UNIVERSITY OF
CALGARY

Consolidated Financial Statements

For the Years Ended
March 31, 2012 and March 31, 2013

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STATEMENT OF MANAGEMENT RESPONSIBILITY

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian Public Sector Accounting Standards as described in note 2 to the financial statements. The financial statements present fairly the financial positions of the University as at April 1, 2011, March 31, 2012 and March 31, 2013 and the results of its operations, remeasurement gains and losses and cash flows for the years ended March 31, 2012 and March 31, 2013.

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 years ended March 31, 2012 and March 31, 2013 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 Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the University of Calgary, which comprise the consolidated statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the consolidated statements of operations and cash flows for the years ended March 31, 2013 and March 31, 2012, and the consolidated statement of remeasurement gains and losses for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University of Calgary as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, and its remeasurement gains and losses for the year ended March 31, 2013 in accordance with Canadian public sector accounting standards.

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

May 31, 2013

Edmonton, Alberta

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(thousands of dollars)

UNIVERSITY OF CALGARY

	March 31, 2013	March 31, 2012 (Note 2)	April 1, 2011 (Note 2)
ASSETS			
Cash and cash equivalents (Note 5)	**$ 399,399**	$ 382,746	**$ 542,010**
Investments (Note 6)	**1,126,510**	1,007,280	**772,031**
Accounts receivable	**100,197**	84,356	**63,614**
Inventory and prepaid expenses	**28,007**	29,992	**21,287**
Capital assets (Note 8)	**1,569,422**	1,547,879	**1,459,653**
Investment in government business enterprises (Note 9)	**1,205**	3,762	**3,948**
	3,224,740	3,056,015	**2,862,543**
LIABILITIES			
Accounts payable and accrued liabilities	**122,070**	128,331	**152,089**
Employee future benefit liabilities (Note 10)	**131,407**	125,805	**128,692**
Debt (Note 11)	**156,446**	161,083	**162,742**
Deferred revenue (Note 12)	**1,771,421**	1,754,647	**1,656,878**
	2,181,344	2,169,866	**2,100,401**
NET ASSETS			
Endowments (Note 13)	**568,310**	517,208	**497,265**
Accumulated surplus (Note 14)	**470,332**	368,941	**264,877**
Accumulated remeasurement gains	**4,754**	-	**-**
	1,043,396	886,149	**762,142**
	$ 3,224,740	$ 3,056,015	**$ 2,862,543**

Contingent liabilities and guarantees, and contractual obligations (note 16 and 17)

Approved by the Board of Governors:

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Chair, Board of Governors   Vice-President (Finance and Services)

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

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED MARCH 31, 2013 AND MARCH 31, 2012
(thousands of dollars)

UNIVERSITY OF CALGARY

	2013 Budget (Unaudited)	2013	2012 (Note 2)
REVENUE			
Government of Alberta grants (Note 23)	$ 597,084	$ 619,994	$ 599,228
Federal and other government grants	143,478	118,214	118,099
Sales of services and products	101,627	107,636	100,651
Student tuition and fees	193,160	202,714	195,274
Donations and other grants	86,631	111,524	84,030
Investment income (Note 19)	32,155	33,297	35,965
Investment loss in government business enterprises (Note 9)	-	(2,288)	(57)
	$ 1,154,135	$ 1,191,091	$ 1,133,190
EXPENSE (Note 20)			
Academic costs and institutional support	$ 730,570	$ 654,951	$ 618,759
Research	247,408	256,291	245,086
Special purpose and trust	70,930	87,512	72,946
Facilities operations and maintenance	66,358	58,978	63,081
Ancillary services	38,869	38,884	35,298
	$ 1,154,135	$ 1,096,616	$ 1,035,170
Excess of Revenue over Expense	$ -	$ 94,475	$ 98,020
Transfer from endowments		6,916	6,044
Change in accumulated surplus		$ 101,391	$ 104,064
Accumulated surplus, beginning of year		368,941	264,877
Accumulated surplus, end of year		$ 470,332	$ 368,941

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND MARCH 31, 2012
(thousands of dollars)

