

**Alberta
University
of the
Arts**

Annual Report 2025



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Alberta University of the Arts' Values

At AUArts, we are a diverse community of critical thinkers driven by curiosity and inspired by imagination. We create, make, shape, explore and help emerging artists, craftspeople and designers find a career path while finding themselves.

Together, our students, alumni, faculty, staff, and our many collaborators transform perspectives, spark discussion, and ignite change. We use visual art, craft and design as powerful vehicles to change the world.

And that is our real masterpiece, the work that makes us **P.R.O.U.D.**:

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 inspire and empower the creative global thinkers, makers, story tellers, leaders and risk-takers of tomorrow for success in a diverse and inclusive community

Mission

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



Land Acknowledgement

Alberta University of the Arts (AUArts) is situated on the ancestral land of the Siksikaitsitapi – Blackfoot Confederacy which includes the Siksika, Kainai, Piikani Nations and the shared territories of the Tsuut'ina Nation as well as the Iyarhe Nakoda-Stoney which includes Bearspaw, Chiniki, Good Stoney Nations and also the home of the Métis Nation of Districts 5 and 6. The City of Calgary has long been called Moh'kins'tsis by the Siksikaitsitapi, Guts'ists'i by the Tsuut'ina, and Wichîspa by the Nakoda.

Accountability Statement

This Alberta University of the Arts (AUArts) annual report for the year ended June 30, 2025, was prepared under the Board of Governors' direction per the Fiscal Planning and Transparency Act and ministerial guidelines established according 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

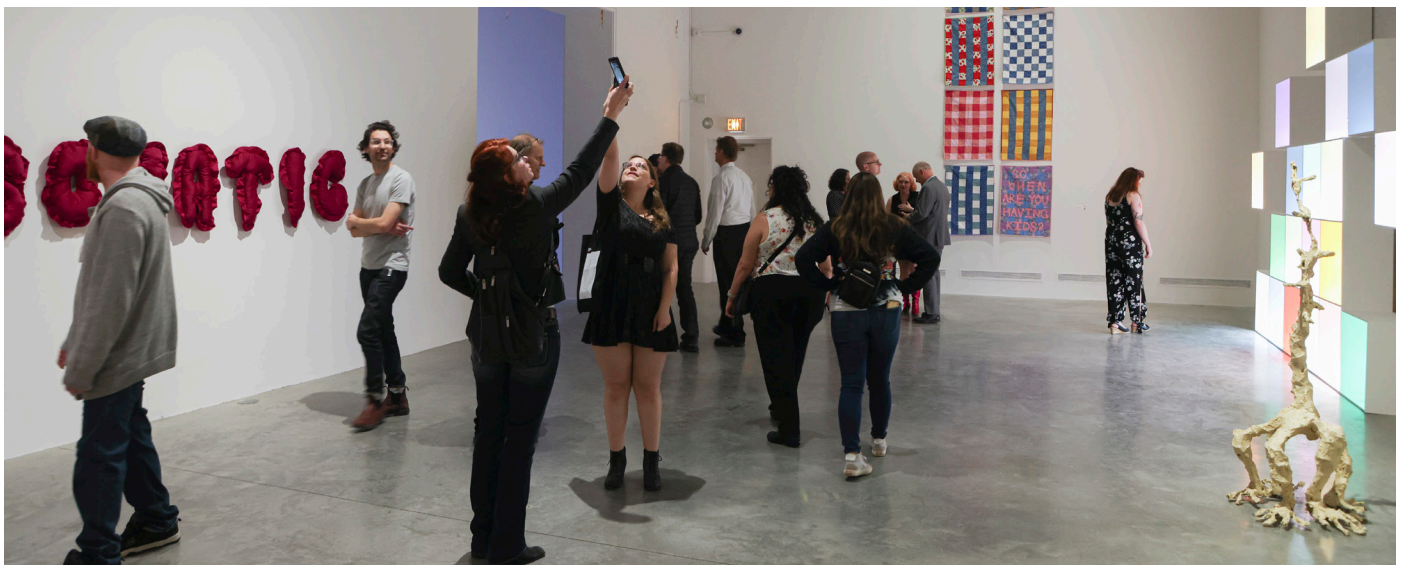
Alberta University of the Arts' management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the Annual Report including financial statements, performance results, and supporting management information. Systems of internal control are designed and 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.

Public Interest Disclosure Act

This section presents Alberta University of the Arts' (AUArts) disclosures made during 2024-25 according to the Public Interest Disclosure Act. The Act applies to provincial agencies, boards, and commissions. Under the Act, each agency, board, and commission is responsible for annually reporting on the number of disclosures received and investigated. No disclosures were reported in the year.



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

The fifth year of our Strategic Plan centered progress, renewed commitments, and energized efforts.

Over the last year, AUArts saw leadership transitions, progress in facility and technological upgrades, enhanced practices in our programs, community engagement and partnerships, and a new cohort of alumni making impact. Notable achievements in the Strategic Plan included initiatives focused on future-ready skills for students and fostering creative, research and teaching practices for growth. Reflecting on the 2024-25 year, we recognize the accomplishments, opportunities, challenges and resiliency of our institution and continue our dedication as a global leader in art, craft and design education.

Our total number of students enrolled was at a 12-year high, with 1,298 registered students across our Bachelor of Fine Arts, Bachelor of Design and Master of Fine Arts at the start of the academic year. While notable, our recruitment and admissions numbers for the current year are lower as a direct result of the international recruitment limit that continues to have financial implications.

We launched a restructured Bachelor of Fine Arts, replacing our nine major areas with a single Studio Art major, offering students the opportunity to pursue over a dozen areas of concentration, while creating operational efficiencies and enhancing industry alignment. Over two thirds of eligible students elected to pursue this new program. A dedicated first-year curriculum for the Bachelor of Design was also launched, lowering entry barriers and tailoring content to program needs.

We hosted conferences, successfully received grant funding, and expanded our reach and presence with community, including hosting the Prairie Art Network Institute through a revitalized Illingworth Kerr Gallery. Building on our steadfast commitment to education, our second annual Teaching and Learning Symposium deepened faculty expertise with respect to learning technologies, experiential and work-integrated learning, and academic publishing.

207 students graduated from our undergraduate and graduate programs,



joining our alumni community of about 14,000. Initiatives to create undergraduate opportunities that respond to and grow with job markets of today and the future continue, including a proposed new Bachelor in Creative Industries degree program currently under Campus Alberta Quality Council (CAQC) review.

AUArts continued its strategic efforts in operational and fiscal management to support our students, faculty, staff and community. In our inflationary environment coupled with lower International student recruitment numbers, rising student needs and a rapidly evolving job market, we continue to prudently budget and follow cost management practices to withstand uncertainty. However, without revenue generation opportunities other postsecondary institutions have, including land and facility ownership, alongside the constraints across the sector related to funding and tuition limitations, we remain in fiscal constraint.

We recognize the constraints across our sector and society, and are committed to effectiveness, efficiency and sustainability operationally. As Board Chair, I was pleased to complete my first year, including recognizing Dr. Daniel Doz's 15-year tenure as President, and the recruitment of Dr. Janis Goldie as President and CEO. Together, with our Board, leadership and community, we remain resilient while facing a challenging fiscal environment and are energized by our accomplishments.

Planning and growth opportunities are closely connected to AUArts upcoming Centennial. 2026 will mark 100 years of history and impact as a postsecondary dedicated to art, craft and design education. Centennial represents a year of opportunity, for sustainability, growth, progress and commitment with our students, alumni, partners and community. As Board Chair and President and CEO, we look forward to celebrating our history and advancing our future as an innovator and leader.

Adrian Stimson

Chair of the Board of Governors

Dr. Janis Goldie

President and CEO

Operational Overview

This past year AUArts has remained steadfast in commitment to growth, innovation, and adaptability as a unique education provider, community builder and economic driver. AUArts is focused on advancing our strategic priorities to strengthen its long-term sustainability, equip our students for a dynamic future as professionals, and maintain a leading position in arts, craft and design education in Alberta, Canada and globally. Key operational highlights reflect plans focused on student skills and experience, sustainability and growth, and future-proofing initiatives as we prepare for our Centennial.

