UNIVERSITY OF CALGARY

Financial Statements

For the Year Ended
March 31, 2012

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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, 2012 and the results of its operations, changes in net assets, 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, 2012 have been reported on by the Auditor General of the Province of Alberta, the auditor appointed under *The Post-secondary Learning Act*. The Independent Auditor's Report outlines the scope of 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, 2012 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 in my audit 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, 2012, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher, FCA]
Auditor General

June 1, 2012

Edmonton, Alberta

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012
(thousands of dollars)

		2012		2011 (restated note 22)
ASSETS				
Current				
Cash and cash equivalents (note 3)	**$**	**378,002**	$	534,960
Short-term investments (note 4)		**481,786**		255,214
Accounts receivable		**64,560**		46,247
Inventories and prepaid expenses		**29,802**		21,256
		954,150		857,677
Long-term investments (note 4)		**525,966**		517,791
Other long-term assets (note 5)		**25,523**		23,252
Capital assets and collections (note 6)		**1,558,100**		1,471,315
	$	**3,063,739**	$	2,870,035
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**127,630**	$	150,564
Current portion of long-term liabilities (note 8)		**4,856**		4,917
Deferred contributions, research and other (note 9)		**458,901**		426,618
Deferred revenue		**26,412**		22,104
		617,799		604,203
Employee future benefit liabilities (note 7)		**70,989**		68,770
Long-term liabilities (note 8)		**155,870**		157,443
Deferred contributions, capital (note 9)		**49,529**		77,124
Unamortized deferred capital contributions (note 10)		**1,215,026**		1,127,290
		2,109,213		2,034,830
Net Assets				
Endowments (note 11)		**516,712**		496,807
Investment in capital assets and collections (note 12)		**182,871**		182,833
Internally restricted (note 13)		**176,774**		108,489
Unrestricted		**78,169**		47,076
		954,526		835,205
	$	**3,063,739**	$	2,870,035

Contingent liabilities and contractual obligations (note 14 and note 15)

Signed on behalf of the Board of Governors:

Chair, Board of Governors

Vice-President (Finance & Services)

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

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2012
(thousands of dollars)

	Budget 2012 (unaudited) (note 16)	2012	2011 (restated note 22)
REVENUE			
Government of Alberta grants (note 18)	$ 509,371	**$ 542,475**	$ 499,705
Federal and other government grants	123,228	**111,635**	118,421
Sales of services and products	97,650	**100,112**	93,371
Student tuition and fees	192,253	**195,274**	183,253
Donations and other grants	72,730	**77,367**	79,075
Investment income (note 17)	29,211	**34,105**	32,078
Amortization of deferred capital contributions (note 10)	66,365	**68,654**	59,859
	$ 1,090,808	**$ 1,129,622**	$ 1,065,762
EXPENSE			
Salaries	517,471	**515,207**	496,491
Employee benefits	101,482	**90,741**	89,056
Materials, supplies and services	244,726	**200,075**	195,478
Utilities	30,194	**36,012**	31,144
Maintenance and repairs	14,557	**13,035**	13,734
Scholarships and bursaries	69,871	**69,923**	66,371
Cost of goods sold	17,892	**15,493**	14,174
Amortization of capital assets	94,615	**95,929**	89,474
	$ 1,090,808	**$ 1,036,415**	$ 995,922
EXCESS OF REVENUE OVER EXPENSE	$ -	**$ 93,207**	$ 69,840
NET TRANSFER FROM (TO) ENDOWMENTS (note 11)		**6,044**	(136)
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS AND COLLECTIONS (note 12)		**127**	11,975
NET CHANGE IN INTERNALLY RESTRICTED NET ASSETS (note 13)		**(68,285)**	(24,021)
CHANGE IN UNRESTRICTED NET ASSETS FOR THE YEAR		**31,093**	57,658
UNRESTRICTED NET ASSETS (DEFICIT), BEGINNING OF YEAR		**47,076**	(10,582)
UNRESTRICTED NET ASSETS, END OF YEAR		**$ 78,169**	$ 47,076