UNIVERSITY OF CALGARY

		2013		2012 (Note 2)
OPERATING TRANSACTIONS				
Excess of revenue over expense	**$**	**94,475**	$	98,020
Add (deduct) non-cash items:				
Amortization of capital assets	**$**	**103,255**	$	96,005
Expended capital recognized as revenue		**(74,687)**		(68,983)
Increase (decrease) in employee future benefit liabilities		**5,602**		(2,887)
Unrealized gains on investments		**-**		(13,888)
Change in non-cash items	**$**	**34,170**	$	10,247
(Increase) in accounts receivable		**(15,841)**		(20,742)
Decrease (increase) in inventory and prepaid expenses		**1,985**		(8,705)
(Decrease) in accounts payable and accrued liabilities		**(6,261)**		(23,758)
Increase in deferred revenue, less expended capital recognized as revenue		**91,461**		166,752
Cash provided by operating transactions	**$**	**199,989**	$	221,814
CAPITAL TRANSACTIONS				
Acquisition of capital assets (Note 8)	**$**	**(124,818)**	$	(184,420)
Proceeds on sale of capital assets		**20**		189
Cash applied to capital transactions	**$**	**(124,798)**	$	(184,231)
INVESTING TRANSACTIONS				
Purchases of investments, net of sales	**$**	**(66,797)**	$	(236,468)
Change in investment in government business enterprises		**2,557**		186
Endowment investment earnings		**1**		15,137
Cash applied to investing transactions	**$**	**(64,239)**	$	(221,145)
FINANCING TRANSACTIONS				
Endowment donations (Note 13)	**$**	**10,338**	$	25,957
Debt - repayment		**(5,152)**		(5,001)
Debt - new financing		**515**		3,342
Cash provided by financing transactions	**$**	**5,701**	$	24,298
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$**	**16,653**	$	(159,264)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**382,746**		542,010
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 5)	**$**	**399,399**	$	382,746

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

CONSOLIDATED STATEMENT OF REMEASUREMENT OF GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2013
(thousands of dollars)

		2013
Accumulated remeasurement gains, beginning of year	$	-
Unrealized gains attributable to:		
Foreign exchange		**407**
Investments		**4,347**
Accumulated remeasurement gains, end of year	**$**	**4,754**

The accompanying notes are an integral part of these consolidated 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 Enterprise and Advanced Education, 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. Conversion to Public Sector Accounting Standards

Commencing April 1, 2012, the University adopted Canadian Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board. In accordance with PSA Handbook Section 2125 (First-time Adoption), the date of transition to PSAS is April 1, 2011 and the University has prepared and presented an opening statement of financial position at the date of transition. These consolidated financial statements are the first consolidated financial statements for which the University has applied PSAS. The impact of the conversion to PSAS is presented in Schedule 1. The Consolidated Statements of Cash Flows reflects the reclassification of certain amounts as a result of the conversion to PSAS.

In accordance with the requirements of PSAS Handbook Section 2125, the accounting policies set out in note 4 have been consistently applied to all years presented. Adjustments resulting from the adoptions of PSAS have been applied retroactively excluding cases where optional exemptions available under Section 2125 have been applied. The University has elected to adopt the exemptions available under Section 2125 as follows:

- To retroactively recognize retirement and post-employment liability cumulative gains and losses to accumulated surplus.
- To accept the exemption for:
  -Business combinations that were acquired prior to the date of transition.
  -Investments in government business enterprises for investments incurred prior to the date of transition.
  -Government business partnerships entered into prior to the date of transition.
  -Capital assets impairment (prospectively).

3. Adoption of New Accounting Standards

(a) Financial Instruments

As of April 1, 2012, the University adopted PSA Handbook Section 3450 (Financial Instruments). This new standard provides guidance for recognition, measurement and disclosure of financial instruments. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the University immediately preceding its adoption of PSAS.

3. Adoption of New Accounting Standards (Continued)

(b) Investments, foreign currency, and financial statement presentation

As of April 1, 2012, the University adopted PSA Handbook Section 3041 (Portfolio Investments), 2601 (Foreign Currency Translation), and 1201 (Financial Statement Presentation). These standards establish how to account for and report in investments, transactions denominated in foreign currency, and the disclosure of information in financial statements.

The transitional provisions in Section 2601 state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the University immediately preceding its adoption of PSAS. Sections 3041 and 1201 have been applied retroactively.

(c) Government transfers

As of April 1, 2012, the University adopted PSA Handbook Section 3410 (Government Transfers). This revised standard establishes how to account for and report government transfers from both a transferring government and a recipient government perspective. The University has elected to apply the requirements of the standard on a retroactive basis.