Growth for Long Term Sustainability

A critical priority for AUArts continues to be fostering sustainable growth. This includes enrollment growth, increased retention, and an engaged alumni community; enhanced facilities and operations; research and creative initiatives; and partnerships and collaborations that advance growth and positionality as a unique postsecondary in Alberta. The creative industries continue to be an important economic driver to Calgary, Alberta and across Canada. AUArts continues to be a significant element of Alberta's prosperity through the contributions of its faculty, staff, students and alumni, to society and economy. Its collaborations and partnerships across education, arts and culture and industry sectors give it deep roots in local, regional, and national communities as an educational leader, preferred partner, and community anchor.

To continue to serve and attract new students and prepare them for work in Alberta's creative or other industries, it is vital that AUArts develop technological modernizations as well as upgrades to facilities and equipment. Past enhancements to AUArts campus and facilities contributed positively to collaborative opportunities and ultimately contributed to growth and sustainability, including hosted events and conferences.

Over the past year, AUArts renewed its focus on sustainable initiatives through partnerships and funded activities with the aim of improving student access and experience through teaching, research, and facilities support. This dedication is ongoing and will continue the year's successful efforts spent revising and creating awards and scholarships, research collaboration opportunities, funding initiatives, faculty-led research mentorship, and diversified partnerships.

Preparing Students with Essential Future Skills

AUArts graduates contribute to the creative industries and secure careers across industries.

As one of four postsecondary institutions focused on art, craft and design education in Canada, AUArts is focused on extending its reach as an educational leader in response to changes in society and the economy. The rapid evolution of industries requires a shift from job-specific training to a focus on core skills that will remain valuable across changing careers. By emphasizing problem-solving, adaptability, collaboration, and creative thinking, skills highlighted by the Conference Board of Canada's 2019 Perspectives of Alberta Employers report commissioned by the Government of Alberta, AUArts prepares students not only for today's job market, but for the demands of emerging fields we may not yet envision.

AUArts' commitment to creative practice, research activities, teaching and learning is core to its mission. We support our faculty in creating, promoting and delivering a future-focused, adaptable learning environment, and our faculty support our students in turn. By incorporating design thinking,

collaboration, and innovative methodologies into our curriculum, we foster a learning environment where students become versatile, resilient, and socially engaged citizens. Our implementation of a more flexible and multi-disciplinary curriculum in our undergraduate degrees includes a strong emphasis on professional development, collaboration, and skills diversification, helping to future-proof students in a rapidly changing employment environment. Our increase in local and international partnerships further demonstrates AUArts' dedication to working with organizations in the development of a vibrant creative and professional ecosystem for our students and our communities.

2024-25 focused on the innovation, optimization and modernization of AUArts' programs to serve today's job student and the ever-changing labour markets and professions for which we prepare them. To provide the most current learning experience for our students, we have increased resources dedicated faculty research, creative and scholarly practice. 2024-25 was also an important year for ensuring the quality of student experience, as we undertook a CAQC Comprehensive Institutional Review, an encouraging experience where our efforts and recent directions were noted and appreciated.

Looking Ahead

With over 300,000 square feet of facilities dedicated to art, craft and design, 88% of students residing in Alberta, and an alumni community of approximately 14,000, AUArts' future is committed to growth for and with our communities, constituents at our campus, across Calgary, Alberta, Canada, and around the globe. 2025-26 year and the year of AUArts' Centennial is a remarkable opportunity to recognize and celebrate legacy, engage and re-engage with community, and enter our future as a global leader and impact driver in art, craft and design education.

AUArts' operational focus continues to emphasize strategic growth and an education that empowers our students to lead in a rapidly changing world. AUArts' Centennial year offers a unique opportunity to build and maintain momentum for engagement and strategic growth. Our ongoing dedication to equipping students with vital skills in a learning environment characterized by up-to-date facilities and award-winning faculty will be reflected in strategic initiatives and targeted funds development catalyzed by the AUArts Centennial. We will continue to develop industry-focused curriculum that appeals to a diversified prospective student base and that emphasizes skills transferability, as we fulfil our commitment to prepare our students to compete and thrive in their chosen fields.

Goals and Performance Measures

AUArts is pleased to report progress towards the goals and priorities outlined in the University's Strategic Plan* and Academic Plan* over the past year. The progress achieved in both plans fulfills the roles and mandates of AUArts under the Post Secondary Learning Act. Both plans address academic programs, teaching, learning and research, student services, partnerships and community engagement, and organizational environment, sustainability and performance.

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
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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.
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*Alberta University of the Arts' 2020-2027 Strategic Plan and 2020-2027 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	2024-2025 Accomplishments
Curriculum and credential framework	<ul style="list-style-type: none"> Completed self-study document and comprehensive institutional review with Campus Alberta Quality Council (CAQC). Ongoing efforts with Universities Canada application process. Completed efforts to implement program changes for Bachelor of Fine Arts and Bachelor of Design programs. Operational and communications ongoing to support students, faculty and staff with transition. Non-credit credential policy & framework established with Academic Planning and Oversight Committee (APOC) approval. 31 micro-credentials + 5 certificates approved. Micro-credentials launched in April 2025 with 14 new registrations + 95 in initial animation micros/certificate (109 total). Ongoing efforts to re-engineer a Career Services Centre. Currently developing a proposal and proof of concept. A New undergraduate program, Bachelor of Creative Industries, was approved internally. Currently undergoing reviews with the Ministry of Advanced Education. New concentrations in existing undergraduate programs were approved in Game Design, Photography, Animation, and Comic Studies. Available for students in Fall 2025.
Attract and retain students	<ul style="list-style-type: none"> Approval and availability of new Object Design and Fabrication Concentration and new courses in the 2024-25 academic year, expanding programming and enrollment options. Delivered two successful gallery crawl events, reaching 2680 attendees in fall and 2354 attendees in spring. Continued growth of the summer residency program with 31 participants, equaling a 244% increase. ArtSteam has been suspended internally and with the Ministry of Advanced Education after graduating the final students. Ongoing efforts to examine the reintroduction of academic upgrading and bridging, embedding upgrading components and language supports to aid in first year retention. Ongoing efforts in Phase 2 of the digital presentation studio and classrooms upgrade. Updated or developed articulation agreements and study exchange agreements with national and international institutions, including three new international study exchange agreements with Griffith University, Adelaide University and Universidad Autonoma de Guadalajara. Revised agreements with Red Deer Polytechnic, North Island College, Portage College, MacEwan University, New Brunswick College, and Medicine Hat in progress. Worked in collaboration with SAIT to improve the entry of information into our Student Information System to track funded students, along with enhancing the reports from the system to make it easier to identify students who have become ineligible for funding. Increased student access by supporting 9 additional students through a bursary top up with the Annual General Awards. Centennial Scholarship Campaign targets and plan developed. Fundraising efforts ongoing. 3 INTL Entrance Scholarships for undergraduate students were granted. Ongoing efforts in internal coordination to drive retention and graduation rates, with Recruitment and Admissions, Registrar's Office and Student Services and Wellness enhancing processes and streamlining communications. Signed 5-year agreement with reputable edtech international student platform (IPD Connect). Ongoing efforts in international recruitment despite challenging landscape. ApplyBoard and IDP actively promoted AUArts programs across their platforms, expanding visibility in key markets. Participation in 10 webinars and training sessions with a strong focus on outreach in China and India. Participation in National Portfolio Day (NPD) events in the U.S. continued as a valuable avenue. Successfully launched and completed a 12-month recruitment email campaign in partnership with SchoolFinder, consisting of 12 unique emails sent to a targeted audience of 33,861 prospective students aged 17-21 in BC, AB, SK, MB, and ON with expressed interest in the visual arts. The campaign achieved a strong overall open rate of 54% (18,285 opens). Completed implementation of Slate as the recruitment and admissions Customer Relationship Management (CRM). Final system adjustments and functionality are currently in progress. A total of 9 targeted social media campaigns were executed across 7 platforms for recruitment purposes. Campaign performance included 6,655,694 impressions, reached approximately 1,896,241 for a total of 69,397 clicks. 10 Calgary high schools participated in digital screen campaign. All program updates and additions are accurately reflected in recruitment materials and were utilized for campaigns.