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

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2012
(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, 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 (note 11)	136	-	-	(136)
Net change in investment in capital assets and collections (note 12) (restated note 22)	-	(11,975)	-	11,975
Contribution of assets not subject to amortization (note 12)	-	337	-	-
Net expenditures and transfers of internally restricted net assets	-	-	24,021	(24,021)
NET ASSETS, March 31, 2011 (restated note 22)	$ 496,807	$ 182,833	$ 108,489	$ 47,076
Excess of revenue over expense	-	-	-	93,207
Investment income (note 17)	-	-	-	-
Endowment contributions (note 11)	25,949	-	-	-
Net transfers (note 11)	(6,044)	-	-	6,044
Net change in investment in capital assets and collections (note 12)	-	(127)	-	127
Contribution of assets not subject to amortization (note 12)	-	165	-	-
Net expenditures and transfers of internally restricted net assets (note 13)	-	-	68,285	(68,285)
NET ASSETS , March 31, 2012	$ 516,712	$ 182,871	$ 176,774	$ 78,169

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

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012
(thousands of dollars)

		2012		2011
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES				
Excess of revenue over expense	**$**	**93,207**	$	69,840
Add (deduct) non-cash items:				
Amortization of capital assets		**95,929**		89,474
Amortization of deferred capital contributions		**(68,654)**		(59,859)
Change in employee future benefit liabilities		**2,219**		4,733
Change in unrealized gain on investments		**(13,888)**		(21,612)
Total non-cash items		**15,606**		12,736
Net change in non-cash working capital (*)		**(239,774)**		(27,912)
		(130,961)		54,664
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES				
Purchase of capital assets and collections, net of proceeds from disposals		**(182,549)**		(351,257)
Purchase of long-term investments, net of sales		**(9,394)**		(28,347)
Increase in other long-term assets		**(2,271)**		(648)
Endowment investment earnings		**15,107**		12,838
		(179,107)		(367,414)
CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES				
Endowment contributions		**25,949**		23,585
Capital contributions		**128,795**		199,841
Long-term liabilities - new financing, net of repayments		**(1,634)**		48,222
		153,110		271,648
DECREASE IN CASH AND CASH EQUIVALENTS		**(156,958)**		(41,102)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**534,960**		576,062
CASH AND CASH EQUIVALENTS, END OF YEAR (note 3)	**$**	**378,002**	$	534,960
(*) Net change in non-cash working capital:				
(Increase) in short-term investments		**(226,572)**		(64,883)
(Increase) decrease in accounts receivable		**(18,313)**		17,132
(Increase) in inventories and prepaid expenses		**(8,546)**		(1,340)
(Decrease) in accounts payable and accrued liabilities		**(22,934)**		(15,640)
Increase in deferred contributions, research and other		**32,283**		34,953
Increase in deferred revenue		**4,308**		1,866
	$	**(239,774)**	$	(27,912)

The accompanying notes are an integral 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 subsidiaries, University Technologies International Inc. and West Campus Development Corporation.

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 (GAAP). 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,
- the accounts of the West Campus Development Trust and West Campus Development Corporation.

UTI Group 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.

On July 1, 2011, West Campus Development Trust (the Trust) was created to lease University owned lands on the west side of campus to developers for the commercialization of residential and commercial development. The University is the sole beneficiary of the Trust and will receive distributions from the trust upon the realization of leases with developers. To facilitate the Trust entering into lease agreements with developers, the University will lease the land to the Trust for up to 99 years. This long term lease between the University and the Trust has not yet been signed as at March 31, 2012. West Campus Development Corporation is wholly-owned by the University and has the sole purpose of being the Trustee for the West Campus Development Trust.

2. Summary of Significant Accounting Policies and Reporting Practices (continued)
b) Investment in Subsidiaries and Joint Venture (continued)

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 31, 2012 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.

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

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 Long-term 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.

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

g) Revenue Recognition (continued)

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, including investment income on the 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.

(thousands of dollars)

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

j) Capital Disclosures (continued)

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.

l) Future Accounting Changes

The Public Sector Accounting Board (PSAB) has issued a framework of financial reporting and accounting standards for government not-for-profit organizations using Public Sector Accounting (PSA) standards effective for fiscal years beginning on or after January 1, 2012. The Government of Alberta requires Alberta Public Post-secondary Institutions to implement these standards without the PS 4200 not-for-profit series of standards. As a result, management is determining future financial statement treatment upon transition and is developing a transition plan to adopt the full scope of the PSA standards for the next fiscal year. The impact on the financial statements at the transition date has not yet been finalized. Upon adoption, the financial statements will reflect comparative financial information also prepared in accordance with PSA standards.

