UNIVERSITY OF CALGARY

Financial Statements

For the Year Ended March 31, 2011

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian generally accepted accounting principles as described in note 2 to the financial statements. The financial statements present fairly the financial position of the University as at March 31, 2011 and the results of its operations and cash flows for the year then ended.

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

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit Committee. The Audit Committee meets with Management and the External Auditor to discuss the results of audit examinations and financial reporting matters. The External Auditor has full access to the Audit Committee, with and without the presence of Management.

The financial statements for the year ended March 31, 2011 have been reported on by the Auditor General of the Province of Alberta, the auditor appointed under *The Post-secondary Learning Act*. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the information in the financial statements.

Original signed by Elizabeth Cannon
President

Original signed by Jonathan Gebert
Vice-President (Finance and Services)

Independent Auditor's Report

To the Board of Governors of the University of Calgary

Report on the Financial Statements

I have audited the accompanying financial statements of the University of Calgary, which comprise the statement of financial position as at March 31,2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the University of Calgary as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
June 22, 2011

Original signed by Merwan N. Saher, CA
Auditor General

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011
(thousands of dollars)

UNIVERSITY OF CALGARY

		2011		2010
ASSETS				
Current				
Cash and cash equivalents (note 3)	**$**	**534,960**	$	576,062
Short-term investments (note 4)		**255,214**		190,331
Accounts receivable		**46,247**		63,379
Inventories and prepaid expenses		**21,781**		19,916
		858,202		849,688
Long-term investments (note 4)		**517,791**		449,242
Other long-term assets (note 5)		**22,727**		22,604
Capital assets and collections (note 6)		**1,471,315**		1,209,195
	$	**2,870,035**	$	2,530,729
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**150,910**	$	166,550
Current portion of long-term liabilities (note 8)		**4,917**		3,951
Deferred contributions, research and other (note 9)		**426,618**		391,665
Deferred revenue		**22,104**		20,238
		604,549		582,404
Employee future benefit liabilities (note 7)		**68,424**		63,691
Long-term liabilities (note 8)		**157,443**		110,186
Deferred contributions, capital (note 9)		**77,124**		162,059
Unamortized deferred capital contributions (note 10)		**1,127,290**		902,374
		2,034,830		1,820,714
Net Assets				
Endowments (note 11)		**496,807**		441,658
Investment in capital assets and collections (note 12)		**193,360**		194,471
Internally restricted (note 13)		**108,489**		84,468
Unrestricted (deficit)		**36,549**		(10,582)
		835,205		710,015
	$	**2,870,035**	$	2,530,729

Signed on behalf of the Board of Governors:

Chair, Board of Governors

Vice-President (Finance & Services)

The accompanying notes are part of these financial statements.

UNIVERSITY OF CALGARY

STATEMENT OF OPERATIONS
YEARS ENDED MARCH 31, 2011
(thousands of dollars)

	Budget 2011 (unaudited - note 16)	2011	2010
REVENUE			
Government of Alberta grants (note 18)	$ 506,927	**$ 499,705**	$ 499,583
Federal and other government grants	118,420	**118,421**	114,821
Sales of services and products	93,910	**93,371**	94,967
Student tuition and fees	179,198	**183,253**	169,720
Donations and other grants	70,314	**79,075**	71,456
Investment income (note 17)	26,477	**32,078**	31,510
Amortization of deferred capital contributions (note 10)	56,124	**59,859**	52,073
	$ 1,051,370	**$ 1,065,762**	$ 1,034,130
EXPENSE			
Salaries	496,535	**496,491**	502,482
Employee benefits	96,801	**89,056**	101,957
Materials, supplies and services	267,880	**195,478**	182,095
Utilities	33,352	**31,144**	28,214
Maintenance and repairs	12,047	**13,734**	14,160
Scholarships and bursaries	62,941	**66,371**	61,061
Cost of goods sold	18,353	**14,174**	15,471
Amortization of capital assets	84,533	**89,474**	80,681
	$ 1,072,442	**$ 995,922**	$ 986,121
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSE	$ (21,072)	**$ 69,840**	$ 48,009
NET TRANSFER TO ENDOWMENTS (note 11)		**(136)**	(1,208)
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS (note 12)		**1,448**	6,059
NET CHANGE IN INTERNALLY RESTRICTED NET ASSETS (note 13)		**(24,021)**	(5,844)
CHANGE IN UNRESTRICTED NET ASSETS FOR THE YEAR		**47,131**	47,016
UNRESTRICTED DEFICIT, Beginning of year		**(10,582)**	(57,598)
UNRESTRICTED NET ASSETS (Deficit), End of year		**$ 36,549**	$ (10,582)

The accompanying notes are part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2011
(thousands of dollars)

UNIVERSITY OF CALGARY

	Endowments	Investment in Capital Assets and Collections	Internally Restricted Net Assets	Unrestricted Net Assets (deficit)
NET ASSETS (deficit), March 31, 2009	$ 340,103	$ 200,144	$ 78,624	$ (57,598)
Excess of revenue over expense	-	-	-	48,009
Investment income (note 17)	57,944	-	-	-
Endowment contributions (note 11)	42,403	-	-	-
Net transfers	1,208	-	-	(1,208)
Net change in investment in capital assets (note 12)	-	(6,059)	-	6,059
Contribution of assets not subject to amortization (note 12)	-	386	-	-
Net expenditures and transfers of internally restricted net assets	-	-	5,844	(5,844)
NET ASSETS (deficit), March 31, 2010	$ 441,658	$ 194,471	$ 84,468	$ (10,582)
Excess of revenue over expense	-	-	-	69,840
Investment income (note 17)	31,428	-	-	-
Endowment contributions (note 11)	23,585	-	-	-
Net transfers	136	-	-	(136)
Net change in investment in capital assets (note 12)	-	(1,448)	102	1,346
Contribution of assets not subject to amortization (note 12)	-	337	-	-
Net expenditures and transfers of internally restricted net assets	-	-	23,919	(23,919)
NET ASSETS , March 31, 2011	$ 496,807	$ 193,360	$ 108,489	$ 36,549

The accompanying notes are part of these financial statements.

STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2011
(thousands of dollars)

UNIVERSITY OF CALGARY

	2011	2010
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expense	**$ 69,840**	$ 48,009
Add (deduct) non-cash items:		
Amortization of capital assets	**89,474**	80,681
Amortization of deferred capital contributions	**(59,859)**	(52,073)
In-kind contributions (capital) included in donations	**(10,572)**	(7,110)
Change in employee future benefit liabilities	**4,733**	19,971
Change in unrealized gain on investments	**(21,612)**	(21,060)
Total non-cash items	**2,164**	20,409
Net change in non-cash working capital (*)	**(28,437)**	67,416
	43,567	135,834
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets and collections, net of proceeds from disposals	**(340,685)**	(312,534)
Purchase of long-term investments, net of sales	**(28,347)**	(23,895)
Net proceeds from (decrease in) other long-term assets	**(123)**	3,159
Endowment investment earnings	**12,838**	8,112
	(356,317)	(325,158)
CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES		
Endowment contributions	**23,585**	42,403
Capital contributions	**199,841**	222,877
Long-term liabilities - new financing, net of repayments	**48,222**	43,463
	271,648	308,743
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(41,102)**	119,419
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**576,062**	456,643
CASH AND CASH EQUIVALENTS, END OF YEAR (note 3)	**$ 534,960**	$ 576,062
(*) Net change in non-cash working capital:		
Increase in short-term investments	**(64,883)**	(70,864)
Decrease (increase) in accounts receivable	**17,132**	(2,480)
Increase in inventories and prepaid expenses	**(1,865)**	(2,359)
(Decrease) increase in accounts payable and accrued liabilities	**(15,640)**	76,859
Increase in deferred contributions, research and other	**34,953**	64,540
Increase in deferred revenue	**1,866**	1,720
	$ (28,437)	$ 67,416

The accompanying notes are part of these financial statements.

1. Authority and Purpose

"The Governors of the University of Calgary" is a corporation which manages and operates the University of Calgary ("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 and Technology, with the exception of the Chancellor and President, who are *ex officio* members. Under the *Post-secondary Learning Act,* Campus Alberta Sector Regulation, the University is a comprehensive academic and research institution offering undergraduate and graduate degree programs as well as a full range of continuing education programs and activities. The University is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax. This tax exemption does not extend to its wholly-owned subsidiary, University Technologies International Inc.

2. Summary of Significant Accounting Policies and Reporting Practices

a) General - GAAP and Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not for profit organizations. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. University Management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of capital assets and floating rate notes are the most significant items based on estimates. In Management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

b) Investment in Subsidiaries and Joint Venture

The financial statements include the accounts of the following entities using the equity method of accounting:

- the combined results of University Technologies Group
  - University Technologies International Inc. (UTI),
  - University Technologies International Limited Partnership (UTI LP), a limited partnership held in trust by the University, and
  - UTI LP's wholly owned subsidiaries,
- the accounts of The Arctic Institute of North America (AINA), a non-profit organization controlled by the University.

UTI LP operates to facilitate the transfer of intellectual property from the University to private business. AINA operates under the authority of the Act of the Federal Parliament (9-10 George VI, Chapter 45) to initiate, encourage and support northern research and to advance the study of arctic conditions and problems.

The financial statements use the equity method to record the University's proportionate share of the following joint venture:

- Canada School of Energy and Environment (46.2% interest) – a joint venture with two other universities to promote coordination and collaboration in research and education related to the implementation of Alberta's energy and environment strategies.

These investments are recorded as other long-term assets (Note 5).

c) Financial Instruments

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

Financial Statement Components	Classification	Measurement
Cash and Cash Equivalents	Held for Trading	Fair Value
Investments	Held for Trading	Fair Value
Accounts Receivable	Loans and Receivables	Cost
Accounts Payable and Accrued Liabilities	Other Liabilities	Cost
Long-term Liabilities	Other Liabilities	Amortized Cost

The University's financial instruments are recognized on their trade date and transaction costs related to all financial instruments are expensed as incurred. Valuations of publicly traded securities are based on quoted market bid prices at the close of business on the statement of financial position date. For securities where market quotes are not available, estimation techniques are used to determine fair value. Estimation techniques used include discounted cash flows, internal models that utilize observable market data or comparisons with other securities that are substantially the same.

The University does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. As permitted for Not-for-Profit Organizations, the University has elected to not apply the standards on derivatives embedded in non-financial contracts, and the University has elected to continue to follow CICA 3861: *Disclosure and Presentation*.

Financial statements are exposed to credit risk, interest rate risk, foreign exchange risk, market risk, commodity price risk and liquidity risk. Each of these risks is managed through the University's collection procedures, investment guidelines, banking arrangements and other internal policies, guidelines and procedures.

Market Risk

The University is subject to market risk, foreign currency and interest rate risk with respect to its investment portfolio. To manage these risks, the University has established a target mix of investment types designed to achieve the optimal returns within reasonable risk tolerance.

Liquidity Risk

The University maintains a short-term line of credit that is designed to ensure available funds to meet current and forecasted financial requirements as cost effectively as possible. As at March 31st, 2011 the University has committed borrowing facilities of $16,000 none of which has been drawn.