4. Summary of Significant Accounting Policies and Reporting Practices

(a) General – Canadian Public Accounting Standards (PSAS) and use of estimates

These financial statements have been prepared in accordance with PSAS. The measurement of certain assets and liabilities, revenues and expenses are contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. Amortization of capital assets, recognition of deferred revenue related to restricted grants and donations, employee future benefit liabilities, and valuation of 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) Net debt model presentation

PSAS require a net debt presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and financial liabilities as net debt or net financial assets as an indicator of future revenues required to pay for past transactions and events. The University operates within the government reporting entity and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

4. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(c) Valuation of financial assets and financial liabilities

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

Financial statement component	Measurement
Cash and cash equivalents	Amortized cost
Investments	Fair value
Derivatives	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and financial liabilities are recognized in accumulated remeasurement gains and losses, except for the restricted amount which is recognized as deferred revenue or endowment net assets. Upon settlement, the gains and losses are reclassified from accumulated remeasurement gains and losses and recognized as revenue or expense.

All financial assets except derivatives are assessed annually for impairment. Impaired financial losses are recognized as a decrease in revenue, except for the restricted amount which is recognized as a decrease in deferred revenue or a decrease in endowment net assets. A write-down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial assets and financial liabilities that are measured at amortized cost or amortized and expensed when measured at fair value.

Derivatives are recorded at fair value in the statement of financial position. Derivatives with a positive (negative) fair value are recognized as assets (liabilities). All unrealized changes in the fair value of derivatives are recognized in accumulated remeasurement gains and losses in the year in which they occur, except for the derivatives associated with the restricted amount which is recognized as deferred revenue. Once realized, these gains and losses are recognized as revenue or expense.

University management evaluates contractual obligations for the existence of embedded derivatives and elects to either measure the entire contract at fair value or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the University's normal course of business requirements are not recognized as financial assets or financial liabilities. The University does not participate in any derivative contracts with the exception of non-financial items which are purchased for the University's usage requirements. The University has elected to apply the evaluation of embedded derivatives prospectively from April 1, 2012.

4. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(d) Revenue recognition

All revenue is reported on the accrual basis. Cash received for which goods or services have not been provided is recognized as deferred revenue.

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for use, or the terms along with the University's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met.

Government grants without terms for the use of the grant are recognized as revenue when the University is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured.

In kind donations of services and materials are recognized at fair value when a fair value can be reasonably determined. Volunteers as well as University staff contribute an indeterminable number of hours per year to assist the University in carrying out its mandate; such contributed services are not recognized in these financials statements.

Grants and donations related to land

Grants and donations for the purchase of land are recognized as deferred revenue when received and recognized as revenue when the land is purchased. An in kind grant or donation of land is recognized as revenue at the fair value of the land when a fair value can be reasonably determined. When the fair value cannot reasonably be determined, the in kind grant or donation is recorded at nominal value.

Endowments

Donations that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable. Investment income and unrealized gains and losses that also must be maintained in perpetuity are recognized as endowment net assets when received or receivable.

Investment income

Investment income includes dividends, interest income, and realized gains or losses on the sale of investments. Unrealized gains and losses on investments from unrestricted grants and donations are recognized in the accumulated remeasurement gains and losses until settlement. Once realized, these gains and losses are recognized as revenue or expense. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as revenue when the terms of the grants or donations are met.

(e) Inventories

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method. Inventories held for consumption are valued at cost.

4. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(f) Capital assets

Capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Cost includes overhead directly attributable to construction and development.

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

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

Capital assets write-downs are recorded when conditions indicate they no longer contribute to the University's ability to provide services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are recognized as expense.

(g) 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.

(h) Investment in government not-for-profit organization and government partnership

The consolidated financial statements include the financial results of the Arctic Institute of North America (AINA), a non-profit organization controlled by the University. 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.

(thousands of dollars)

4. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(h) Investment in government not-for-profit organization and government partnership (Continued)

The consolidated financial statements use the proportionate consolidation method to record the University's proportionate share of the Western Canadian Universities Marine Sciences Society (20% interest) - a government partnership with five university members to provide research infrastructure in the marine sciences for its member universities and the world-wide scientific community.

(i) Funds and Reserves

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

5. Cash and cash equivalents

The composition of cash and cash equivalents are as follows:

		March 31, 2013		March 31, 2012 (note 2)		April 1, 2011 (note 2)
Cash [1]	**$**	**(1,073)**	$	5,323	$	1,889
Money market funds, short-term notes and treasury bills		**400,472**		377,423		540,121
Balance, end of the year	**$**	**399,399**	$	382,746	$	542,010

[1] The bank overdraft is a temporary condition existing at year end and represents cheques issued by the University in excess of the bank balance. This temporary overdraft has not impacted the clearing of University cheques for payment.