3. Cash and Cash Equivalents

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

	2012	2011
Cash	**$ 2,857**	$ (844)
Money market funds, short-term notes and treasury bills	**375,145**	535,804
	$ 378,002	$ 534,960

4. Investments

The composition and fair value of investments are as follows:

	2012	2011
Money market funds, short-term notes, and treasury bills	**$ 1,207**	$ 6,412
Canadian government and corporate bonds	**462,416**	299,910
Canadian equity	**163,457**	180,509
Foreign equity	**192,801**	169,568
Floating Rate Notes	**39,509**	35,880
Canadian mortgage fund	**148,362**	80,726
	$ 1,007,752	$ 773,005
Short-term investments	**481,786**	255,214
Long-term investments	**525,966**	517,791
	$ 1,007,752	$ 773,005

(thousands of dollars)

4. Investments (continued)

As at March 31, 2012, the average effective yields and the terms to maturity are as follows:

- Money market funds, short-term notes, and treasury bills: 1.07% (2011 – 0.79%); term to maturity: less than one year.
- Canadian government and corporate bond funds: 5.75% (2011 – 4.28%) terms to maturity: range from less than one year to more than 10 years.

The University's investments are managed using two pools, the Working Capital Pool "WCP" with investment holdings of $525,495 (2011 - $295,462) and the Unitized Endowment Pool "UEP" with investment holdings of $482,257 (2011 - $477,543). The primary objective for the WCP is the preservation of capital, liquidity and to earn a rate of return that exceeds the DEX Short Term Bond Index. The primary objective for the UEP is to earn a long-term rate of return that, in real terms, exceeds total endowment spending at an acceptable level of risk.

The University has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The University's Investment Committee, a subcommittee of the Board of Governors, has delegated authority for oversight of the University's investments. The Investment Committee meets regularly to monitor investments, to review investment manager performance, to ensure compliance with the University's investment policies and to evaluate the continued appropriateness of the University's investment policies.

Floating Rate Notes

At March 31, 2012, the University holds $57,475 (2011 - $57,484) in floating rate notes which comprise the following:

Note Type	Face Value	Estimated fair value	Scheduled repayment	Maturity
Synthetic Assets	$ 46,560	$ 36,267	5 years	July 15, 2056
IA Tracking Notes	10,915	3,242	2 - 26 years	2 - 26 years
	$ 57,475	$ 39,509		

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 $1,398 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 506 basis points for the Class A-1 notes and 606 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 $1,812.

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.

(thousands of dollars)

5. Other Long-term Assets

Other long-term assets represent the long term portion of a capital lease, other long term receivables and recoverable charges, as well as the University's share of subsidiaries and joint ventures.

		2012		2011
Capital lease receivable [(1)]	**$**	**14,117**	$	14,438
Other long-term assets [(2)]		**5,867**		3,154
Investment in subsidiaries and joint ventures [(3)]		**5,885**		5,980
Current portion in Accounts Receivable		**(346)**		(320)
	$	**25,523**	$	23,252

(1) In September, 2003 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 sales type 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: 2013 - $1,384 ; 2014 - $1,424; 2015 to 2017 - $1,453 per year.

(2) Other long-term assets includes $5,156 (2011 - $2,553) of deferred recoverable costs pertaining to capital improvements made to the leased University Research Centre Building[(1)]. The University will recover these costs through the receipt of future lease payments from AHS.