Credit Risk

The credit risk from accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection 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. The risk is managed by contractually setting interest rates with banking institutions.

Commodity Price Risk

The University is exposed to commodity price risk as a result of substantial electricity and natural gas usage required to operate the institution's facilities. The University has entered into long-term utility contracts to manage its risk exposure from fluctuating utility prices (note 15).

Foreign Exchange Risk

The University has entered into a contract with the Qatari government to operate a campus in Qatar. Foreign exchange risk has been mitigated through negotiating payment of University management fees in Canadian dollars. Expenses incurred are recovered from the government of Qatar and claims are adjusted to reflect currency fluctuations, thus reducing exchange risk exposure to the University.

d) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at cost or net replacement cost. Cost is determined by weighted average.

e) Capital Assets and Collections

Capital assets purchased are recorded at cost. In-kind contributions are recorded at fair value when a fair value can be reasonably determined. Permanent collections are not amortized and include the portion of library assets with permanent value, museum specimens, archival materials, maps, and works of art held for education, research and public exhibition purposes.

Construction in progress includes the costs directly attributable to the construction including engineering, legal fees, and interest on specific debt attributed to the construction of capital assets.

Capital assets, once placed into service, are amortized on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are as follows:

Buildings, utilities and site improvements	20 - 40 years
Furnishings, equipment and systems	3 – 10 years
Learning resources	10 years

f) Capital Lease Receivable

Substantially all of the benefits and risks of ownership of the portion of the University Research Centre Building as described in the lease agreement have been transferred to the lessee. This transaction has been accounted for as a sales type capital lease. The carrying amount of this lease is valued based on the implicit interest rate and the expected lease payments over its remaining term. The University's net investment in the lease is presented in Other Assets (note 5).

g) Revenue Recognition

The financial statements record the following items as revenue - at the following times:

- Unrestricted contributions - when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Unrestricted investment income - when earned; this includes interest, dividends and realized and unrealized gains and losses.
- Pledges - when collected.
- Revenues received for services and products - when the services or products are substantially provided and collection is reasonably assured.
- Tuition fees - when the instruction is delivered.
- Donations of materials – are recorded at fair value when a fair value can be reasonably determined and when materials would otherwise have been purchased.
- Restricted contributions - based on the deferral method.

Deferral method

Contributions, including investment income on the contributions, which are restricted for purposes other than endowment or capital asset acquisitions, are deferred and recognized as revenue when the conditions of the contributions are met.

Contributions to acquire capital assets with limited lives are first recorded as deferred contributions, capital when received, and when expended, they are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.

Endowment contributions are recognized as direct increases in endowment net assets. Investment earnings, under agreements with benefactors or the *Post-Secondary Learning Act* allocated to endowment principal, are also recognized as direct increases in endowment net assets. Endowment investment earnings that are allocated for spending are deferred and recognized as revenue when the conditions of the endowment are met.

Contributions restricted for the acquisition of land and permanent collections are first recorded as deferred contributions when received, and when expended, they are recognized as direct increases in investment in capital assets and collections.

h) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated at average daily exchange rates. Gains or losses from these translations are included in investment income.

i) Employee Future Benefits

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

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service and is allocated to each participant based on their respective percentage of pensionable earnings. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life.

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

Supplementary retirement plans
The pension expense for defined benefit supplementary retirement plans is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected service lifetime for each plan participant.

j) Capital Disclosures

The University defines its capital as the amounts included in deferred contributions (note 9), endowment net assets (note 11) and unrestricted net assets. A significant portion of the University's capital is externally restricted and the University's unrestricted capital is funded by Alberta Advanced Education and Technology, other government funding agencies and donations. The University has investment policies (note 4), spending policies, and cash management procedures to ensure the University can meet its capital obligations.

Under the *Post-Secondary Learning Act*, the University must receive ministerial or Lieutenant Governor in Council approval for a deficit budget, mortgage and debenture borrowing and the sale of any land, other than donated land, that is held by and being used for the purposes of the University.

k) Contributed Services

Volunteers as well as members of the staff of the University contribute an indeterminable number of hours per year to assist the institution in carrying out its mission. Such contributed services are not recognized in the financial statements.

(thousands of dollars)

l) Future Accounting Changes

The Public Sector Accounting Board (PSAB) has issued a framework for financial reporting by government not-for-profit organizations. The framework includes CICA 4400: *Not-For-Profit Organizations*, which has been incorporated into the Public Sector Accounting (PSA) handbook as the PS 4200 series of standards. This framework will be effective for fiscal years beginning on or after January 1, 2012. Government not-for-profit organizations have been given the choice to apply either PS 4200 series of standards plus the PSA Handbook; or PSA handbook without the PS 4200 series of standards. The Government of Alberta has not yet made a decision on which option Alberta Public Post-Secondary Institutions, as government not-for-profit entities, will adopt. Therefore the University cannot determine the impact of this change on its financial statements. When the decision is made the University will identify the differences in the standards that will impact the financial statements and quantify the differences. The University will also determine whether any specific exemptions and exceptions applicable to the first time adoption of PSA standards by government not-for-profit organizations will be applicable to the University.

3. Cash and Cash Equivalents

Cash and cash equivalents, with a maximum maturity of 90 days at date of purchase are as follows:

		2011		2010
Cash (1)	**$**	**(844)**	$	5,948
Money market funds, short-term notes and treasury bills		**535,804**		570,114
Balance, end of the year	**$**	**534,960**	$	576,062

(1) The bank overdraft is a temporary condition existing at year end and represents cheques issued by the University not yet cleared by the University's bank. Subsequent to year end, the majority of these cheques were presented for payment and cleared by the bank.