Strategic Goal	1 Align Programming and curriculum to the evolving needs of students and communities
Strategy	2024-2025 Accomplishments
Equity, diversity and inclusion	<ul style="list-style-type: none"> • Held an Indigenous Graduation Event at the Lodgepole Center. • Ongoing efforts to incorporate inclusive recognition of special days, holidays, dates of importance and evolve use of language and protocol respectfully and inclusively.

Strategic Goal	2 Enable innovation and experimentation through teaching, applied and scholarly research, and creative activities
Strategy	2024-2025 Accomplishments
Teaching and learning	<ul style="list-style-type: none"> • Implemented BDes internship successfully, and applied learnings and content towards a new course in the School of Visual Art and School of Craft and Emerging Media for implementation with BFA students in 2026. • Launched Un-Settling Pedagogies Program to support faculty professional development. Offered two speaker sessions on composing curriculum and hosting difficult questions as well as developing community agreements. Hosted Dr. Dori Tunstall as part of the program for a keynote, student and faculty meetings. • Second annual Teaching and Learning Day completed with keynote on 'Walk Through Decolonization', 6 additional presenters and approximately 35 participants. 8 unique Teaching and Learning 'Lunch and Learn' sessions delivered by, and offered to, faculty and staff throughout the academic year, covering topics such as Moodle use, Academic Publishing, Connecting Creativity and Industry in Design, and Experiential Learning Definitions and Framework. Sessions well-attended. • IKG Advisory Council established with faculty, students and community members. Programming, guest talks, and direct instruction incorporated in 24/25 to increase collaboration with curriculum and programs, and enhance community engagement. • Progress ongoing in the development of new non-credit programming to support student professionalization. • Work-integrated learning resources created, including contracts and student preparation materials. • Ongoing efforts to support enhanced extra-curricular WIL opportunities are in development, including integrating WIL micromodules into current micro-certificates, exploring stack-ability, and collaborating with the MFA program to create teaching opportunities for graduate students through Continuing Education. • Moodle successfully expanded to improve access to digital resources and platforms that can support WIL and or other programming.
Scholarly research and creative activities	<ul style="list-style-type: none"> • Draft of research strategy developed, for further consultation and engagement with faculty in 25/26. • Discovery underway for MITACS partnership, with ongoing efforts in progress to optimize. AUArts' involvement. • Enhancing and promoting research initiatives is ongoing, including holding five research soiree events held with 15 featured faculty members, as well as a book launch and research talk on Syrian Art and Creative Expression as Resistance. • IKG submitted a Tri-Council grant application, and was confirmed as host for the Prairie Art Network Institute, increasing the research presence in the IKG and developing a research mandate. • Highest enrolment in MFA in Craft Media program to date with 16 total students in 24/25. 8 new students expected in Fall 2025.

Strategic Goal	3 Expand relationships with strategic partners and communities that enrich and improve students' learning outcomes
Strategy	2024-2025 Accomplishments
Integrating external communities and strategic partnerships	<ul style="list-style-type: none"> Centennial major plans finalized to focus on external relations, community engagement and strategic efforts towards sustainable growth, funding, reputation and awareness. Board Chair or delegate and President Goldie completed meetings with Premier, Minister Advanced Education, The Minister of Arts, Culture and Status of Women for Alberta, Mayor of Calgary. Government relations and community engagement is an ongoing priority. Ongoing efforts to engage in the UAD4, including an article in University Affairs and network engagement. Successful convocation and grad show, increasing community presence on campus and institutional public profile.
Internal Partnerships	<ul style="list-style-type: none"> Held 7 Academic and Student Leaders (ASL) meetings over 2024-2025 to communicate relevant information to the student body and provide a channel for the SA to connect with management and seek support as needed. Internal events supported by advancement and facilities/campus operations, ongoing efforts to enhanced internal coordination and collaboration to bolster faculty and staff culture, increase community engagement and institutional reputation and reach.

Strategic Goal	4 Drive sustainable growth through revenue diversification, an engaging academic environment and a high performance organization
Strategy	2024-2025 Accomplishments
High performance organization	<ul style="list-style-type: none"> AUAFA Collective agreement (2024-2028) was ratified on June 12, 2025. Bargaining with AUPE will continue into fall 2025. Internal Management/Exempt Compensation Guidelines were approved June 2024. Anticipated completion for government approval and implementation is December 31, 2025. Competency framework was incorporated into performance management review in summer of 2024. Successfully piloted performance management module in 2024 and have adopted model for future Management/Exempt performance management. AUPE to be implemented after bargaining. Labour Action Business Continuity plan finalized, and committee formed with regular meetings. The plan is ready to be operationalized if required.
Funding aligned with vision and mandate	<ul style="list-style-type: none"> Centennial Campaign goal of \$5M set and fundraising plan and engagement underway. A Centennial Campaign Lead started in January 2025. An internal working group has been created to support the implementation of the Centennial Plan. Total income generated from Innovation (Cont. Ed and Micro credentials) Mandatory fees met ~74% of what was forecasted and ~89% of forecasted income from tuition and additional sales. This first-year launch of new micro-credentials, with early uptake will require time to build momentum, and awareness. New President attending initial meetings with government officials and APSN, continuing efforts to engage in provincial networks.
Facility master plan	<ul style="list-style-type: none"> The Learning Commons has been launched and is successfully supporting student and campus needs. The master plan refresh is finalized, and priority space and infrastructure needs have been identified through a completed business case. Implementation planning is now focused on advancing select initiatives within realistic funding and delivery parameters. Internal capital planning continues to be guided by long-term financial sustainability and institutional priorities. Energy efficiency upgrades are underway as part of a broader facilities optimization approach.

A photograph of three people (two women and one man) leaning on a thick concrete wall. The person on the left is a woman with long blonde braids wearing a white beanie and a black jacket. The person in the middle is a man with a beard wearing a black sweatshirt. The person on the right is a woman with dark hair wearing a black jacket with a red and orange pattern. They are in a modern interior space with a concrete ceiling and three cylindrical track lights. Large windows in the background show a dark exterior. The text 'Financial Statement Discussion Analysis' is overlaid in white on the bottom left of the image.

Financial Statement Discussion Analysis

Financial Statement Discussion Analysis

The financial statement discussion and analysis should be read in conjunction with the audited financial statements of Alberta University of the Arts (AUArts) for the year ended June 30, 2025 and accompanying notes. The AUArts financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

The Auditor General of Alberta has audited the financial statements and has provided the accompanying Independent Auditors' Report. The financial statements and Annual Report satisfy a legislative requirement in Alberta's Post-Secondary Learning Act.

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 expressed in thousands of dollars unless otherwise noted.

The Board of Governors of AUArts is a corporation which manages and operates AUArts under the Post-Secondary Learning Act (Alberta). AUArts is a specialized arts and culture institution mandated to offer four-year undergraduate and graduate degrees in visual art and design.

Financial Highlights

AUArts maintained its strong financial position in 2024–25, with results reflecting planned strategic investments that led to a modest operating deficit of \$348 (2024: surplus of \$815). The deficit was primarily driven by costs associated with the launch of the Creative Industries initiative and the recognition of accumulated administrative leave benefits from prior service periods. AUArts had originally budgeted for a deficit of \$86 and received approval from the Ministry of Advanced Education for a deficit of up to \$200, recognizing that the launch of the Creative Industries initiative could involve initial start-up challenges.