(3) 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		West Campus Development Trust		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets	**$ 5,037**	$ 5,579	**$ 5,209**	$ 4,078	**$ 2,286**	$ 3,147	**$ 307**	-	**$ 12,839**	$ 12,804
Liabilities	**1,198**	1,631	**3,087**	2,046	**2,286**	3,147	**383**	-	**6,954**	6,824
Equity	**3,839**	3,948	**2,122**	2,032	**-**	-	**(76)**	-	**5,885**	5,980
Revenues	**2,912**	2,544	**1,290**	1,296	**698**	1,390	**-**	-	**4,900**	5,230
Expenses	**2,893**	2,324	**1,243**	1,185	**698**	1,390	**76**	-	**4,910**	4,899
Net Income (loss) for the year	**19**	220	**47**	111	**-**	-	**(76)**	-	**(10)**	331
Cash provided (used in) operating activities	**(58)**	905	**(701)**	1,181	**(949)**	(1,103)	**(76)**	-	**(1,784)**	983
Cash provided (used in) financing activities	**-**	-	**1,823**	504	**-**	-	**76**	-	**1,899**	504
Cash used in investing activities	**(297)**	(549)	**(2,053)**	(502)	**1,627**	(2,222)	**-**	-	**(723)**	(3,273)
Increase (decrease) in cash & cash equivalents	**$ (355)**	$ 356	**$ (931)**	$ 1,183	**$ 678**	$ (3,325)	**$ -**	$ -	**$ (608)**	$ (1,786)

(thousands of dollars)

6. Capital Assets and Collections

	2012			2011		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Buildings, utilities and site improvements	$ 1,943,596	$ 610,668	$ 1,332,928	$ 1,828,053	$ 567,080	$ 1,260,973
Furnishings, equipment and systems	687,604	533,660	153,944	634,506	495,689	138,817
Learning resources	186,457	143,083	43,374	178,766	134,752	44,014
Land	14,058	-	14,058	14,058	-	14,058
Library permanent collections	4,905	-	4,905	4,683	-	4,683
Other permanent collections	8,891	-	8,891	8,770	-	8,770
	$ 2,845,511	$ 1,287,411	$ 1,558,100	$ 2,668,836	$ 1,197,521	$ 1,471,315

Included in buildings, utilities and site improvement is $98,317 (2011 - $412,681) and in furnishings, equipment and systems is $28,410 (2011 - $15,846) 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 $3,242 (2011 - $10,572).

7. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2012	2011
Universities Academic Pension Plan (UAPP)	$ 63,846	$ 61,918
Long-term Disability	499	451
Senior Management Administrative Leave Plan (note 20)	164	346
Supplemental Retirement Pension Plan	6,480	6,055
	$ 70,989	$ 68,770

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, 2010 and was then extrapolated to March 31, 2012, resulting in a UAPP deficiency of $1,153,334 (2011 - $992,933) consisting of a pre-1992 deficiency ($759,322) and a post-1991 deficiency ($394,012). 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% (2011 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.34% (2011 - 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 $314,798 at March 31, 2012. The unfunded deficiency for service after December 31, 1991 is financed by special payments of 5.24% (2011 - 5.09%) of pensionable earnings shared equally between employees and employers until December 31, 2021.

(thousands of dollars)

7. Employee Future Benefit Liabilities (continued)
a) Defined benefit plans accounted for on a defined benefit basis (continued)

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 as at March 31, 2012.

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

	2012			2011		
	UAPP	Long-term disability (1)	Supplementary retirement (1)	UAPP	Long-term disability (1)	Supplementary retirement
Expenses						
Current service cost	$ 23,939	$ -	$ 402	$ 21,889	$ -	$ 322
Interest cost	8,180	52	333	8,445	48	279
Amortization of net actuarial losses (gains)	5,678	(232)	(14)	5,143	(170)	(3)
Amortization of past service cost	-	379	9	-	294	9
Curtailment	-	-	-	-	-	221
Termination benefit	-	-	-	-	-	479
Total expenses	$ 37,797	$ 199	$ 730	$ 35,477	$ 172	$ 1,307
Financial Position						
Accrued benefit obligation:						
Balance, beginning of year	$ 507,485	$ 1,232	$ 6,492	$ 474,334	$ 1,127	$ 5,353
Current service cost	23,939	-	402	21,889	-	322
Interest cost	33,799	52	333	33,476	48	279
Benefits paid	(22,873)	(150)	(304)	(22,126)	(123)	(220)
Past service costs	-	623		-	678	-
Actuarial loss (gain)	49,569	(61)	-	(88)	(498)	-
Experience loss	-	-	636	-	-	49
Curtailment loss		-	-	-	-	230
Termination Benefit	-	-	-	-	-	479
Balance, end of year	591,919	1,696	7,559	507,485	1,232	6,492
Plan assets	435,735	-	-	387,648	-	-
Funded status - plan deficit	(156,184)	(1,696)	(7,559)	(119,837)	(1,232)	(6,492)
Unamortized past service costs	-	2,617	66	-	2,373	75
Unamortized net actuarial loss (gain)	92,338	(1,420)	1,013	57,919	(1,592)	362
Accrued benefit liability	$ (63,846)	$ (499)	$ (6,480)	$ (61,918)	$ (451)	$ (6,055)