4. Investments

The composition and fair value of investments are as follows:

		2011		2010
Money market funds, short-term notes, and treasury bills	**$**	**6,412**	$	1,028
Canadian bonds		**299,910**		255,117
Canadian equity		**180,509**		150,104
Foreign equity		**169,568**		150,486
Floating Rate Notes (ABCP)		**35,880**		31,844
Other		**80,726**		50,994
	$	**773,005**	$	639,573
Short-term investments		**255,214**		190,331
Long-term investments		**517,791**		449,242
Balance, end of the year	**$**	**773,005**	$	639,573

The average effective yields and the terms to maturity are as follows:

- Money market funds, short-term notes, and treasury bills: 1.06% (2010 - 1.06%); term to maturity: less than one year.

(thousands of dollars)

- Canadian government and corporate bond funds: 3.50% (2010 – 3.40%) terms to maturity: range from less than one year to more than 10 years.

Floating Rate Notes (formerly Asset Backed Commercial Paper - ABCP)

At March 31, 2011, the University holds $57,484 (2010 - $57,608) in floating rate notes which comprise the following:

Note Type	Face Value	Estimated fair value	Scheduled repayment	Maturity
Synthetic Assets	$ 46,560	$ 35,047	6 years	July 15, 2056
IA Tracking Notes	10,924	833	2 - 26 years	2 - 26 years
Total	$ 57,484	$ 35,880		

Synthetic Assets are considered investment grade, rated BBB or higher, with the exception of C notes that are rated BB for which the University holds $1.4 million in face value.

In the absence of a well-functioning market for floating rate notes, the University has estimated the fair value of these investments using a discounted cash flow valuation model. The model involves assumptions regarding the difference between the expected yield, based on similarly rated securities adjusted for illiquidity and market complexity, and the appropriate market-discount attributable to such investments. The spread between the expected yield and the estimated discount rate ranges from 404 basis points for the Class A-1 notes and 504 basis points for the Class C notes. An increase in spread of 100 basis points would result in a reduction to the fair value of $2,718.

IA Tracking Notes are generally unrated and therefore have been valued at the current market value provided by an independent, publicly available source. Management believes this is a fair approximation of their current market value.

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

5. Other Long-term Assets

	2011	2010
Capital lease receivable (1)	**$ 14,438**	$ 14,737
Other long-term assets	**2,629**	2,522
Investment in subsidiaries and joint ventures (2)	**5,981**	5,643
Current portion in Accounts Receivable	**(321)**	(298)
Balance, end of the year	**$ 22,727**	$ 22,604

(1) The University and Alberta Health Services (AHS) entered into a 25-year agreement for AHS to lease space in the University Research Centre Building. This lease has been accounted for as a capital lease. The future minimum lease payments receivable, based on an implicit interest rate of 7.4% per annum, for the next five fiscal years are as follows: 2012 to 2013 - $1,384 per year; 2014 - $1,424; 2015 to 2016 - $1,453.

(thousands of dollars)

(2) Financial Information with respect to the University's share of its subsidiaries and joint venture is disclosed below:

	University Technologies Group		Arctic Institute of North America		Canada School of Energy and Environment	
	2011	2010	**2011**	2010	**2011**	2010
Assets	**$ 5,579**	$ 4,933	**$ 4,078**	$ 2,238	**$ 3,147**	$ 4,557
Liabilities	**1,631**	1,163	**2,046**	365	**3,147**	4,557
Equity	**3,948**	3,770	**2,032**	1,873	**-**	-
Revenues	**2,544**	8,186	**1,296**	895	**1,390**	1,651
Expenses	**2,324**	2,800	**1,185**	1,172	**1,390**	1,651
Net Income (loss) for the year	**220**	5,386	**111**	(277)	**-**	-
Cash provided (used in) operating activities	**905**	5,098	**1,181**	(121)	**(1,103)**	(2,221)
Cash provided (used in) financing activities	**-**	(3,824)	**504**	15	**-**	-
Cash used in investing activities	**(549)**	(715)	**(502)**	(116)	**(2,222)**	-
Increase (decrease) in cash & cash equivalents	**$ 356**	$ 559	**$ 1,183**	$ (222)	**$ (3,325)**	$ (2,221)

6. Capital Assets and Collections

	2011			2010		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Buildings, utilities and site improvements	**$ 1,828,053**	**$ 567,080**	**$ 1,260,973**	$ 1,559,993	$ 528,549	$ 1,031,444
Furnishings, equipment and systems	**634,506**	**495,689**	**138,817**	565,464	458,279	107,185
Learning resources	**178,766**	**134,752**	**44,014**	171,853	128,103	43,750
Land	**14,058**	**-**	**14,058**	14,058	-	14,058
Library permanent collections	**4,683**	**-**	**4,683**	4,370	-	4,370
Other permanent collections	**8,770**	**-**	**8,770**	8,388	-	8,388
Balance, end of the year	**$ 2,668,836**	**$ 1,197,521**	**$ 1,471,315**	$ 2,324,126	$ 1,114,931	$ 1,209,195

Included in buildings, utilities and site improvement is $412,681 (2010 - $468,942) and in furnishings, equipment and systems is $15,846 (2010 - $4,674) recorded as construction in progress, which is not amortized as the assets are not yet available for use.

Acquisitions during the year included in-kind contributions (such as learning resources, equipment, software, buildings and land) in the amount of $10,572 (2010 - $7,110).

