24,348</u>	<u>24,072</u>	<u>23,790</u>
<b>Expenses</b>			
Instruction and non-sponsored research	8,964	8,478	8,191
Academic and student support	5,066	4,977	4,568
Institutional support	6,672	6,526	6,223
Facility operations and maintenance	2,933	2,854	2,365
Ancillary services	710	525	504
Sponsored research	-	54	82
	<u>24,345</u>	<u>23,414</u>	<u>21,933</u>
<b>Annual operating surplus</b>	3	658	1,857
<b>Endowment contributions and capitalized investment income</b>			
Endowment contributions (note 11)	100	64	55
Endowment capitalized investment income (note 11)	55	276	98
	<u>155</u>	<u>340</u>	<u>153</u>
<b>Annual surplus</b>	158	998	2,010
<b>Accumulated surplus, beginning of year</b>		15,721	13,711
<b>Accumulated surplus, end of year (note 11)</b>	<u>\$ 158</u>	<u>\$ 16,719</u>	<u>\$ 15,721</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, 2022**  
(thousands of dollars)

	<u>Budget</u> (note 20)	<u>2022</u>	<u>2021</u>
<b>Annual surplus</b>		<b>\$ 998</b>	<b>\$ 2,010</b>
Acquisition of tangible capital assets		<b>(1,949)</b>	(960)
Amortization of tangible capital assets	698	<b>760</b>	715
(Increase) decrease in inventories of supplies		<b>(9)</b>	30
Increase in prepaid expenses		<b>(18)</b>	(18)
Increase in spent deferred capital contributions		<b>810</b>	294
(Decrease) increase in accumulated remeasurement gains		<u><b>(1,275)</b></u>	<u>124</u>
<b>(Decrease) increase in net financial assets</b>		<b>(683)</b>	2,195
<b>Net financial assets, beginning of year</b>		<u><b>16,369</b></u>	<u>14,174</u>
<b>Net financial assets, end of year</b>		<u><b>\$ 15,686</b></u>	<u><b>\$ 16,369</b></u>

*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, 2022**  
(thousands of dollars)

	<u>2022</u>	<u>2021</u>
<b>Accumulated remeasurement gains, beginning of year</b>	<b>\$ 1,699</b>	<b>\$ 1,575</b>
Unrealized (losses) gains attributable to:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	<b>(692)</b>	407
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	<u><b>(583)</b></u>	<u>(283)</u>
Change in accumulated remeasurement gains	<b>(1,275)</b>	124
<b>Accumulated remeasurement gains, end of year</b>	<u><b>\$ 424</b></u>	<u><b>\$ 1,699</b></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, 2022**  
**(thousands of dollars)**

	<b>2022</b>	<b>2021</b>
<b>Operating transactions</b>		
Annual surplus	<b>\$ 998</b>	<b>\$ 2,010</b>
Add (deduct) non-cash items:		
Amortization of tangible capital assets	<b>760</b>	715
Loss (gain) on sale of portfolio investments	<b>1,025</b>	(979)
Expended capital contributions recognized as revenue	<b>(616)</b>	(590)
Decrease in employee future benefit liabilities	<b>(1)</b>	(8)
Change in non-cash items	<b>1,168</b>	(862)
Decrease in accounts receivable	<b>28</b>	14
Decrease (increase) in inventories held for sale	<b>30</b>	(67)
(Decrease) increase in accounts payable and accrued liabilities	<b>(11)</b>	233
(Decrease) increase in deferred revenue, excluding change in restricted unrealized gain	<b>(2,290)</b>	7,081
(Increase) decrease in inventories of supplies	<b>(9)</b>	30
Increase in prepaid expenses	<b>(18)</b>	(18)
<b>Cash (applied to) provided by operating transactions</b>	<b>(104)</b>	<b>8,421</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets, less in-kind donations	<b>(1,949)</b>	(960)
<b>Cash applied to capital transactions</b>	<b>(1,949)</b>	<b>(960)</b>
<b>Investing transactions</b>		
Purchase of portfolio investments	<b>(705)</b>	(706)
Proceeds on sale of portfolio investments	<b>56</b>	52
<b>Cash applied to investing transactions</b>	<b>(649)</b>	<b>(654)</b>
<b>Financing transactions</b>		
Debt – repayment	<b>(22)</b>	(24)
Debt - new financing	<b>105</b>	-
Increase in spent deferred capital contributions	<b>1,426</b>	884
<b>Cash provided by financing transactions</b>	<b>1,509</b>	<b>860</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(1,193)</b>	<b>7,667</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>17,806</b>	<b>10,139</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 16,613</b>	<b>\$ 17,806</b>