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

(thousands of dollars)

7. Employee Future Benefit Liabilities (continued)

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

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

	2012			2011		
	UAPP	**Long-term disability**	**Supplementary retirement**	UAPP	Long-term disability	Supplementary retirement
Accrued benefit obligation:						
Discount rate	**6.50%**	**3.75%**	**4.30%**	**6.50%**	**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	**6.50%**	**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%**
Alberta inflation (long-term)	**2.25%**	**n/a**	**2.50%**	**2.25%**	**n/a**	**2.50%**
Estimated average remaining service life	**10.2 yrs**	**8.04 yrs**	(1)	**11.3 yrs**	**7.88 yrs**	(1)

(1) SRP actuarial gains and losses and past service costs are amortized over the remaining contract terms of the participants.

(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 $15,050 (2011 - $14,371).

An actuarial valuation of the PSPP was carried out as at December 31, 2010 and was then extrapolated to December 31, 2011. At December 31, 2011, the PSPP reported an actuarial deficiency of $1,790,383 (2010 - $2,067,151).

(thousands of dollars)

8. Long-term Liabilities

	Collateral	Maturity date	Interest rate %	Amount outstanding 2012	2011
Debentures payable to Alberta Capital Finance Authority*:					
Debenture for Cascade Hall	1	May 2025	6.25%	**$ 12,096**	$ 12,628
Debenture for Residence Renewal Program	1	September 2026	4.43%	**14,643**	11,900
Debenture for Downtown Campus	2	March 2031	4.27%	**14,512**	15,000
Debenture for Health Renovation Innovation Centre/Parkade	1	April 2031	4.94%	**5,182**	5,337
Debenture for Child Development Centre/Parkade	1	June 2032	5.25%	**1,757**	1,804
Debenture for International Residence House	1	September 2032	4.69%	**23,663**	24,339
Debenture for International Residence House	1	June 2039	5.10%	**28,488**	28,956
Debenture for Phase VI Residence	1	March 2040	4.73%	**59,003**	60,000
Mortgages payable to Canada Mortgage and Housing Corporation:					
Mortgage for Dining Centre, Kananaskis and Rundle Halls	1	March 2016	5.13%	**431**	526
Bank loans payable:					
Mortgage for University Research Centre	1	May 2012	0.00%	**92**	642
				159,867	161,132
Obligations under capital leases				**859**	1,228
				160,726	162,360
Less current portion				**(4,856)**	(4,917)
				$ 155,870	$ 157,443

(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: 2013 - $ 4,468; 2014 - $4,584; 2015 - $ 4,810; 2016 - $5,037, 2017 - $5,174 and thereafter - $135,794. Interest incurred on long-term obligations was $7,796 (2011 - $6,237), of which $426 (2011 - $2,016) 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:

	2012		2011	
	Capital	**Research and other**	Capital	Research and other
Balance, beginning of the year	**$ 77,124**	**$ 426,618**	$ 162,059	$ 391,665
Grants and donations received	**60,490**	**362,286**	108,956	365,913
Investment income	**3,213**	**16,124**	6,084	18,909
Recognized as revenue	**(227)**	**(280,643)**	(1,537)	(263,195)
Transferred to unamortized deferred capital contributions (note 10)	**(90,976)**	**(65,414)**	(198,101)	(86,674)
Transferred to investment in capital assets, not subject to amortization	**(95)**	**(70)**	(337)	-
Balance, end of the year	**$ 49,529**	**$ 458,901**	$ 77,124	$ 426,618

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:

	2012	2011
Balance, beginning of the year	**$ 1,127,290**	$ 902,374
Additions from deferred contributions, research and other (note 9)	**65,414**	86,674
Additions from deferred contributions, capital (note 9)	**90,976**	198,101
Amortization to revenue	**(68,654)**	(59,859)
Balance, end of the year	**$ 1,215,026**	$ 1,127,290

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)

11. Endowments (continued)

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:

		2012		2011
Balance, beginning of year	$	**496,807**	$	441,658
Endowment contributions		**25,949**		23,585
Transfer (from) to endowments [1]		**(6,044)**		136
Investment gain (note 17)		**-**		31,428
Balance, end of the year	$	**516,712**	$	496,807
Cumulative contributions	$	**390,049**	$	364,100
Cumulative capitalized income		**126,663**		132,707
Balance, end of the year	$	**516,712**	$	496,807

(1) During the year, investment income earned on endowments was insufficient to fund the endowment spending allocation resulting in transfers from endowments to cover spending that exceeded investment income.

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.

		2012	2011 (restated note 22)
Capital assets and collections at net book value (note 6)	$	**1,558,100**	$ 1,471,315
Less amounts financed by:			
Unamortized deferred capital contributions (note 10)		**(1,215,026)**	(1,127,290)
Long-term liabilities related to capital expenditures		**(160,203)**	(161,192)
		182,871	182,833

		2012		2011
The changes during the year are as follows:				
Investment in capital assets and collections, beginning of year		**182,833**		194,471
Acquisition of capital assets and collections		**26,178**		66,793
Long-term liabilities - repayment		**4,331**		3,326
Long-term liabilities - new financing		**(3,342)**		(52,168)
Amortization of investment in capital assets		**(27,294)**		(29,926)
Net change in investment in capital assets		**(127)**		(11,975)
Contributions of assets not subject to amortization		**165**		337
Increase (decrease) for the year		**38**		(11,638)
Balance, end of the year	**$**	**182,871**	**$**	**182,833**

(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 unrestricted net assets	Disbursements during the year	Balance end of the year
Appropriation for capital activities:	$ 2,400	$ 9,174	$ -	$ 11,574
Appropriation for operating activities:	88,544	79,350	22,071	145,823
Appropriation for research activities:	17,545	6,749	4,917	19,377
	$ 108,489	$ 95,273	$ 26,988	$ 176,774

14. Contingent Liabilities and Guarantees

(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, 2012 the University had entered into agreements that provide guarantees on employee housing loans in the amount of $989 (2011 - $1,541).

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.

	2012	2011
Service contracts	**$ 45,808**	$ 38,012
Capital projects	**19,810**	70,030
	$ 65,618	$ 108,042

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)

15. Contractual Obligations (continued)

The University's contract with the IBM consultants working on the iS2 project is approximately $108 (2011 - $6,472) and will end by June 2012.

To manage its risk exposure to electricity and natural gas, the University has entered into an Electricity Purchase Agreement, expiring March 31, 2017 and an Energy Purchase Agreement expiring September 30, 2013 based on indexed (floating on the spot market) prices with an option to hedge any portion of the requirement at any time. At March 31, 2012 the University had hedged a portion of these contracts by fixing the price on a portion of its estimated electricity and natural gas consumption. Using best estimates of future consumption and forward market prices on March 31, 2012, the estimated contractual obligations including executed hedge contracts are $26,900 (2011 - $7,900) for electricity and $18,800 (2011 - $22,240) for natural gas.

The University's commitments for operating leases for the next five years are as follows: 2013 - $4,590; 2014 - $4,586; 2015 - $4,398; 2016 - $4,171; 2017 - $4,014.

The University is one of 58 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, and 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, 2011 CURIE had a surplus of $6,947 (2010 - $9,225). The University participates in five of the underwriting periods, which have an accumulated surplus of $48,586 (2010 - $43,288) of which the University's pro rata share is approximately 5.78% (2010 - 5.79%). This surplus is not recorded in the financial statements.

16. Budget Comparison (unaudited)

The University's 2011-12 budget was approved by the University's Board of Governors and was presented to the Minister of Advanced Education and Technology as part of the University's submission of its 2011-14 Business Plan. Certain budget figures from the University's 2011-14 Business Plan have been reclassified to conform to the presentation adopted in the 2012 financial statements.