Cash and cash equivalents include short-term investments with a maturity less than three months from the date of acquisition.

6. Investments

	March 31, 2013							
		Level 1		Level 2		Level 3		**Total**
Investments at fair value:								
Bonds								
Canadian government and corporate bonds	$	-	$	345,383	$	-	**$**	**345,383**
Pooled investment funds – Canadian government and corporate bonds		-		131,694		-		**131,694**
Equities								
Canadian equity		69,153		-		-		**69,153**
Pooled investment funds – Canadian equity		-		135,551		-		**135,551**
Pooled investment funds - foreign equity		-		236,711		-		**236,711**
Other								
Canadian mortgage fund		-		168,568		-		**168,568**
Floating rate notes		-		-		39,450		**39,450**
	$	69,153	$	1,017,907	$	39,450	**$**	**1,126,510**

(thousands of dollars)

6. Investments (Continued)

	March 31, 2012 (Note 2)			
	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Bonds				
Canadian government and corporate bonds	$ -	$ 332,373	$ -	$ 332,373
Pooled invested funds – Canadian government and corporate bonds	-	131,561	-	131,561
Equities				
Canadian equity	58,561	-	-	58,561
Pooled invested funds – Canadian equity	-	103,638	-	103,638
Pooled invested funds - foreign equity	-	193,276	-	193,276
Other				
Canadian mortgage fund	-	148,362	-	148,362
Floating rate notes	-	-	39,509	39,509
	$ 58,561	$ 909,210	$ 39,509	$ 1,007,280

	April 1, 2011 (Note 2)			
	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Bonds				
Canadian government and corporate bonds	$ -	$ 173,476	$ -	$ 173,476
Pooled invested funds – Canadian government and corporate bonds	-	129,384	-	129,384
Equities				
Canadian equity	67,295	-	-	67,295
Pooled invested funds – Canadian equity	-	115,188	-	115,188
Pooled invested funds - foreign equity	-	170,082	-	170,082
Other				
Canadian mortgage fund	-	80,726	-	80,726
Floating rate notes	-	-	35,880	35,880
	$ 67,295	$ 668,856	$ 35,880	$ 772,031

The above tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

(thousands of dollars)

6. Investments (Continued)

The following table provides reconciliation of the changes in fair value of financial instruments classified as Level 3.

	March 31, 2013	March 31, 2012 (Note 2)
Balance, beginning of year	**$ 39,509**	$ 35,880
Unrealized gains	**3,422**	3,671
Purchases	**-**	-
Proceeds on sale	**(3,481)**	(42)
Balance, end of year	**$ 39,450**	$ 39,509

As at March 31, 2013, the average effective yields and the terms to maturity are follows:

- Money market funds, short-term notes, and treasury bills: 1.18% (2012 – 1.07%); term to maturity: less than one year.
- Canadian government and corporate bond funds: 3.37% (2012 – 5.75%); terms to maturity: range from less than one year to more than 10 years.

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, 2013, the University holds $39,450 (2012 - $39,509; 2011 - $35,880) in floating rate notes which are comprised of Synthetic Assets and Ineligible Tracking (IA) notes with book values of $54,200 (2012 - $57,475; 2011 - $57,484).

Synthetic Assets are considered investment grade, rated BBB or higher, with the exception of C notes that are rated BB of which the University holds $1,398 in face value. The stated maturity date of these assets is July 15, 2056 and the expected maturity date is within five years.

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 329 basis points for the Class A-1 notes and 654 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 $1,817.

IA Tracking Notes are generally unrated and therefore have been valued at the current market value provided by an independent, publicly available source. Of these assets, $4.7 million is permanently impaired and has been previously written down. Management believes this is a fair approximation of the 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)

6. Investments (Continued)

Unrealized gains or losses on endowment investments

		March 31, 2013
Net unrealized gains, beginning of year	$	-
Unrealized gains attributable to:		
Investments		**47,679**
Amounts reclassified to statements of operations:		
Investments		-
Net unrealized gains, end of year	$	**47,679**

7. Financial risk management

Market risk

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

The following details the University's portfolio sensitivity to an 8.7% increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total endowment fund over a four year period as calculated internally. At March 31, 2013, if market prices had an 8.7% (March 31, 2012 – 12.4%) increase or decrease with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and endowment net assets – externally restricted contributions for the year would have totalled $49,416 (March 31, 2012 - $59,955).