*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, 2022**  
**(thousands of dollars)**

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**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 - Canadian 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, liabilities, revenues and expenses 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

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.

**ALBERTA UNIVERSITY OF THE ARTS  
NOTES TO THE FINANCIAL STATEMENTS  
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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.

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

**Grants and donations related to land**

Grants and donations for the purchase of land are recognized as deferred revenue when received, and recognized as revenue when the land is purchased.

The University recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the University cannot determine the fair value, it recognizes such in-kind contributions at nominal value.

**ALBERTA UNIVERSITY OF THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(thousands of dollars)**

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**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 by 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.

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 2021–2022, 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.

**ALBERTA UNIVERSITY OF THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(thousands of dollars)**

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**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 are 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.

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) 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.

**ALBERTA UNIVERSITY OF THE ARTS  
NOTES TO THE FINANCIAL STATEMENTS  
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(thousands of dollars)**

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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.

**h) 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.

**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.

**i) 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. It does not include airborne contaminants. The University recognizes a liability for remediation of contaminated sites when the following criteria have been met:

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

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

**ALBERTA UNIVERSITY OF THE ARTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022  
(thousands of dollars)**

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A liability for remediation of a site is recognized by the University when the University has accepted responsibility for remediation costs, even where an environmental standard does not exist or contamination does not exceed an environmental standard. The University recognizes a liability for the remediation of these sites using the liability for contaminated sites criteria.

As at June 30, 2022 there are no contaminated sites.

**j) Expense by Function**

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

**Instruction and non-sponsored research**

Expenses relating to support for the academic functions of the University 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 University-wide administrative services.

**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.

**k) 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.

**l) Future Changes in Accounting Standards**

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

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

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

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

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**3. Cash and Cash Equivalents**

	<u>2022</u>	<u>2021</u>
Cash	\$ 15,569	\$ 5,263
Cash equivalents	<u>1,044</u>	<u>12,543</u>
	<u>\$ 16,613</u>	<u>\$ 17,806</u>

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

**4. Portfolio Investments**

	<u>2022</u>	<u>2021</u>
Portfolio investments – non-endowment	\$ 6,451	\$ 7,692
Portfolio investments – restricted for endowments	<u>8,694</u>	<u>9,104</u>
	<u>\$ 15,145</u>	<u>\$ 16,796</u>

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

	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio managed money market	\$ 1,866	\$ -	\$ -	\$ 1,866
Portfolio managed fixed income	5,129	-	-	5,129
Portfolio managed equity	<u>8,150</u>	<u>-</u>	<u>-</u>	<u>8,150</u>
	<u>\$ 15,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,145</u>

  

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio managed money market	\$ 1,215	\$ -	\$ -	\$ 1,215
Portfolio managed fixed income	5,336	-	-	5,336
Portfolio managed equity	<u>10,245</u>	<u>-</u>	<u>-</u>	<u>10,245</u>
	<u>\$ 16,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,796</u>

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

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



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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 price risk**

The University is exposed to market price risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the University has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits and is designed to achieve a long-term rate of return 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 8.29% 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, 2022, if market prices had a 8.29% (2021 – 6.98%) increase or decrease with all other variables held constant, the increase or decrease in investments for the year would have been a total of \$121 (2021 – \$332).