17. Investment Income

		2012		2011
Income on investments held for endowments	**$**	**10,217**	$	48,989
Income on other investments		**23,514**		16,196
Recovery on Floating Rate Notes		**3,671**		4,051
(Loss) gain from subsidiaries and joint venture		**(95)**		338
	$	**37,307**		69,574
Investment income capitalized to endowments		**-**		(31,428)
Amounts deferred		**(3,202)**		(6,068)
Investment income	**$**	**34,105**	$	32,078

(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.

		2012		2011
Revenue from GOA				
Advanced Education and Technology:				
Operating	**$**	**429,425**	$	423,858
Capital		**47,300**		97,899
Research		**16,349**		10,292
Access to the Future Fund (matching grants)		**-**		556
Alberta Innovates Bio Solutions		**1,673**		2,313
Alberta Innovates Energy and Environment Solutions		**1,504**		1,994
Alberta Innovates Health Solutions		**30,523**		29,911
Alberta Innovates Technology Futures		**10,194**		7,335
Other		**32,738**		18,684
Total Advanced Education and Technology		**569,706**		592,842
Other GOA departments and agencies grants:				
Alberta Health and Wellness		**25,623**		45,407
Alberta Health Services		**11,699**		7,283
Other		**14,733**		19,657
Total other GOA departments and agencies		**52,055**		72,347
Total contributions received		**621,761**		665,189
Less: deferred contributions		**(79,286)**		(165,484)
Government of Alberta grants	**$**	**542,475**	$	499,705
Accounts receivable				
Advanced Education and Technology	**$**	**2,565**	$	1,281
Other GOA departments and agencies		**11,103**		13,194
	$	**13,668**	$	14,475
Accounts payable				
Advanced Education and Technology	**$**	**601**	$	537
Other GOA departments and agencies		**10,407**		5,192
	$	**11,008**	$	5,729

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

(thousands of dollars)

18. Related Party Transactions (continued)

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:

		2012		2011
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:	**$**	**20,838**	$	14,014
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:	**$**	**55,895**	$	68,557
Net receivable due to the University of Calgary by AHS:	**$**	**754**	$	7,843

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 sales type capital lease. At March 31, 2012, the carrying value of the lease receivable is $14,117 (2011 - $14,438). During the year the University received $1,384 in lease payments (2011 - $1,384), $1,063 of which was recognized as interest income (2011 - $1,086).

19. Funds Held on Behalf of Others

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

		2012		2011
Child Care Center West Campus	**$**	**530**	$	153
The Arctic Institute of North America		**491**		965
CDN Research Institute- Law and the Family		**310**		388
U of C Day Care		**251**		364
Campus Ticket Centre		**221**		-
Alberta Sulphur Research		**179**		555
Others		**727**		614
	$	**2,709**	$	3,039

(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.

	2012				2011
	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 [6] [7] [10] [11]	440	105	211	756	490
Interim, Past Incumbent [9]	-	-	-	-	150
Vice-Presidents:					
Provost and Vice-President Academic					
Incumbent [5] [6] [10]	260	33	75	368	-
Past Incumbent [2] [5] [6] [7]	114	-	96	210	495
Vice-President Research					
Incumbent [5] [6] [10]	278	71	79	428	-
Interim, Past Incumbent [5] [9]	42	9	6	57	109
Past Incumbent [6]	-	-	-	-	648
Vice-President Finance and Services [6] [9] [10]	281	8	68	357	356
Vice-President University Relations [5] [6] [9] [10]	240	49	58	347	-
Vice-President Facilities Management and Development [6] [9]	349	45	96	490	488
Vice President Development [6] [8] [10] [11]	287	50	97	434	432

1. Base salary includes pensionable base pay.
2. Other cash benefits include administrative honorariums, bonuses, relocation benefits, and lump sum payments.
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 Past Incumbent Provost and Vice-President Academic position was occupied for four months and the Provost and Vice-President Academic Incumbent position was held for eight months. Vice-President Research Interim Past Incumbent position was occupied for three months and the Vice-President Research Incumbent position was occupied for nine months. The Vice-President University Relations served a full year in this role, this position was vacant throughout the previous fiscal 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 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.