(thousands of dollars)

7. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

		2011		2010
Universities Academic Pension Plan (UAPP)	**$**	**61,918**	$	58,321
Long-term Disability		**451**		403
Supplemental Retirement Pension Plan		**6,055**		4,967
Balance, end of the year	**$**	**68,424**	$	63,691

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

UAPP
The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2008 and was then extrapolated to March 31, 2011, resulting in a UAPP deficiency of $992,933 (2010 $924,067) consisting of a pre-1992 deficiency ($700,812) and a post-1991 deficiency ($292,121). The University's portion of the UAPP deficiency has been allocated based on its percentage of the plan's total employer contributions for the year.

The unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2010 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.03% (2010 2.03%) of salaries required to eliminate the unfunded deficiency by December 31, 2043. The actuarial valuation shows that the present value of the Government of Alberta's obligation for the future additional contributions was $315,424 at March 31, 2011. The unfunded deficiency for service after March 31, 1991 is financed by special payments of 5.09% (2009 4.64%) of pensionable earnings shared equally between employees and employers until December 31, 2021.

(thousands of dollars)

Supplementary retirement plans (SRP)

The University provides non-contributory defined benefit supplementary retirement benefits to executives. An actuarial valuation of these benefits was carried out at March 31, 2011.

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

	2011			2010		
	UAPP	Long-term disability [(1)]	Supplementary retirement [(1)]	UAPP	Long-term disability [(1)]	Supplementary retirement
Expenses						
Current service cost	**$ 21,889**	**$ -**	**$ 322**	$ 23,189	$ -	$ 462
Interest cost	**8,445**	**48**	**279**	13,087	37	215
Amortization of net actuarial losses (gains)	**5,143**	**(170)**	**(3)**	13,126	(105)	11
Amortization of past service cost	**-**	**294**	**9**	-	207	37
Curtailment	**-**	**-**	**221**	-	-	-
Settlement gain	**-**	**-**	**-**	-	-	(236)
Termination benefit	**-**	**-**	**479**	-	-	-
Total expenses	**$ 35,477**	**$ 172**	**$ 1,307**	$ 49,402	$ 139	$ 489
Financial Position						
Accrued benefit obligation: Balance, beginning of year	**$ 474,334**	**$ 1,127**	**$ 5,353**	$ 499,240	$ 989	$ 6,281
Current service cost	**21,889**	**-**	**322**	23,189	-	462
Interest cost	**33,476**	**48**	**279**	34,242	37	215
Benefits paid	**(22,126)**	**(123)**	**(220)**	(22,729)	(101)	(156)
Past service costs	**-**	**678**	**-**	-	787	121
Actuarial gain	**(88)**	**(498)**	**-**	(59,608)	(585)	(1,300)
Experience loss	**-**	**-**	**49**	-	-	-
Settlement gain	**-**	**-**	**-**	-	-	(270)
Curtailment loss	**-**	**-**	**230**	-	-	-
Termination Benefit	**-**	**-**	**479**	-	-	-
Balance, end of year	**507,485**	**1,232**	**6,492**	474,334	1,127	5,353
Plan assets	**387,648**	**-**	**-**	357,893	-	-
Funded status - plan deficit	**(119,837)**	**(1,232)**	**(6,492)**	(116,441)	(1,127)	(5,353)
Unamortized past service costs	**-**	**2,373**	**75**	-	1,988	84
Unamortized net actuarial (gain) loss	**57,919**	**(1,592)**	**362**	58,120	(1,264)	302
Accrued benefit liability	**$ (61,918)**	**$ (451)**	**$ (6,055)**	$ (58,321)	$ (403)	$ (4,967)

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

(thousands of dollars)

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

	2011			2010		
	UAPP	**Long-term disability**	**Supplementary retirement**	UAPP	Long-term disability	Supplementary retirement
Accrued benefit obligation:						
Discount rate	**6.50%**	**4.50%**	**5.00%**	6.90%	4.50%	5.00%
Long-term average compensation increase	**3.50%**	**n/a**	**4.00%**	3.50%	n/a	4.00%
Benefit cost:						
Discount rate	**6.90%**	**4.50%**	**5.00%**	6.70%	4.00%	3.2% first ten years, 5.3% thereafter
Long-term average compensation increase	**3.50%**	**n/a**	**4.00%**	3.00%	n/a	4.00%
Alberta inflation (long-term) [2] (year 1, thereafter; years 1-2, thereafter)	**2.25%**	**n/a**	**2.50%**	2.25%	n/a	0.93% first ten years, 1.75% thereafter
Estimated average remaining service life	**11.3 yrs**	**7.88 yrs**	**(1)**	11.3 yrs	9 yrs	(1)

(1) SRP actuarial gains and losses and past service costs are amortized over the remaining contract terms of the participants.
(2) SRP lump-sum payments upon retirement are based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries, and as such, those assumptions are not set by the University.

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

PSPP
The Public Service Pension Plan (PSPP) is a multi-employer contributory defined benefit pension plan for support staff members. As the University does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these financial statements is $14,371 (2010 $11,578).

An actuarial valuation of the PSPP was carried out as at December 31, 2008 and was then extrapolated to December 31, 2010. At December 31, 2010, the PSPP reported an actuarial deficiency of $2,067,151 (2009 $1,729,196).