### **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.

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The credit risks on investments held are as follows:

	<u>2022</u>	<u>2021</u>
Credit rating		
AAA	21.08%	26.10%
AA	27.28%	41.02%
A	36.77%	14.85%
BBB	14.87%	18.03%
	<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. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the University would be approximately 7.5% of total investments (2021 – 8.1%).

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%	2.32%
Portfolio funds, fixed income	5.17%	36.86%	57.97%	4.17%

**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>2022</u>	<u>2021</u>
Long-term disability	76	77
	<u>\$ 76</u>	<u>\$ 77</u>

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**a) 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 \$76 (2021 – \$77).

**b) 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, 2021, the LAPP reported an actuarial surplus of \$11,922 million (2020 – \$4,961 million). An actuarial valuation of the LAPP was carried out as at December 31, 2020 and was then extrapolated to December 31, 2021. The pension expense recognized in these financial statements is \$974 (2021 – \$1,010).

**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	2022	2021
Liabilities under capital leases	4%	\$ 105	\$ 22

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 20	\$ -	\$ 20
2024	20	3	23
2025	20	2	22
2026	21	2	23
2027	22	1	23
2028	2	-	2
	\$ 105	\$ 8	\$ 113

Interest expense on debt is \$1 (2021 - \$2) and is included in the statement of operations.

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**8. Deferred Revenue**

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

	<b>2022</b>			<b>2021</b>	
	Deferred research and special purpose	Unspent deferred capital contributions	Tuition and other Fees	Total	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 6,723</b>	<b>\$ 8,469</b>	<b>\$ 177</b>	<b>\$ 15,369</b>	<b>\$ 8,288</b>
Grants, tuition, and donations	1,059	-	5,923	6,982	12,669
Restricted investment income	830	13	-	843	311
Unrealized (losses) gains	(2,021)	-	-	(2,021)	979
Other transfers	-	-	-	-	(65)
Transfers to spent deferred capital contributions	-	(1,426)	-	(1,426)	(884)
Recognized as revenue	(625)	(7)	(5,718)	(6,350)	(5,730)
Scholarships, bursaries issued	(318)	-	-	(318)	(199)
<b>Balance, end of year</b>	<b>\$ 5,648</b>	<b>\$ 7,049</b>	<b>\$ 382</b>	<b>\$ 13,079</b>	<b>\$ 15,369</b>

**9. Spent Deferred Capital Contributions**

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

	<b>2022</b>	<b>2021</b>
<b>Balance, beginning of year</b>	<b>\$ 5,866</b>	<b>\$ 5,572</b>
Transfers from unspent deferred capital contributions	<b>1,426</b>	884
Expended capital contributions recognized as revenue	<b>(616)</b>	(590)
Net change for the year	<b>810</b>	294
<b>Balance, end of year</b>	<b>\$ 6,676</b>	<b>\$ 5,866</b>

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**10. Tangible Capital Assets**

	<b>2022</b>				<b>2021</b>
	<b>Building Improvements</b>	<b>Furnishings and Equipment <sup>(1)</sup></b>	<b>Computer Hardware and Software</b>	<b>Total</b>	<b>Total</b>
<b>Cost</b>					
Beginning of year	\$ 10,959	\$ 1,305	\$ 1,634	\$ 13,898	\$ 13,011
Acquisitions	1,679	270	-	1,949	960
Disposals, including write-downs	-	(118)	(82)	(200)	(73)
	<u>\$ 12,638</u>	<u>\$ 1,457</u>	<u>\$ 1,552</u>	<u>\$ 15,647</u>	<u>\$ 13,898</u>
<b>Accumulated Amortization</b>					
Beginning of year	\$ 4,866	\$ 1,037	\$ 1,606	\$ 7,509	\$ 6,867
Amortization expense	626	118	16	760	715
Effects on disposals, including write-downs	-	(118)	(82)	(200)	(73)
	<u>\$ 5,492</u>	<u>\$ 1,037</u>	<u>\$ 1,540</u>	<u>\$ 8,069</u>	<u>\$ 7,509</u>
<b>Net Book Value at June 30, 2022</b>	<u><b>\$ 7,146</b></u>	<u><b>\$ 420</b></u>	<u><b>\$ 12</b></u>	<u><b>\$ 7,578</b></u>	
<b>Net Book Value at June 30, 2021</b>	<u><b>\$ 6,093</b></u>	<u><b>\$ 268</b></u>	<u><b>\$ 28</b></u>		<u><b>\$ 6,389</b></u>