The University's management for risk has not changed from prior year.

Foreign currency risk

The University is exposed to foreign currency risk on investments that are denominated in foreign currencies, specifically U.S. dollars. The University does not use currency hedging or currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes.

The impact of a change in value of U.S. dollars is as follows:

Currency		Fair Value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
US dollar	US equity	$ 115,435	$ 112,549	$ 114,280	$ 116,589	$ 118,321
US dollar	International equity	$ 121,276	$ 118,244	$ 120,064	$ 122,489	$ 124,308

The University has entered into a contract with the Qatari government to operate a campus in Qatar. 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.

Liquidity risk

The University maintains a line of credit designed to ensure available funds to meet current and forecasted financial requirements as cost effectively as possible. At March 31, 2013 the University has committed borrowing facilities of $15,000, none of which has been drawn.

(thousands of dollars)

7. Financial risk management (Continued)

Credit risk

The University is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honour its contractual obligations. To manage this risk, the University only invests in investment grade issuers as guided by the Investment policy. 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.

The credit rating for Canadian government and corporate bonds held is as follows:

Credit Rating	March 31, 2013	March 31, 2012 (Note 2)	April 1, 2011 (Note 2)
AAA	**36.50%**	41.70%	39.70%
AA	**33.70%**	34.90%	36.90%
A	**29.80%**	21.30%	21.10%
BBB	**-%**	2.10%	2.30%
	100.00%	100.00%	100.00%

Interest rate risk

Interest rate risk is the risk that future cash flows or fair values will fluctuate due to the volatility of market interest rates. The University is exposed to this risk on its interest bearing assets; cash deposits and bonds. Cash deposits are affected directly as they earn interest at market rates. Bonds are affected indirectly as they are subject to fluctuations in market values. Bonds are currently invested at the shorter end of the yield curve to reduce market value volatility.

The terms to maturity of interest-bearing securities held by the University are as follows:

Asset class	< 1 year	1-5 years	> 5 years	Average effective market yield
Money market funds, short-term notes and treasury bills	**100%**			**1.04%**
Canadian government and corporate bonds	**32.1%**	**63.3%**	**4.6%**	**1.62%**
Canadian mortgage fund	**7.5%**	**63.4%**	**29.1%**	**3.15%**
Floating rate notes			**100%**	**1.19%**

(thousands of dollars)

8. Capital assets

March 31, 2013	**Building, Utilities and Site Improvements**	**Furnishings, Equipment and Systems**	**Learning Resources**	**Land**	**Total**
Cost					
Beginning of year	**$ 1,947,608**	**$ 688,388**	**$ 186,458**	**$ 14,082**	**$ 2,836,536**
Additions	**93,203**	**23,291**	**8,324**	**-**	**124,818**
Disposals	**-**	**(3,837)**	**(256)**	**-**	**(4,093)**
	$ 2,040,811	**$ 707,842**	**$ 194,526**	**$ 14,082**	**$ 2,957,261**
Accumulated amortization					
Beginning of year	**$ 611,231**	**$ 534,342**	**$ 143,084**	**$ -**	**$ 1,288,657**
Amortization expense	**51,434**	**43,096**	**8,725**	**-**	**103,255**
Disposals	**-**	**(3,817)**	**(256)**	**-**	**(4,073)**
	$ 662,665	**$ 573,621**	**$ 151,553**	**$ -**	**$ 1,387,839**
Net book value at March 31, 2013	**$ 1,378,146**	**$ 134,221**	**$ 42,973**	**$ 14,082**	**$ 1,569,422**

March 31, 2012 (Note 2)	Building, Utilities and Site Improvements	Furnishings, Equipment and Systems	Learning Resources	Land	Total
Cost					
Beginning of year	$ 1,830,219	$ 635,274	$ 178,766	$ 14,082	$ 2,658,341
Additions	117,389	59,140	7,891	-	184,420
Disposals	-	(6,026)	(199)	-	(6,225)
	$ 1,947,608	$ 688,388	$ 186,458	$ 14,082	$ 2,836,536
Accumulated amortization					
Beginning of year	$ 567,593	$ 496,343	$ 134,752	$ -	$ 1,198,688
Amortization expense	43,638	43,836	8,531	-	96,005
Disposals	-	(5,837)	(199)	-	(6,036)
	$ 611,231	$ 534,342	$ 143,084	$ -	$ 1,288,657
Net book value at March 31, 2012	$ 1,336,377	$ 154,046	$ 43,374	$ 14,082	$ 1,547,879

Included in buildings, utilities and site improvements is $114,524 (2012 - $98,317) and in furnishings, equipment and systems is $22,578 (2012 - $28,410) 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 $3,609 (2012 - $3,242).