The investment in the Creative Industries initiative underscores AUArts' commitment to aligning programs and curriculum with the evolving needs of students and communities, while supporting long-term financial sustainability through revenue diversification. These targeted investments are designed to reinforce AUArts' long-term financial sustainability and position the University to adapt to evolving opportunities in the post-secondary landscape.

The University's net asset position continued to reflect overall financial strength and prudent stewardship. Financial management, disciplined decision-making, and the capitalization of investment income from portfolio holdings contributed to a year-end net asset balance of \$21,692, up from \$21,002 in the prior year. The \$690 increase primarily reflects a \$925 gain in the fair value of portfolio investments, partially offset by the annual operating deficit of \$348.

Revenues

Total revenues for the year ended June 30, 2025, were \$27,055, slightly below the budgeted amount of \$27,064 and the prior year's total of \$27,222. Overall, revenues remained consistent with both the budget and the previous year.

	2025 Actual	2025 Budget	Variance to Budget	2024 Actual	Variance to Prior Year
Government of Alberta grants	\$15,688	\$15,659	\$29	\$16,130	\$(442)
Federal and other government grants	100	57	43	88	12
Sales of services and products	772	564	208	696	76
Student tuition and fees	8,921	9,484	(563)	8,620	301
Donations and other contributions	809	576	233	761	48
Investment income	765	724	41	927	(162)
	\$27,055	\$27,064	\$(9)	\$27,222	\$(167)

Government of Alberta Grants

Grants from the Government of Alberta represent the University's largest source of revenue. Total revenues from Government of Alberta grants, including expended capital, were consistent with the budget but were \$442 or 3 per cent lower compared to the prior year. The year-over-year decrease primarily reflects lower utilization of multi-year Government of Alberta grants designated for specific purposes in 2024-25 compared to 2023-24.

Federal and Other Government Grants

Total revenues from federal and other government grants were \$12 or 14 per cent higher than the prior year and \$43 or 75 per cent higher than budget. The increase was primarily due to higher utilization of available grants compared to both the prior year and budget.

Sales of Services and Products

Sales of services and products, which include revenue from bookstore art supplies, food services, provision of information technology to students, and other non-recurring revenue, were \$76 or 11 per cent higher than the prior year and \$208 or 37 per cent higher than the budget. The overall increase was largely attributable to higher revenues from information technology and food services, which surpassed prior-year results and exceeded budget expectations. These gains were partially offset by a decline in bookstore sales.

Student Tuition and Fees

Student tuition and fees, which include instructional fees, international student fees, and mandatory non-instructional fees, totalled \$8,921, representing \$301 or 3 per cent increase over the prior year and a \$563 or 6 per cent shortfall compared to the budget. The year-over-year increase reflects the increase in student enrollment and tuition rate adjustments, while the variance from budget is primarily due to the delayed launch of the Continuing Education Creative Industries initiative and lower-than-expected international student enrollment.

Donations and Other Contributions

In 2024–25, AUArts continued to receive and utilize valuable support from both new and long-standing sponsors. Revenues from donations and contributions totalled \$809, representing an increase of \$48, or 6 per cent, over the prior year and \$233, or 40 per cent, above budget. The year-over-year increase reflects greater utilization of available donation funds during the year.

Investment Income

Investment income supports both AUArts' operating activities and serves as a reserve for strategic and other initiatives. Investment income for the year totaled \$765, a decrease of \$162, or 17 per cent, from the prior year, but \$41, or 6 per cent, above budget. The year-over-year decline reflects lower returns on GICs and reduced dividend income resulting from the transition to a new investment manager. Because the portfolio transition was planned for early in the subsequent 2026 fiscal year and before the ex-dividend date for certain securities, AUArts did not recognize the prorated dividends typically accrued at June 30 for the preceding six-month period. The positive variance from the budget is attributed to actual rates of return exceeding initial projections.

Expenses

For the fiscal year ended June 30, 2025, total expenses were \$27,403, an increase of \$996, or 4 percent, compared to the prior year, and consistent with the budget. Employee salaries and benefits, which account for 67 percent of total expenditures, remain the university's most significant cost driver. The overall increase in expenses was primarily due to higher employee compensation and benefit costs, as well as increased amortization expense.

	2025 Actual	2025 Budget	Variance to Budget	2024 Actual	Variance to Prior Year
Employee salaries and benefits	\$18,450	\$18,316	\$134	\$17,533	\$917
Materials, supplies and services	5,780	5,701	79	5,850	(70)
Amortization of tangible capital assets	1,508	1,508	-	1,338	170
Utilities	727	850	(123)	758	(31)
Scholarships and bursaries	578	417	161	554	24
Cost of goods sold	276	291	(15)	308	(32)
Maintenance and repairs	84	67	17	66	18
	\$27,403	\$27,150	\$253	\$26,407	\$996

Employee Salaries and Benefits

Employee salaries and benefits were \$917, or 5 per cent, higher than the prior year and slightly higher than the budget. The increase was primarily due to the replacement of contracted services with permanent staff, the accrual of administrative leave benefits, and salary increases resulting from cost-of-living adjustments.

Materials, Supplies and Services

Materials, supplies, and services were consistent with both the prior year and the budget.

Amortization of Tangible Capital Assets

Amortization expense was \$1,508, representing a \$170 or 13 per cent increase over the prior year and in line with the budget. The increase was primarily due to new capital investments and the completion of major projects in the prior year and early in 2024–25.

Utilities

Utility expenses were \$31, or 4 per cent, lower than the prior year and \$123, or 14 per cent, below budget. The variance was primarily driven by energy savings resulting from the mechanical room and electrical projects, which more than offset the average increases in utility rates.

Scholarships and Bursaries

Scholarships and bursaries were \$24 or 4 per cent higher than the prior year and exceeded the budget by \$161 or 39 per cent. The year-over-year increase reflects enhanced support for a growing student population, while the variance from budget was primarily driven by the distribution of a higher-than-anticipated number of awards. These awards were funded through restricted sources, including grants, endowments, and the AUArts gem collection.

Cost of Goods Sold

The cost of goods sold was \$32, or 10 per cent, lower than the prior year and \$15, or 5 per cent, below budget. This decrease relates to bookstore operations and is consistent with the decline in bookstore sales.

Maintenance and Repairs

Maintenance and repair expenses were \$18, or 27 per cent, higher than the prior year and \$17, or 25 per cent, above budget. The increase was primarily due to higher equipment repair costs and general maintenance requirements necessary to support ongoing campus operations.

Capital

AUArts capital acquisitions are funded by internal operating funds, government grants, and donations.

	2025	2024	Variance
Building improvement	\$2,230	\$1,407	\$823
Computer hardware and software	775	742	33
Furnishings and equipment	309	368	(59)
	\$3,314	\$2,517	\$797

Significant capital asset acquisitions in 2024-25 included the following:

- Heating, ventilation and air conditioning system replacement of \$1,631
- Apply Alberta system implementation of \$415
- Data cabling project of \$167
- Library Common Area of \$152
- Other evergreening and studio expenditures

Net Assets and Net Financial Assets

Net Assets

The university's net asset balance provides a strong indication of its financial resilience and long-term sustainability. Net assets are the university's accumulated operating surplus, investment in tangible capital assets, internally restricted surplus, endowments and accumulated remeasurement gains.

Endowments of \$9,402 continue to represent the largest component of net assets. These endowments consist of donor contributions that must be maintained in perpetuity, along with capitalized investment income that is similarly preserved to protect the long-term economic value of the funds. As such, endowment balances are not available for general spending.

In 2024–25, the increase in AUArts' net assets was mainly driven by strong returns on long-term managed portfolio investments and capitalized investment income.