No interest was capitalized by the University in 2022.

Cost includes work-in-progress at June 30, 2022 totaling \$688 (2021 – \$558) comprised of building improvements \$643 (2021 – \$558) and equipment \$45 (2021 – \$0). 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 \$105 (2021 – \$118) and accumulated amortization of \$0 (2021 – \$95).

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
<b>Net Assets as at June 30, 2020</b>	<b>\$ 7,866</b>	<b>\$ 523</b>	<b>\$ 1,501</b>	<b>\$ 5,396</b>	<b>\$ 15,286</b>
<b>Annual operating surplus</b>	1,857	-	-	-	1,857
<b>Endowments:</b>					
New donations	-	-	-	55	55
Capitalized investment income	-	-	-	98	98
<b>Tangible capital assets:</b>					
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
<b>Net assets, beginning of year</b>	<b>\$ 9,025</b>	<b>\$ 498</b>	<b>\$ 1,348</b>	<b>\$ 6,549</b>	<b>\$ 17,420</b>
<b>Annual operating surplus</b>	658	-	-	-	658
<b>Endowments:</b>					
New donations	-	-	-	64	64
Capitalized investment income	-	-	-	276	276
Transfer to (from) endowments	(1,000)	-	-	1,000	-
<b>Tangible capital assets:</b>					
Amortization of tangible capital assets	121	(121)	-	-	-
Acquisition of tangible capital assets	(43)	417	(374)	-	-
Operating expenses funded from internally restricted surplus	111	-	(111)	-	-
Net board appropriation to internally restricted surplus	-	-	-	-	-
Change in accumulated remeasurement gains	(1,275)	-	-	-	(1,275)
<b>Net assets, end of year</b>	<b>\$ 7,597</b>	<b>\$ 794</b>	<b>\$ 863</b>	<b>\$ 7,889</b>	<b>\$ 17,143</b>
<b>Net assets is comprised of:</b>					
Accumulated surplus	\$ 7,173	\$ 794	\$ 863	\$ 7,889	\$ 16,719
Accumulated remeasurement gains and losses	424	-	-	-	424
	<b>\$ 7,597</b>	<b>\$ 794</b>	<b>\$ 863</b>	<b>\$ 7,889</b>	<b>\$ 17,143</b>

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:

<b>Internally restricted surplus</b>	<b>2022</b>	<b>2021</b>
Capital and infrastructure	440	846
Academic and institutional initiatives	423	502
	<b>\$ 863</b>	<b>\$ 1,348</b>

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**12. Contingent Assets**

The University has no contingent assets as at June 30, 2022.

**13. Contingent Liability**

The University is a defendant in a legal proceeding concerning one employee. 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
2023	\$ 1,315	\$ 2,477	\$ -	\$ 3,792
2024	227	1,450	-	1,677
2025	145	237	-	382
2026	118	93	-	211
2027	119	64	-	183
Total at June 30, 2022	<u>\$ 1,924</u>	<u>\$ 4,321</u>	<u>\$ -</u>	<u>\$ 6,245</u>
Total at June 30, 2021	<u>\$ 1,061</u>	<u>\$ 3,702</u>	<u>\$ 6</u>	<u>\$ 4,769</u>