The University holds library permanent collections of rare books, and works of art collections.

(thousands of dollars)

9. Investment in government business enterprises

University Technologies Group (UTI) and West Campus Development Corporation (WCDC) are wholly-owned subsidiaries of the University of Calgary. UTI Group operates to facilitate the transfer of intellectual property from the University to private business, thereby commercializing the scientific innovations of University researchers. The (WCDC) operates as trustee of the West Campus Development Trust (WCDT), which will sublease land to developers for the commercialization of residential and commercial development. The University is the beneficiary of the Trust and will receive distributions from the trust once leases are in place with developers.

The following table provides condensed supplementary financial information reported separately for each Investment in Government Business Enterprise owned by the University; namely the UTI and WCDT.

	University Technologies Group			West Campus Development Trust			Total		
	March 31, 2013	March 31, 2012	April 1, 2011	**March 31, 2013**	March 31, 2012	April 1, 2011	**March 31, 2013**	March 31, 2012	April 1, 2011
Assets									
Cash	**$ 2,081**	$ 2,483	$ 2,934	**$ 114**	$ -	$ -	**$ 2,195**	$ 2,483	$ 2,934
Accounts receivable	**723**	461	355	**-**	-	-	**723**	461	355
Promissory notes receivable	**37**	41	121	**-**	-	-	**37**	41	121
Prepaid expenses	**32**	40	30	**15**	-	-	**47**	40	30
Investments	**703**	503	379	**-**	-	-	**703**	503	379
Capital assets	**67**	87	107	**-**	307	-	**67**	394	107
Intangible assets	**1,284**	1,421	1,653	**-**	-	-	**1,284**	1,421	1,653
	$ 4,927	$ 5,036	$ 5,579	**$ 129**	$ 307	$ -	**$ 5,056**	$ 5,343	$ 5,579
Liabilities									
Accounts payable and accrued liabilities	**$ 727**	$ 402	$ 656	**$ 2,101**	$383	$ -	**$ 2,828**	$ 785	$ 656
Income taxes payable	**2**	-	-	**-**	-	-	**2**	-	-
Deferred revenue	**804**	579	758	**-**	-	-	**804**	579	758
Long-term debt	**217**	217	217	**-**	-	-	**217**	217	217
	$ 1,750	$ 1,198	$ 1,631	**$ 2,101**	$ 383	$ -	**$ 3,851**	$ 1,581	$ 1,631
Equity									
Share capital	**5,254**	5,254	5,252	**-**	-	-	**5,254**	5,254	5,252
Deficit	**(2,077)**	(1,416)	(1,304)	**(1,972)**	(76)	-	**(4,049)**	(1,492)	(1,304)
	$ 3,177	$ 3,838	$ 3,948	**$ (1,972)**	$ (76)	$ -	**$ 1,205**	$ 3,762	$ 3,948
	$ 4,927	$ 5,036	$ 5,579	**$ 129**	$307	$ -	**$ 5,056**	$ 5,343	$ 5,579
Revenues	**$ 2,079**	$ 2,912	$ 2,544	**$ -**	$ -	$ -	**$ 2,079**	$ 2,912	$ 2,544
Expenses	**2,698**	2,893	2,324	**1,669**	76	-	**4,367**	2,969	2,324
	$ (619)	$ 19	$ 220	**$ (1,669)**	$ (76)	$ -	**$ (2,288)**	$ (57)	$ 220

(thousands of dollars)

10. Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

		March 31, 2013		March 31, 2012 (Note 2)		April 1, 2011 (Note 2)
Universities Academic Pension Plan (UAPP)	**$**	**120,959**	$	116,087	$	119,837
Long-term Disability		**1,956**		1,856		1,305
Senior Management Administrative Leave Plan (Note 24)		**272**		170		349
Supplemental Retirement Pension Plan		**8,220**		7,692		7,201
	$	**131,407**	$	125,805	$	128,692

(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, 2013, resulting in a UAPP deficiency of $1,149,175 (2012 - $1,153,334) consisting of a pre-1992 deficiency ($766,644) and a post-1991 deficiency ($382,531). 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% (2012 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.34% (2012 - 2.34%) of salaries required to eliminate the unfunded deficiency by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was $327,710 at March 31, 2013. The unfunded deficiency for service after December 31, 1991 is financed by special payments of 5.54% (2012 - 5.54%) of pensionable earnings shared equally between employees and employers until December 31, 2021.