The year-over-year net asset balances are further disclosed in the following table:

	2025	2024	Variance
Accumulated surplus from operations	\$6,249	\$7,314	\$(1,065)
Investment in tangible capital assets	3,489	2,601	888
Internally restricted surplus	72	243	(171)
Endowments	9,402	9,289	113
Accumulated remeasurement gains	2,480	1,555	925
	\$21,692	\$21,002	\$690

Net Financial Assets

AUArts meets its liquidity needs primarily through operating cash flows, working capital balances, and capital expansion funding received via grants. Net financial assets serve as a key indicator of the institution's ability to cover liabilities and support future operations using available financial resources.

The university had net financial assets of \$17,340 (2024: \$17,501). They reflect the university's strong liquidity position, with no significant change compared to the previous year. Included in the June 2025 net financial assets balance is \$12,046 (2024: \$11,035) of portfolio investments restricted for endowments. The economic value of the endowments must be maintained in perpetuity and cannot be used to cover liabilities, future operating expenses, or capital purchases.

Areas of Significant Financial Risk

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 60 per cent of its revenue. In recent years, the Government introduced the Investment Management Agreement, which sets performance metrics that must be achieved to maintain this funding. To date, AUArts has successfully achieved these metrics. However, any future reduction to this grant poses a significant financial risk to the university. With limited flexibility to increase tuition due to regulatory constraints and a narrow capacity to expand ancillary revenue streams, AUArts must prioritize meeting the Government of Alberta's performance metrics and implementing operational efficiencies to mitigate this risk.

Inflation Pressures and Escalating Costs

During the year, AUArts faced 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 may challenge AUArts' ability to maintain service excellence and ongoing operational efficiencies.

Information Technology

AUArts allocates a substantial portion of its operating budget, internally sourced capital funds, and restricted reserve funds to information technology annually, supporting system requirements across the university. Despite significant investments in IT security and insurance, cyber risks continue to grow broadly. A cyber incident affecting AUArts could result in significant financial losses and reputational damage.

Investment Performance

AUArts held \$23 million in portfolio investments at June 30, 2025. The value of AUArts investments increased by 14 per cent in 2024-25 compared to 2023-24. However, a decline in investment value could negatively impact AUArts' ability to sustain its services and programs.

Capital Plan

Type of Project and Funding Sources

Type	Project Description	Project Cost	Funding Sources ¹	Funding Received and Source ²	Revised Funding Sources
Maintenance	Classroom/studio HVAC replacement	\$2,858	100% GoA	\$2,858 (GoA, CMR funded)	No change
Maintenance	LED Lighting and control	\$1,200	100% GoA	\$1,200 (GoA, CMR funded)	No change
Maintenance	Elevator Modernization	\$500	100% GoA	\$500 (GoA, CMR funded)	No change
Maintenance	2nd & 3rd floor SW window replacement	\$370	100% GoA	\$370 (GoA, CMR funded)	No change
Proposed	Multifunctional Gathering and Presenting Space	\$700	95% GoA 5% AUArts funds	-	No change

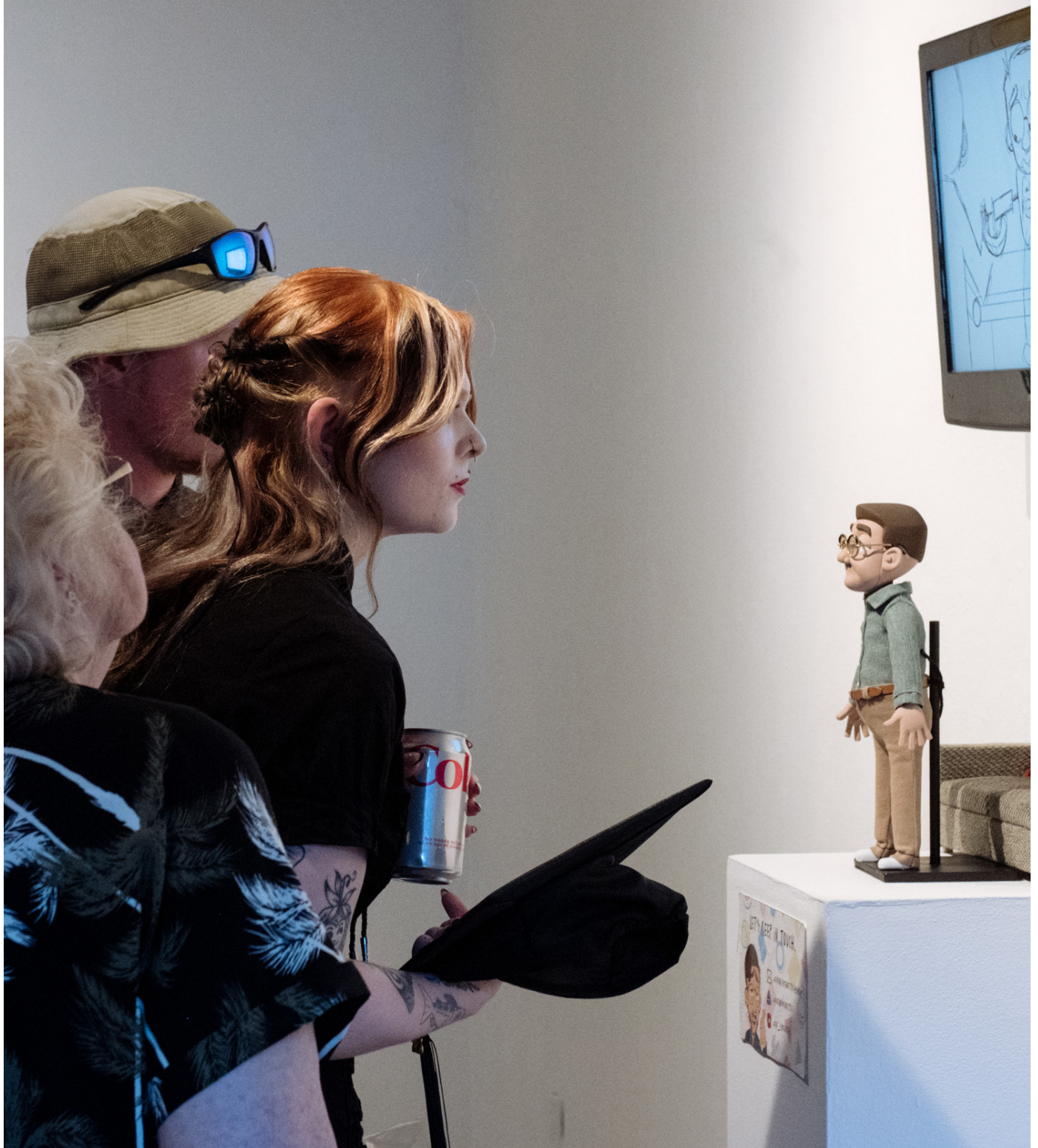
Project Timeline and Status

Project Description	Estimated Timeline	Expected Start	Expected Completion	Project Status	Progress in Last 12 Months
Classroom/studio HVAC replacement	July 2023 to August 2025	July 2023	September 2025	Commissioning, handover and warranty	Construction completed
LED Lighting and control	March 2026 to September 2027	March 2026	September 2027	Design	Planning and Design
Elevator Modernization	December 2025 to August 2026	December 2025	August 2026	Procurement	Planning and Design
2nd & 3rd floor SW window replacement	May 2024 to August 2025	May 2024	August 2025	Construction	Construction
Multifunctional Gathering and Presenting Space	April 2026 to September 2026	April 2026	September 2026	Project pending approval and funding	Planning and Design

¹ GOA = Government of Alberta

² Amounts received to June 30, 2025

Financial Statements



Alberta University of the Arts

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2025

Alberta University of the Arts
FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

Statement of Management Responsibility

Independent Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Change in Net Financial Assets

Statement of Remeasurement Gains and Losses

Statement of Cash Flows

Notes to the Financial Statements

**ALBERTA UNIVERSITY OF THE ARTS
FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED JUNE 30, 2025**

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, 2025 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, 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. Janis Goldie
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, 2025, 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, 2025, 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