(thousands of dollars)

20. Salary and Employee Benefits (continued)

6. (continued) 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 four 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. Individuals in these roles received an executive allowance included in other cash benefits.
11. Individuals in these roles received a vehicle allowance included in other 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, 2011	**Service costs**	**Interest Costs**	**Actuarial Loss (Gain)**	**Accrued Benefit Obligation March 31, 2012**
President	$ 57	**$ 76**	**$ 7**	**$ 29**	**$ 169**
Vice-Presidents:					
Provost and Vice-President Academic - Incumbent	-	**53**	**-**	**-**	**53**
Provost and Vice-President Academic – Past Incumbent	252	**53**	**15**	**2**	**322**
Vice-President Finance and Services	64	**36**	**5**	**33**	**138**
Vice-President Research	-	**55**	**-**	**-**	**55**
Vice-President University Relation	-	**29**	**2**	**2**	**33**
Vice-President Facilities Management and Development	162	**59**	**11**	**14**	**246**
Vice-President Development	361	**41**	**29**	**42**	**473**

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

(thousands of dollars)

20. Salary and Employee Benefits (continued)

The current service cost and accrued obligation for each executive under the Senior Management Administrative Leave Plan is outlined in the following table:

	Accrued Benefit Obligation March 31, 2011	**Service costs**	**Interest Costs**	**Actuarial Loss (Gain)**	**Benefits Paid**	**Accrued Benefit Obligation March 31, 2012**
President [1]	$ 66	**$ 88**	**$ 7**	**$ 3**	**$ -**	**$ 164**
Provost and Vice-President Academic – Past Incumbent [1] [2]	280	**15**	**5**	**1**	**(301)**	**-**

1. Only the President and Past Incumbent Provost and Vice-President Academic are eligible for administrative leave benefits.
2. Benefits paid within the current year have been expensed in prior years and reported as other non-cash benefits as they were earned by the individual.

The significant actuarial assumptions used to measure the accrued benefit obligation for the Senior Management Administrative Leave Plan are based on a discount rate of 3.75% (2011 - 4.50%) and a yearly salary increase rate of 4.00%. The President's administrative leave includes projected benefit costs of 15.00% in addition to administrative leave salary costs.

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 of Alberta. 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 (refunds) and eligible costs incurred on KIP projects are as follows:

	2012	2011	2010	February 24, 2009 to March 31, 2009	Total
Contributions	**$ (138)**	$ 32,899	$ 32,899	$ -	$ 65,660
Eligible Costs	**$ 7,635**	$ 71,197	$ 53,695	$ 2,384	$ 134,911

Construction on the above capital projects was completed during the 2012 fiscal year.

(thousands of dollars)

22. Prior period adjustment

In fiscal 2011, the calculation of long-term liabilities related to net assets invested in capital assets and collections was understated as a result of an overstatement in calculated debt repayments and an understatement in newly debt financed capital purchases within the Investment in Capital Assets and Collections Note. This correction is limited to offsetting adjustments within net assets and does not impact prior year balances for long-term liabilities or net income. This error has been corrected in the financial statements.

These changes have been applied retroactively with restatement of prior year's amounts. The impact of the adjustment to the 2011 financial statements is as follows:

	As previously recorded	Prior period adjustment	2011 (as restated)
Increase (decrease) in:			
Statement of Financial Position			
Investment in capital assets and collections	$ 193,360	$ (10,527)	$ 182,833
Unrestricted net assets	36,549	10,527	47,076
Statement of Operations			
Net change in investment in capital assets and collections	$ 1,448	$ 10,527	$ 11,975
Note 12 Investment in Capital Assets and Collections			
Long-term liabilities related to capital expenditures	$ (150,665)	$ (10,527)	$ (161,192)
Long-term liabilities - repayment	8,874	(5,548)	3,326
Long-term liabilities - new financing	(47,189)	(4,979)	(52,168)

23. Comparative Figures

Certain 2011 figures have been reclassified to conform to the presentation adopted in the 2012 financial statements.

University of Calgary
c/o Office of the Controller, Olympic Volunteer Centre
1833 Crowchild Trail NW, Calgary, Alberta T2M 4S7

Phone: (403) 220-8717   Fax: (403) 210-8788   E-mail: fnclsvcs@ucalgary.ca
Website: http://www.ucalgary.ca/financial/