(thousands of dollars)

10. 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, 2013.

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

	March 31, 2013			March 31, 2012 (Note 2)		
	UAPP	**Long-term disability [1]**	**Supplementary retirement [1]**	UAPP	Long-term disability [1]	Supplementary retirement
Expenses						
Current service cost	**$ 25,760**	**$ -**	**$ 581**	$ 23,939	$ -	$ 481
Interest cost	**10,673**	**46**	**288**	8,180	46	316
Amortization of net actuarial losses (gains)	**3,931**	**(576)**	**129**	-	(37)	-
Past service costs	**-**	**815**	**-**	-	692	-
Total expenses	**$ 40,364**	**$ 285**	**$ 998**	$ 32,119	$ 701	$ 797
Financial Position						
Accrued benefit obligation:						
Balance, beginning of year	**$ 591,919**	**$ 1,856**	**$ 8,953**	$ 507,485	$ 1,305	$ 7,200
Current service cost	**25,760**	**-**	**581**	23,939	-	481
Interest cost	**39,284**	**46**	**288**	33,799	46	316
Benefits paid	**(26,620)**	**(185)**	**(470)**	(22,873)	(150)	(305)
Past service costs	**-**	**815**	**-**	-	692	-
Actuarial loss (gain)	**(21,148)**	**(576)**	**(29)**	49,569	(37)	-
Experience loss	**-**	**-**	**-**	-	-	1,261
Balance, end of year	**$ 609,195**	**$ 1,956**	**$ 9,323**	$ 591,919	$ 1,856	$ 8,953
Plan assets	**465,376**	**-**	**-**	435,735	-	-
Plan deficit	**$ (143,819)**	**$ (1,956)**	**$ (9,323)**	$ (156,184)	$ (1,856)	$ (8,953)
Unamortized net actuarial loss	**$ 22,860**	**$ -**	**$ 1,103**	$ 40,097	$ -	$ 1,261
Accrued benefit liability	**$ (120,959)**	**$ (1,956)**	**$ (8,220)**	$ (116,087)	$ (1,856)	$ (7,692)

[1] The University plans to use its working capital to finance these future obligations.

(thousands of dollars)

10. 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:

	March 31, 2013			March 31, 2012 (Note 2)		
	UAPP	**Long-term disability**	**Supplementary retirement**	UAPP	Long-term disability	Supplementary retirement
Accrued benefit obligation:						
Discount rate	**6.20%**	**2.60%**	**3.10%**	6.50%	2.60%	3.10%
Long-term average compensation increase	**3.50%**	**n/a**	**4.00%**	3.50%	n/a	4.00%
Benefit cost:						
Discount rate	**6.50%**	**2.60%**	**3.10%**	6.50%	3.70%	4.20%
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**	**7.85 yrs**	**(1)**	10.2 yrs	8.04 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 $17,571 (2012 - $15,050).

An actuarial valuation of the PSPP was carried out as at December 31, 2010 and was then extrapolated to December 31, 2012. At December 31, 2012, the PSPP reported an actuarial deficiency of $1,645,141 (2011 - $1,790,383). For the year ended December 31, 2012 PSPP reported employer contributions of $257,350 (2011 - $227,616). For the 2012 calendar year, the University's employer contributions were $16,584 (2011 calendar year - $14,590). The PSPP's deficiency is being discharged through additional contributions from both employees and employers until 2026 (2011 – 2025). Other than the requirement to make additional contributions, the University does not bear any risk related to the PSPP deficiency.