October 21, 2025
Edmonton, Alberta

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025
(thousands of dollars)

	2025	2024
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (note 3)	\$ 9,666	\$ 12,472
Portfolio investments – non-endowment (note 4)	11,313	9,542
Accounts receivable	826	1,882
Inventories held for sale	274	295
	<u>22,079</u>	<u>24,191</u>
Liabilities		
Accounts payable and accrued liabilities	3,633	3,356
Employee future benefit liabilities (note 6)	96	190
Debt (note 7)	44	64
Deferred revenue (note 8)	13,012	14,115
	<u>16,785</u>	<u>17,725</u>
Net financial assets excluding portfolio investments restricted for endowments	<u>5,294</u>	<u>6,466</u>
Portfolio investments – restricted for endowments (note 4)	12,046	11,035
Net financial assets	<u>17,340</u>	<u>17,501</u>
Non-financial assets		
Tangible capital assets (note 9)	14,741	12,935
Inventories of supplies	354	274
Prepaid expenses	464	560
	<u>15,559</u>	<u>13,769</u>
Net assets before spent deferred capital contributions	<u>32,899</u>	<u>31,270</u>
Spent deferred capital contributions (note 10)	11,207	10,268
Net assets (note 11)	<u>\$ 21,692</u>	<u>\$ 21,002</u>
Net assets are comprised of:		
Accumulated surplus	\$ 19,212	\$ 19,447
Accumulated remeasurement gains	2,480	1,555
	<u>\$ 21,692</u>	<u>\$ 21,002</u>

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

Approved by the Board of Governors (note 22):

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2025
(thousands of dollars)

	Budget (note 21)	2025	2024
Revenues			
Government of Alberta grants (note 18)	\$ 15,659	\$ 15,688	\$ 16,130
Federal and other government grants (note 18)	57	100	88
Sales of services and products (note 19)	564	772	696
Student tuition and fees (note 19)	9,484	8,921	8,620
Donations and other contributions	576	809	761
Investment income	724	765	927
	<u>27,064</u>	<u>27,055</u>	<u>27,222</u>
Expenses (note 16)			
Instruction and non-sponsored research	10,028	9,971	9,787
Institutional support	7,224	7,651	6,906
Academic and student support	5,505	5,472	5,553
Facility operations and maintenance	3,658	3,512	3,326
Ancillary services	735	742	734
Sponsored research	-	55	101
	<u>27,150</u>	<u>27,403</u>	<u>26,407</u>
Annual operating (deficit) surplus	(86)	(348)	815
Endowment contributions and capitalized investment income			
Endowment contributions (note 11)		9	34
Endowment capitalized investment income (note 11)	90	104	124
	<u>90</u>	<u>113</u>	<u>158</u>
Annual surplus (deficit)	4	(235)	973
Accumulated surplus, beginning of year	<u>19,447</u>	<u>19,447</u>	<u>18,474</u>
Accumulated surplus, end of year (note 11)	<u>\$ 19,451</u>	<u>\$ 19,212</u>	<u>\$ 19,447</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, 2025
(thousands of dollars)

	Budget (note 21)	2025	2024
Annual surplus (deficit)	\$ 4	\$ (235)	\$ 973
Acquisition of tangible capital assets		(3,314)	(2,517)
Amortization of tangible capital assets	1,508	1,508	1,338
(Increase) decrease in inventories of supplies		(80)	13
Decrease (increase) in prepaid expenses		96	(195)
Increase (decrease) in spent deferred capital contributions		939	(163)
Increase in accumulated remeasurement gains		925	551
(Decrease) in net financial assets	1,512	(161)	-
Net financial assets, beginning of year	17,501	17,501	17,501
Net financial assets, end of year	\$ 19,013	\$ 17,340	\$ 17,501

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, 2025
(thousands of dollars)

	<u>2025</u>	<u>2024</u>
Accumulated remeasurement gains, beginning of year	\$ 1,555	\$ 1,004
Unrealized gains attributable to:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	1,275	788
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	<u>(350)</u>	<u>(237)</u>
Change in accumulated remeasurement gains	925	551
Accumulated remeasurement gains, end of year	<u>\$ 2,480</u>	<u>\$ 1,555</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, 2025
(thousands of dollars)

	2025	2024
Operating transactions		
Annual (deficit) surplus	\$ (235)	\$ 973
Add (deduct) non-cash items:		
Amortization of tangible capital assets	1,508	1,338
(Gain) on sale of portfolio investments	(271)	(88)
Expended capital contributions recognized as revenue	(1,080)	(1,039)
Change in employee future benefit liabilities	(94)	119
Change in non-cash items	63	330
Decrease (increase) in accounts receivable	1,056	(1,349)
Decrease (increase) in inventories held for sale	21	(20)
Increase in accounts payable and accrued liabilities	277	295
(Decrease) increase in deferred revenue, excluding change in restricted unrealized gain	(1,946)	732
(Increase) decrease in inventories of supplies	(80)	13
Decrease (increase) in prepaid expenses	96	(195)
Cash (used) provided by operating transactions	(748)	779
Capital transactions		
Acquisition of tangible capital assets, less in-kind donations	(3,314)	(2,517)
Cash applied to capital transactions	(3,314)	(2,517)
Investing transactions		
Purchase of portfolio investments	(2,081)	(2,114)
Proceeds on sale of portfolio investments	1,338	503
Cash applied to investing transactions	(743)	(1,611)
Financing transactions		
Debt – repayment	(20)	(20)
Increase in spent deferred capital contributions	2,019	876
Cash provided by financing transactions	1,999	856
(Decrease) in cash and cash equivalents	(2,806)	(2,493)
Cash and cash equivalents, beginning of year	12,472	14,965
Cash and cash equivalents, end of year	\$ 9,666	\$ 12,472

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, 2025
(thousands of dollars)

1. Authority and Purpose

The Board of Governors of the Alberta University of the Arts is a corporation which manages and operates the Alberta University of the Arts ("the University") under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President and Chief Executive Officer, who is an *ex officio* member. Under the *Post-secondary Learning Act* the University is a specialized arts and culture institution mandated to offer four-year undergraduate and graduate degrees in visual art and design. The University is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the University are as follows:

a) Use of estimates

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 or net realizable value
Accounts receivable	Lower of cost or 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
YEAR ENDED JUNE 30, 2025
(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Valuation of financial assets and liabilities (continued)

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.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

c) Revenue recognition (continued)

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.

Sales of services and products

Sales of services and products represent revenues from non-tuition related services and/or products such as bookstore sales, media production, rental income, and other administrative charges.

These revenues, with the exception of fines and surcharges, and some administrative fees, are considered revenues arising from exchange transactions. Revenue from these transactions is recognized when or as the University fulfils its performance obligations and transfers control of the promised goods and services to the payor. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

Revenue without performance obligations is a non-exchange transaction with a payor and is recognized when the University has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

Student tuition and fees

Student tuition and fees are charged for the programs offered by the University such as program registration and application fees, course delivery fees, student ID card replacement fees, locker rental fees, student services fees, network access fees, and studio materials and services fees.

These fees, with the exception of forfeited confirmation deposits, are considered revenue arising from exchange transactions with performance obligations. The University recognizes revenue from program registration and application fees when received as the performance obligations of registering the student are met when paid. Revenue from course delivery and other student services and materials fees are recognized over the course of each academic period/semester as the University fulfils its performance obligations by delivering the courses. If the performance obligation is outstanding at year-end, the remaining revenue is deferred. Revenue from student ID fees is recognized when the performance obligation to provide the student ID cards to the student has been met.

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.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

c) Revenue recognition (continued)

Investment income (loss)

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. 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
YEAR ENDED JUNE 30, 2025
(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

d) Endowments (continued)

In the event realized investment income is not sufficient to fund in-year spending allocation, the university has the option to adjust the spending policy rate, to defer the spending allocation, or to fund the allocation using other institutional sources.