(thousands of dollars)

8. Long-term Liabilities

	Collateral	Maturity date	Interest rate %	Amount outstanding 2011	2010
Debentures payable to Alberta Capital Finance Authority*:					
Debenture for Cascade Hall	1	May 2025	6.250%	**$ 12,628**	$ 13,129
Debenture for Human Performance Lab	1	March 2011	4.349%		892
Debenture for Health Renovation Innovation Centre/Parkade	1	April 2031	4.935%	**5,337**	5,485
Debenture for Child Development Centre/Parkade	1	June 2032	5.249%	**1,804**	1,848
Debenture for International Residence House	1	September 2032	4.689%	**24,339**	24,984
Debenture for International Residence House	1	June 2039	5.100%	**28,956**	29,400
Debenture for Residence Renewal Program	1	September 2026	4.429%	**11,900**	5,700
Debenture for Phase VI Residence	1	March 2040	4.734%	**60,000**	30,000
Debenture for Downtown Campus	2	March 2031	4.269%	**15,000**	-
Mortgages payable to Canada Mortgage and Housing Corporation:					
Mortgage for Dining Centre, Kananaskis and Rundle Halls	1	March 2016	5.125%	**526**	616
Bank loans payable:					
Mortgage for University Research Centre	1	May 2012	0.00%	**642**	1,192
				161,132	113,246
Obligations under capital leases				**1,228**	891
				162,360	114,137
Less current portion				**(4,917)**	(3,951)
Balance, end of the year				**$ 157,443**	$ 110,186

(1) title to land, building; (2) none

* Alberta Capital Finance Authority is a related party

The principal portion of long-term debt repayments required over the next five years is as follows: 2012 - $ 4,364; 2013 - $ 4,460; 2014 - $4,584; 2015 - $ 4,810; 2016 - $5,047 and thereafter - $137,867. Interest incurred on long-term obligations was $ 6,237(2010 $3,635), of which $2,016 (2010 $979) was capitalized.

(thousands of dollars)

9. Deferred Contributions

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balances are as follows:

	2011		2010	
	Capital	**Research and other**	Capital	Research and other
Balance, beginning of the year	**$ 162,059**	**$ 391,665**	$ 185,458	$ 327,125
Grants and donations received	**108,956**	**365,913**	186,521	355,308
Investment income	**6,084**	**18,909**		
Recognized as revenue	**(1,537)**	**(263,195)**	(188)	(253,411)
Transferred to unamortized deferred capital contributions (note 10)	**(198,101)**	**(86,674)**	(209,346)	(37,357)
Transferred to investment in capital assets, not subject to amortization	**(337)**	**-**	(386)	-
Balance, end of the year	**$ 77,124**	**$ 426,618**	$ 162,059	$ 391,665

10. Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the unamortized grants and donations received to fund capital acquisitions. The amortization of unamortized deferred capital contributions is recorded as revenue in the statement of operations. The changes in the unamortized deferred capital contributions balance are as follows:

	2011	2010
Balance, beginning of the year	**$ 902,374**	$ 708,170
Additions from deferred contributions, research and other (note 9)	**86,674**	36,931
Additions from deferred contributions, capital (note 9)	**198,101**	209,346
Amortization to revenue	**(59,859)**	(52,073)
Balance, end of the year	**$ 1,127,290**	$ 902,374

11. Endowments

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

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

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

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

(thousands of dollars)

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

The composition of endowments is as follows:

	2011	2010
Balance, beginning of year	**$ 441,658**	$ 340,103
Endowment contributions	**23,585**	42,403
Transfer to endowments	**136**	1,208
Transfer from endowments	**(17,561)**	(18,075)
Investment gain	**48,989**	76,019
Balance, end of the year	**$ 496,807**	$ 441,658
Cumulative contributions	**$ 364,100**	$ 340,515
Cumulative capitalized income	**132,707**	101,143
Balance, end of the year	**$ 496,807**	$ 441,658

12. Investment in Capital Assets and Collections

Net assets invested in capital assets and collections represent the net book value of capital assets and collections less unamortized deferred capital contributions and any related debt.

	2011	2010
Capital assets and collections at net book value (note 6)	**$ 1,471,315**	$ 1,209,195
Less amounts financed by:		
Unamortized deferred capital contributions (note 10)	**(1,127,290)**	(902,374)
Long-term liabilities related to capital expenditures	**(150,665)**	(112,350)
Balance, end of the year	**$ 193,360**	$ 194,471

	2011	2010
The changes during the year are as follows:		
Investment in capital assets and collections, beginning of year	**$ 194,471**	$ 200,144
Acquisition of capital assets and collections	**66,793**	73,367
Long-term liabilities - repayment	**8,874**	4,830
Long-term liabilities - new financing	**(47,189)**	(55,648)
Amortization of investment in capital assets	**(29,926)**	(28,608)
Net change in investment in capital assets	**(1,448)**	(6,059)
Contributions of assets not subject to amortization	**337**	386
Decrease for the year	**(1,111)**	(5,673)
Balance, end of the year	**$ 193,360**	$ 194,471

(thousands of dollars)

13. Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the University's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted net assets are summarized as follows:

	Balance at beginning of year	Appropriations from (returned to) unrestricted net assets	Disbursements during the year	Balance end of the year
Appropriation for capital activities:	$ 2,385	$ 15	$ -	$ 2,400
Appropriation for operating activities:	55,728	43,780	10,964	88,544
Appropriation for research activities:	26,355	-	8,810	17,545
Balance, end of the year	$ 84,468	$ 43,795	$ 19,774	$ 108,489

14. Contingent Liabilities

(a) The University is a defendant in a number of legal proceedings. Included is a lawsuit filed by former trust employees claiming entitlement to benefits. The outcome of this lawsuit is not determinable at this point in time.

The ultimate outcome and liability of all legal proceedings cannot be reasonably estimated at this time. Management has concluded that none of the claims meet the criteria for being recorded under GAAP.

(b) The University has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the University may be required to take appropriate remediation procedures to remove the asbestos. As the University has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

(c) At March 31, 2011 the University had entered into agreements that provide guarantees on employee housing loans in the amount of $1,541 (2010 $1,749 restated).

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.