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**16. Expense by Object**

The following is a summary of expense by object:

	<b>2022</b>		2021
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(note 20)		
Employee salaries and benefits	\$ 16,466	\$ <b>15,347</b>	\$ 15,488
Materials, supplies and services	5,406	<b>5,773</b>	4,570
Scholarships and bursaries	314	<b>396</b>	314
Maintenance and repairs	50	<b>60</b>	13
Utilities	1,055	<b>892</b>	677
Cost of goods sold	356	<b>186</b>	156
Amortization of tangible capital assets	698	<b>760</b>	715
	<u>\$ 24,345</u>	<u>\$ <b>23,414</b></u>	<u>\$ 21,933</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 36 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 \$336 (2021 – \$404) 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 \$71 (2021 – \$296) 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>2022</u>	<u>2021</u>
Grants from Government of Alberta		
Advanced Education:		
Operating grants	\$ 15,155	\$ 16,181
Capital grants	-	6,625
Total Advanced Education	<u>15,155</u>	<u>22,806</u>
Other Government of Alberta departments and agencies:		
Ministry of Culture and Status of Women	\$ 100	\$ -
Total other Government of Alberta departments and agencies	<u>100</u>	<u>-</u>
Total contributions received	15,255	22,806
Deferred revenue	(39)	(6,719)
Expended capital contributions recognized as revenue	548	520
Revenue	<u>\$ 15,764</u>	<u>\$ 16,607</u>
Federal and other government grants		
Contributions received	\$ 82	\$ 38
Deferred revenue	13	(21)
Expended capital contributions recognized as revenue	57	57
Revenue	<u>\$ 152</u>	<u>\$ 74</u>

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**19. Salary and Employee Benefits**

	2022				2021
	Base salary <sup>(1)</sup>	Other cash benefits <sup>(2)</sup>	Other non-cash benefits <sup>(3)</sup>	Total	Total
<b>Governance <sup>(4)</sup></b>					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	-	-	-
<b>Executive</b>					
President and Chief Executive Officer	235	14	35	284	274
Vice-Presidents:					
Vice-President Administration <sup>(5)</sup>	90	43	14	147	213
Vice-President Finance and Operations <sup>(5)</sup>	81	-	18	99	-
Vice-President Academic and Provost <sup>(6)</sup>	-	-	-	-	246
Vice-President Advancement	155	-	30	185	185
Deans:					
Dean, Academic Programs <sup>(6)</sup>	12	-	3	15	-
Dean, Innovation, Learning & Development	140	-	28	168	41
Dean of Students <sup>(7)</sup>	102	68	21	191	36
Acting Dean of Students <sup>(7)</sup>	27	-	4	31	-
Associate Vice-Presidents:					
Associate Vice-President Academic Affairs <sup>(8)</sup>	94	23	23	140	149
Associate Vice-President Student Affairs <sup>(9)</sup>	-	-	-	-	132
Executive Director, People and Culture <sup>(10)</sup>	84	-	19	103	-
University Secretary	126	1	26	153	152

(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 \$50 in severance benefits paid as a result of a termination agreement. No bonuses were paid in 2022 or 2021.

(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 Administration position terminated effective December 31, 2021 and was replaced by the Vice-President Finance and Operations position effective January 12, 2022.

(6) The Vice-President Academic and Provost position terminated effective April 7, 2021 and was replaced by the Dean, Academic Programs position effective June 1, 2022.

(7) The Dean of Students position terminated effective March 23, 2022 and was replaced by the Acting Dean of Students position effective April 13, 2022.

(8) The Associate Vice-President Academic Affairs position terminated effective May 31, 2022.

(9) The Associate Vice-President Student Affairs position became the Dean of Students position effective April 12, 2021.

(10) The Executive Director, People and Culture position was a new position and was filled effective December 1, 2021.

**20. Budget Figures**

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

**21. Comparative Figures**

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



**Alberta University of the Arts**

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