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 the lower of cost or replacement 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.

All leases are recorded in the financial statements as either a capital or operating lease. Any lease which transfers substantially all the benefits and risks of ownership associated with the leased asset are accounted for as leased tangible capital assets. Capital lease assets and liabilities are recognized at the lesser of the present value of the future minimum lease payments and the asset's fair market value at the inception of the lease, excluding executor costs (e.g. insurance, maintenance costs, etc.). Leased equipment is reflected as an asset and a liability in the statement of financial position. The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease. Note 7 provides a schedule of repayments and amount of interest on the lease.

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

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

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

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

ALBERTA UNIVERSITY OF THE ARTS
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2. Summary of Significant Accounting Policies and Reporting Practices (continued)

f) Tangible capital assets (continued)

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) Purchased intangibles

Purchased intangibles are recorded at cost less accumulated amortization. The cost, less any residual value, of purchased intangibles with a finite life is amortized on a straight-line basis over its useful life in a manner appropriate to its nature and use, which is normally the shortest of the technological, commercial, and legal life. Purchased intangibles with an indefinite life are not amortized.

The University's purchased intangibles have estimated finite useful lives as follows:

Licenses and course content	Lesser of expected useful life or the date at which the license expires
-----------------------------	---

Write-downs are recognized for finite and indefinite life intangibles when conditions indicate they no longer contribute to the University's ability to provide services, or when the value of future economic benefits associated with the purchased intangibles are less than their net book value. Net write-downs are recognized as expenses.

h) Foreign currency translation

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

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

i) Employee future benefits

Pension

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

ALBERTA UNIVERSITY OF THE ARTS
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2. Summary of Significant Accounting Policies and Reporting Practices (continued)

Pension (continued)

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.

j) Liability for contaminated sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into the soil, water or sediment. 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.

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, 2025 there are no contaminated sites.

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2. Summary of Significant Accounting Policies and Reporting Practices (continued)

k) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. The tangible capital assets include but not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- i. decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- ii. remediation of contamination of a tangible capital asset created by its normal use;
- iii. post-retirement activities such as monitoring; and
- iv. constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

Where a present value technique is used to measure a liability, the liability is adjusted for the passage of time and is recognized as accretion expense in the statement of operations. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. When a present value technique is not used, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability.

As at June 30, 2025 there are no asset retirement obligations.

l) 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 relating to the direct support of instructional delivery and the support of the student body.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies and Reporting Practices (continued)

l) Expense by function (continued)

Institutional support

Expenses relating 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 relating 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.

m) 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.

n) Future changes in accounting standards

The University will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

Effective April 1, 2026, *The Conceptual Framework for Financial Reporting in the Public Sector*. The Conceptual Framework is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

Effective April 1, 2026, PS 1202 *Financial Statement Presentation*. Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

The University is currently assessing the impact of the new conceptual framework and standard, and the extent of the impact of their adoption on the financial statements has not yet been determined.

ALBERTA UNIVERSITY OF THE ARTS
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3. Cash and cash equivalents

	<u>2025</u>	<u>2024</u>
Cash	\$ 8,505	\$ 4,348
Cash equivalents	1,161	8,124
	<u>\$ 9,666</u>	<u>\$ 12,472</u>

Cash and cash equivalents are comprised of cash on hand and short-term investments held for the purpose of meeting short-term commitments.

4. Portfolio investments

	<u>2025</u>	<u>2024</u>
Portfolio investments – non-endowment	\$ 11,313	\$ 9,542
Portfolio investments – restricted for endowments	12,046	11,035
	<u>\$ 23,359</u>	<u>\$ 20,577</u>

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

	<u>2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio managed money market	\$ 634	\$ -	\$ -	\$ 634
Portfolio managed fixed income	9,133	-	-	9,133
Portfolio managed equity	13,592	-	-	13,592
	<u>\$ 23,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,359</u>
	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio managed money market	\$ 1,299	\$ -	\$ -	\$ 1,299
Portfolio managed fixed income	7,665	-	-	7,665
Portfolio managed equity	11,613	-	-	11,613
	<u>\$ 20,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,577</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).

ALBERTA UNIVERSITY OF THE ARTS
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4. Portfolio investments (continued)

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 the 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 an 8.2% 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, 2025, if market prices had a 8.2% (2024 – 8.2%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and deferred revenue for the year would be \$1,911 (2024 – \$1,688).

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.

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5. Financial risk management (continued)

Foreign currency risk (continued)

The impact of a change in the most material value of the portfolio investment denominated in foreign currency is shown below:

	Fair value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
US dollar	\$ 4,880	\$ (122)	\$ (49)	\$ 49	\$ 122
Euro	1,658	(41)	(17)	17	41
British pound	1,100	(28)	(11)	11	28
Japanese yen	663	(17)	(7)	7	17

Credit risk

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

The credit risks on investments held are as follows:

	2025	2024
Credit rating		
AAA	26.81%	19.55%
AA	27.61%	32.27%
A	29.14%	28.29%
BBB	16.44%	19.89%
	100.00%	100.00%

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's fixed income portfolio would be approximately 6.6% (2024 – 6.7%).

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5. Financial risk management (continued)

Interest rate risk (continued)

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%	2.66%
Portfolio funds, fixed income	0.18%	41.72%	58.10%	3.54%

6. Employee future benefits

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. As at June 30, 2025, the University had a liability associated with these benefits totalling \$96 (2024 - \$190).

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, 2024, the LAPP reported an actuarial surplus of \$19,557 million (2023 – \$15,057 million). An actuarial valuation of the LAPP was carried out as at December 31, 2023 and the results were then extrapolated to December 31, 2024. The pension expense recognized in these financial statements is \$1,025 (2024 – \$1,021).

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	2025	2024
Liabilities under capital leases	4%	\$ 44	\$ 64

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	21	2	23
2027	21	1	22
2028	2	-	2
	\$ 44	\$ 3	\$ 47

Interest expense on debt is \$4 (2024 - \$1) 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:

	2025				2024
	Deferred research and special purpose	Unspent deferred capital contributions	Student tuition, fees and other revenue	Total	Total
Balance, beginning of year	\$ 6,120	\$ 7,049	\$ 946	\$ 14,115	\$ 12,812
Grants, tuition, and other donations	858	658	8,406	9,922	10,352
Restricted investment income	351	-	-	351	543
Unrealized gains	843	-	-	843	571
Other transfers	(195)	19	-	(176)	-
Transfers to spent deferred capital contributions	-	(2,019)	-	(2,019)	(876)
Recognized as revenue	(739)	(64)	(8,732)	(9,535)	(8,880)
Scholarships, bursaries issued	(489)	-	-	(489)	(407)
Balance, end of year	\$ 6,749	\$ 5,643	\$ 620	\$ 13,012	\$ 14,115

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9. Tangible capital assets

	2025				2024
	Building Improvements	Furnishings and Equipment⁽¹⁾	Computer Hardware and Software	Total	Total
Cost					
Beginning of year	\$ 18,095	\$ 1,790	\$ 2,142	\$ 22,027	\$ 20,237
Acquisitions	2,230	309	775	3,314	2,517
Disposals, including write-downs	-	-	(154)	(154)	(727)
	<u>20,325</u>	<u>2,099</u>	<u>2,763</u>	<u>25,187</u>	<u>22,027</u>
Accumulated Amortization					
Beginning of year	\$ 6,647	\$ 1,103	\$ 1,342	\$ 9,092	\$ 8,481
Amortization expense	1,129	213	166	1,508	1,338
Effects on disposals, including write-downs	-	-	(154)	(154)	(727)
	<u>7,776</u>	<u>1,316</u>	<u>1,354</u>	<u>10,446</u>	<u>9,092</u>
Net Book Value at June 30, 2025	\$ 12,549	\$ 783	\$ 1,409	\$ 14,741	
Net Book Value at June 30, 2024	\$ 11,448	\$ 687	\$ 800		\$ 12,935

No interest was capitalized by the University in 2025.