	2011	2010
Service contracts	**$ 38,012**	$ 52,600
Capital projects	**70,030**	155,516
	$ 108,042	$ 208,116

Included in service contracts are the project commitments for the University administration review and system upgrade project (iS2), contracts to purchase electricity and contracts for natural gas.

(thousands of dollars)

The University's contract with the IBM consultants working on the iS2 project is approximately $6,472 and will end by September 2011. The total contractual obligations to other third party contractors on the iS2 project from April to December 2011 is $1,400.

The University entered into a five-year contract due to expire December 31, 2011 but extended to March 31, 2012, to purchase blocks of electricity in order to manage its exposure to volatility in electrical prices. The approximate contractual obligation for electricity is $7,900 (2010 $17,200).

To manage its risk exposure to natural gas, the University has entered into an Energy Purchase Agreement, expiring September 30, 2013, based on an index (floating on the spot market) price with an option to hedge any portion of the requirement at any time. At March 31, 2011, the University had hedged a portion of this contract by fixing the price on a portion of its estimated consumption. Using best estimates of future consumption and forward market prices on March 31, 2011, the approximate contractual obligation for natural gas including executed hedge contracts is $22,240 (2010 $35,400).

The University's commitments for operating leases for the next five years are as follows: 2012 - $4,042; 2013 - $3,789; 2014 - $3,751; 2015 - $3,533; 2016 - $3,444.

The University is one of 58 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2010 CURIE had a surplus of $9,225 (2009 $10,992). The University participates in five of the underwriting periods, which have an accumulated surplus of $43,288 (2009 $32,032) of which the University's pro rata share is approximately 5.79% (2009 5.84%). This surplus is not recorded in the financial statements.

16. Budget Comparison (unaudited)

The University's 2010-11 budget was approved by the Board of Governors and was presented to the Minister of Advanced Education and Technology as part of the University's submission of its 2010-14 Business Plan. Certain budget figures from the University's 2010-14 Business Plan have been reclassified to conform to the presentation adopted in the 2011 financial statements.

17. Investment Income

	2011	2010
Income on investments held for endowments	**$ 48,989**	$ 76,019
Income on other investments	**16,196**	13,258
Recovery on Floating Rate Notes (ABCP)	**4,051**	2,986
Gain (loss) from subsidiaries and joint venture	**338**	(424)
	69,574	91,839
Investment income capitalized to endowments	**(31,428)**	(57,944)
Amounts deferred	**(6,068)**	(2,385)
Investment income	**$ 32,078**	$ 31,510

(thousands of dollars)

18. Related Party Transactions

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

		2011		2010
Revenue from GOA				
Advanced Education and Technology:				
Operating	**$**	**423,858**	$	426,432
Capital		**97,899**		193,656
Research		**10,292**		16,006
Access to the Future Fund (matching grants)		**556**		1,319
Alberta Innovates Bio Solutions		**2,313**		241
Alberta Innovates Energy and Environment		**1,994**		1,187
Alberta Innovates Health Solutions		**29,911**		27,685
Alberta Innovates Technology Futures		**7,335**		14,246
Other		**18,684**		12,619
Total Advanced Education and Technology		**592,842**		693,391
Other GOA departments and agencies grants:				
Alberta Health and Wellness		**45,407**		15,808
Alberta Health Services		**7,283**		11,474
Other		**19,657**		2,398
Total other GOA departments and agencies		**72,347**		29,680
Total contributions received		**665,189**		723,071
Less: deferred contributions		**(165,484)**		(223,488)
Government of Alberta grants	**$**	**499,705**	**$**	**499,583**
Accounts receivable				
Advanced Education and Technology	**$**	**1,281**	$	22,917
Other GOA departments and agencies		**13,194**		8,438
	$	**14,475**	**$**	**31,355**
Accounts payable				
Advanced Education and Technology	**$**	**537**	$	153
Other GOA departments and agencies		**5,192**		35
	$	**5,729**	**$**	**188**

The University has long-term liabilities with Alberta Capital Finance Authority as described in note 8.

(thousands of dollars)

b) Alberta Health Services (AHS) is related to the Province of Alberta since its board is appointed by the Minister of Health and Wellness. As the University and the Province of Alberta are related parties, AHS is a related party to the University. Transactions between the University and the AHS are summarized as follows:

		2011		2010
The University of Calgary pays to AHS in the normal course of operations amounts related to utilities; salaries and benefits; and materials, supplies and overheads. Expenditures incurred:	**$**	**14,014**	$	18,678
The University of Calgary receives from AHS in the normal course of operations amounts related to physicians; research projects, studies and grants, programs; and support services. Revenues included in income:	**$**	**68,557**	$	55,639
Net receivable due to the University of Calgary by AHS:	**$**	**7,843**	$	8,344

The University leases land to AHS for a parkade at the Foothills Medical Centre and the Alberta Children's Hospital. Effective September 2003 the University and AHS entered into a 25-year agreement for AHS to lease space in the University Research Centre Building. This lease has been accounted for as a capital lease. At March 31, 2011, the carrying value of the lease receivable is $14,438 (2010 $14,737). During the year the University received $1,384 in lease payments (2010 $1,384), $1,086 of which was recognized as interest income (2010 $1,107).

19. Funds Held on Behalf of Others

The University holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the University's financial statements.