Cost includes work-in-progress at June 30, 2025 totaling \$2,804 (2024 – \$1,114) comprised of building improvements \$2,231 (2024 – \$743), computer hardware and software \$567 (2024 - \$371) and equipment \$6 (2024 - \$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 (2024 – \$105) and accumulated amortization of \$60 (2024 – \$40).

The land and buildings which house the University are owned by SAIT and are occupied by the University under a master service agreement.

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.

10. 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).

	2025	2024
Balance, beginning of year	\$ 10,268	\$ 10,431
Transfers from unspent deferred capital contributions	2,019	876
Expended capital contributions recognized as revenue	(1,080)	(1,039)
Net change for the year	939	(163)
Balance, end of year	\$ 11,207	\$ 10,268

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11. Net assets

	Accumulated surplus from operations	Investment in tangible capital assets	Internally restricted surplus	Endowments	Total
Net Assets as at June 30, 2023	\$ 9,147	\$ 1,238	\$ 512	\$ 8,581	\$ 19,478
Annual operating surplus	815	-	-	-	815
Endowments:					
New donations	-	-	-	34	34
Capitalized investment income	-	-	-	124	124
Transfer to (from) endowments	(550)	-	-	550	-
Tangible capital assets:					
Amortization of tangible capital assets	279	(279)	-	-	-
Acquisition of tangible capital assets	(1,538)	1,642	(104)	-	-
Operating expenses funded from internally restricted surplus	165	-	(165)	-	-
Change in accumulated remeasurement gains	551	-	-	-	551
Net assets, beginning of year	\$ 8,869	\$ 2,601	\$ 243	\$ 9,289	\$ 21,002
Annual operating (deficit)	(348)	-	-	-	(348)
Endowments:					
New donations	-	-	-	9	9
Capitalized investment income	-	-	-	104	104
Tangible capital assets:					
Amortization of tangible capital assets	407	(407)	-	-	-
Acquisition of tangible capital assets	(1,263)	1,295	(32)	-	-
Operating expenses funded from internally restricted surplus	139	-	(139)	-	-
Change in accumulated remeasurement gains	925	-	-	-	925
Net assets, end of year	\$ 8,729	\$ 3,489	\$ 72	\$ 9,402	\$ 21,692
Net assets is comprised of:					
Accumulated surplus	\$ 6,249	\$ 3,489	\$ 72	\$ 9,402	\$ 19,212
Accumulated remeasurement gains and losses	2,480	-	-	-	2,480
	\$ 8,729	\$ 3,489	\$ 72	\$ 9,402	\$ 21,692

Internally restricted surplus

Internally restricted accumulated surplus represents 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:

	2025	2024
Capital and infrastructure	\$ 11	\$ 19
Academic and institutional initiatives	61	224
	\$ 72	\$ 243

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12. Contingent assets

The University has no contingent assets as at June 30, 2025.

13. Contingent liability

The University has no contingent liability as at June 30, 2025.

14. Contractual rights

The University has no material contractual 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	Total
2026	\$ 1,103	\$ 746	\$ 1,849
2027	345	244	589
2028	14	141	155
2029	3	80	83
Total at June 30, 2025	<u>\$ 1,465</u>	<u>\$ 1,211</u>	<u>\$ 2,676</u>
Total at June 30, 2024	<u>\$ 2,202</u>	<u>\$ 1,622</u>	<u>\$ 3,824</u>

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16. Expense by object

The following is a summary of expense by object:

	2025		2024
	Budget	Actual	Actual
	(note 21)		
Employee salaries and benefits	\$ 18,316	\$ 18,450	\$ 17,533
Materials, supplies and services	5,701	5,780	5,850
Amortization of tangible capital assets	1,508	1,508	1,338
Utilities	850	727	758
Scholarships and bursaries	417	578	554
Cost of goods sold	291	276	308
Maintenance and repairs	67	84	66
	<u>\$ 27,150</u>	<u>\$ 27,403</u>	<u>\$ 26,407</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 building owned by the Southern Alberta Institute of Technology (SAIT). The University has occupied the site for the past 39 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 has a service agreement with SAIT for the provision of certain computer and information systems support and maintenance. During the year, the University paid \$476 (2024 – \$360) 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 amount due to SAIT as at June 30, 2025 is \$1,046 (2024 - \$1,247).

The University has a contractual obligation to SAIT for \$199 (2024 – \$380) 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 districts, 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>2025</u>	<u>2024</u>
Grants from Government of Alberta		
Advanced Education:		
Operating grants	\$ 14,698	\$ 14,686
Capital grants	658	1,386
Total Advanced Education contributions received	<u>15,356</u>	<u>16,072</u>
Deferred revenue	(688)	(914)
Expended capital contributions recognized as revenue	1,020	972
	<u>\$ 15,688</u>	<u>\$ 16,130</u>
Federal and other government grants		
Contributions received	\$ 100	\$ 43
Deferred revenue	(57)	(12)
Expended capital contributions recognized as revenue	57	57
	<u>\$ 100</u>	<u>\$ 88</u>

19. Revenue

The main source and type of revenue making up student tuition and fees, as well as sales of services and products are summarized below.

	<u>2025</u>	<u>2024</u>
Student tuition and fees		
Undergraduate tuition fees	\$ 6,904	\$ 6,831
Continuing education course fees	509	507
Graduate tuition fees	387	188
Artstream tuition fees	57	53
Other student fees	1,064	1,041
	<u>\$ 8,921</u>	<u>\$ 8,620</u>
Sales of services and products		
Bookstore	\$ 495	\$ 533
Other	277	163
	<u>\$ 772</u>	<u>\$ 696</u>

The University recognizes revenue of \$61 (2024 - \$22) which is considered non-recurring.

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20. Salary and employee benefits

	2025				2024
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non- cash benefits ⁽³⁾	Total	Total (Restated) ⁽⁹⁾
Governance ⁽⁴⁾					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	-	-	-
Executive					
President and Chief Executive Officer					
Incumbent ⁽⁵⁾	54	1	9	64	-
Past Incumbent ⁽⁶⁾⁽⁹⁾	195	35	31	261	511
Vice-Presidents:					
Vice-President Finance and Operations	186	-	60	246	208
Vice-President Advancement ⁽⁷⁾	113	141	24	278	198
Deans:					
Dean, Academic Programs ⁽⁸⁾	121	-	23	144	174
Dean, Innovation, Learning & Development	149	-	28	177	174
Dean of Students	156	-	28	184	174
Executive Director, People and Culture	156	-	32	188	177
University Secretary	145	-	29	174	165

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include earnings such as vacation payouts, vehicle allowances, and other lump sum payments, including severance. No bonuses were paid in 2025 or 2024.

(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, health care, short and long-term disability plans, dental coverage, accidental disability, dismemberment, professional memberships, tuition fees, administrative leave accruals, fair market value of parking, and other taxable benefits.

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

(5) The incumbent held the position effective April 14, 2025.

(6) The past incumbent left the position effective April 13, 2025. Over the course of his service, the individual accrued administrative leave benefits, which have been recorded in the 2024 balance.

(7) The incumbent held the position until February 27, 2025, at which time the incumbent was terminated. Other cash benefits include \$75 of severance pay.

(8) The incumbent left the position effective April 13, 2025, at which time the incumbent was appointed to the position of President and Chief Executive Officer.

(9) The comparative information for non-cash benefits previously did not include the accrual for administrative leave benefits. The 2024 balance has been restated to include administrative leave benefits accrued over the former President and Chief Executive Officer's period of service.

ALBERTA UNIVERSITY OF THE ARTS
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(thousands of dollars)

21. Budget figures

The University's 2024-25 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

22. Approval of financial statements

This financial statements were approved by the Board of Governors of the Alberta University of Arts.

23. Comparative figures

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

Alberta University of the Arts

Alberta University of the Arts

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