		2011		2010
The Arctic Institute of North America	**$**	**965**	$	1,841
Alberta Sulphur Research		**555**		79
CDN Research Institute-Law and the Family		**388**		110
U of C Day Care Centre		**364**		397
Others		**767**		798
Total Funds Held on Behalf of Others	**$**	**3,039**	$	3,225

(thousands of dollars)

20. Salary and Employee Benefits

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

	2011				2010
	Base salary [1]	**Other cash benefits** [2]	**Other non-cash benefits** [3] [6]	**Total**	Total
Governance [4]					
Chair of the Board of Governors	$ -	$ -	$ -	$ -	$ -
Members of the Board of Governors	-	-	-	-	-
Executive					
President					
Incumbent [5] [6] [7] [11] [12]	323	-	167	490	-
Interim, Past Incumbent [5] [9]	126	24	-	150	127
Past Incumbent [6] [7] [13]	-	-	-	-	724
Vice-Presidents:					
Provost and Vice-President Academic [6] [7] [11]	328	9	158	495	488
Vice-President Research					
Interim [5] [9]	71	15	23	109	-
Past Incumbent [5] [6] [10] [11] [14]	246	110	292	648	450
Vice-President Finance and Services					
Incumbent [5] [6] [9] [11]	270	-	86	356	287
Past Incumbent [9] [13]	-	-	-	-	93
Vice-President University Relations – Interim, Past Incumbent [5] [9]	-	-	-	-	234
Vice-President Facilities Management and Development [6] [9]	343	52	93	488	460
Vice President Development [6] [8] [12]	283	45	104	432	424

1. Base salary includes pensionable base pay.
2. Other cash benefits include administrative honorariums, bonuses and lump sum payments. Other non-cash benefit for President – Interim, Past Incumbent includes a vacation payout.
3. Other non-cash benefits include the University's share of all employee benefits and contributions or payments made on behalf of employees including pension, group life insurance, employee family assistance program, critical illness, supplementary health care, short and long-term disability plans, dental plan, supplemental retirement plan (per footnote [6]) and accidental disability and dismemberment.
4. The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.
5. During the fiscal year, the President - Incumbent position was occupied for nine months and the President – Interim, Past Incumbent position was held for three months. The VP Research – Interim position was occupied for seven months and the VP Research – Past Incumbent position was occupied for five months. The VP Finance – Incumbent served a full year in this role, compared to nine months in the comparative year. The VP University Relations position was vacant throughout the year.
6. Under the terms of the supplementary retirement plan (SRP), the executive may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expenses for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The SRP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and

(thousands of dollars)

management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life with respect to each plan participant. Current service cost is the actuarial present value of the benefits earned in the current year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

7. Individuals in these roles earned administrative leave benefits during the year that have been included in other non-cash benefits.
8. During the term of their employment contract, the individual in this role may take up to six months of administrative leave subject to the President's approval of the individual's administrative leave proposal. The costs associated with the leave benefits are recorded when incurred.
9. The employment contracts for these individuals do not provide for administrative leave benefits.
10. Administrative leave benefits were not paid to this individual.
11. Individuals in these roles received an executive allowance included in other non-cash benefits.
12. Individuals in these roles received a vehicle allowance included in other non-cash benefits.
13. The President – Past Incumbent and VP, Finance – Past Incumbent received a housing allowance included in other non-cash benefits.
14. The individual in this role received other cash benefits and a clinical supplement in other non-cash benefits.

The current service cost and accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued Benefit Obligation March 31, 2010	**Service costs**	**Interest Costs**	**Actuarial Loss (Gain)**	**Accrued Benefit Obligation March 31, 2011**
President	$ -	**$ 54**	**$ 3**	**$ -**	**$ 57**
Vice-Presidents:					
Provost and Vice-President Academic	202	**54**	**13**	**(17)**	**252**
Vice-President Finance and Services	28	**37**	**3**	**(4)**	**64**
Vice-President Facilities Management and Development	105	**60**	**8**	**(11)**	**162**
Vice-President Development	325	**42**	**19**	**(25)**	**361**

The significant actuarial assumptions used to measure the accrued benefit obligation (ABO) are disclosed in Note 7.

(thousands of dollars)

21. Canada – Alberta Knowledge Infrastructure Program

The Canada – Alberta Knowledge Infrastructure Program (KIP) was established to provide funding in support of capital projects at post secondary institutions in order to offset the impact of the global economic recession by providing employment opportunities. Eligible KIP projects can receive up to 50% of its funding from Government of Canada contributions through direct payments made by the Province. The remaining portion of funding for KIP projects is made up of internal resources, provincial contributions and research grants. The KIP program supports eligible costs incurred from February 24, 2009 to March 31, 2011 for two projects, and until July 31, 2011 for one project that received an extension. Amounts received from the Province of Alberta representing Government of Canada contributions and eligible costs incurred on KIP projects are as follows:

		2011		2010		February 24, 2009 to March 31, 2009		Total
Contributions	**$**	**32,899**	$	32,899		-	$	65,798
Eligible Costs	**$**	**60,112**	$	52,127	$	2,384	$	114,624

The remaining contractual obligation to complete the projects at March 31, 2011 is $5,183. This amount is included in note 15.

22. Insurance Claims

On July 12, 2010, University property was damaged as a result of a hailstorm. During the winter months, the University also suffered some flood damages as a result of frozen pipes. The University maintains adequate insurance coverage to mitigate its financial risk to such events.

Damages incurred

Included in repairs and maintenance expense is $866 on repairs to the affected buildings, $453 of which is considered an impairment loss and therefore was not capitalized as an asset.

Amounts recoverable from Insurance Company

The University has unrecorded amounts due from the insurance company, pending settlements, related to the above events. Management is confident that these accounts will be collected shortly after year-end, and in accordance with section 3290 (Contingencies) of the CICA handbook; the University has not recorded this contingent gain.

23. Comparative Figures

Certain 2010 figures have been reclassified to conform to the presentation adopted in the 2011 financial statements.

24. Subsequent Event

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