(thousands of dollars)

11. Debt

Debt is measured at amortized cost and is comprised of the following:

	Collateral	Maturity date	Interest rate %	Principal Outstanding March 31, 2013	March 31, 2012 (Note 2)	April 1, 2011 (Note 2)
Debentures payable to Alberta Capital Finance Authority:						
Debenture for Cascade Hall	2	May 2025	6.25%	**$ 11,530**	$ 12,096	$ 12,628
Debenture for Residence Renewal Program	2	September 2026	4.43%	**13,904**	14,643	11,900
Debenture for Downtown Campus	1	March 2031	4.27%	**14,004**	14,512	15,000
Debenture for Health Renovation Innovation Centre/Parkade	2	April 2031	4.94%	**5,019**	5,182	5,337
Debenture for Child Development Centre/Parkade	2	June 2032	5.25%	**1,708**	1,757	1,804
Debenture for International Residence House	2	September 2032	4.69%	**22,956**	23,663	24,339
Debenture for International Residence House	2	June 2039	5.10%	**27,997**	28,488	28,956
Debenture for Phase VI Residence	2	March 2040	4.73%	**57,959**	59,003	60,000
Mortgages payable to Canada Mortgage and Housing Corporation:						
Mortgage for Dining Centre, Kananaskis and Rundle Halls	2	March 2016	5.13%	**331**	431	526
Bank loans payable:						
Mortgage for University Research Centre	2	May 2012	- %	**-**	92	642
Demand loan for Western Canadian Universities Marine Sciences Society	2	November 2014	3.66%	**5**	6	8
Demand loan for Western Canadian Universities Marine Sciences Society	2	December 2014	3.52%	**20**	21	27
Demand loan for Western Canadian Universities Marine Sciences Society	2	April 2015	4.93%	**306**	330	347
				$ 155,739	$ 160,224	$ 161,514
Obligations under capital leases				**707**	859	1,228
				$ 156,446	$ 161,083	$ 162,742

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

Interest expense on debt recorded in these statements is $ 7,431 (2012 - $7,796) of which $0 (2012 - $426) was capitalized.

Principal and interest repayments are as follows:

	Principal	Interest	Total
2014	$ 5,195	$ 7,502	$ 12,697
2015	5,096	7,271	12,367
2016	5,188	7,027	12,215
2017	5,175	6,779	11,954
2018	5,430	6,524	11,954
Thereafter	130,362	66,259	196,621
	$ 156,446	$ 101,362	$ 257,808

(thousands of dollars)

12. Deferred Revenue

Deferred revenue is comprised of unearned externally restricted grants and donations, unearned tuition and other fees.

	March 31, 2013			
	Research and special purpose	**Capital**	**Tuition and fees other**	**Total**
Balance, beginning of year	**$ 461,202**	**$ 1,266,935**	**$ 26,510**	**$ 1,754,647**
Grants, tuition and donations received	**403,108**	**936**	**238,490**	**642,534**
Investment income	**19,435**	**853**	**-**	**20,288**
Unearned capital acquisition transfers	**(52,648)**	**52,648**	**-**	**-**
Recognized as revenue	**(337,084)**	**(74,687)**	**(234,277)**	**(646,048)**
Balance, end of year	**$ 494,013**	**$ 1,246,685**	**$ 30,723**	**$ 1,771,421**

	March 31, 2012 (Note 2)			
	Research and special purpose	**Capital**	**Tuition and fees other**	**Total**
Balance, beginning of year	$ 429,629	$ 1,205,033	$ 22,216	$ 1,656,878
Grants, tuition and donations received	364,468	60,490	216,963	641,921
Investment income	16,124	3,213	-	19,337
Unearned capital acquisition transfers	(67,182)	67,182	-	-
Recognized as revenue	(281,837)	(68,983)	(212,669)	(563,489)
Balance, end of year	$ 461,202	$ 1,266,935	$ 26,510	$ 1,754,647

Capital is comprised of $1,224,886 (2012 - $1,217,406) restricted grants and donations spent on capital acquisitions and $21,799 (2012 - $49,529) of unspent restricted grants and donations. The expended capital is unearned as the terms will be met over the useful life of the asset.

13. 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)

13. 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:

		March 31, 2013		March 31, 2012 (Note 2)
Balance, beginning of year	**$**	**517,208**	$	497,265
Endowment donations		**10,338**		25,957
Investment - realized gains capitalized		**1**		30
Investment - unrealized gains capitalized		**47,679**		-
Transfer from endowments		**(6,916)**		(6,044)
Balance, end of year	**$**	**568,310**	$	517,208
Cumulative donations	**$**	**400,858**	$	390,520
Cumulative capitalized income		**167,452**		126,688
Balance, end of year	**$**	**568,310**	$	517,208

(thousands of dollars)

14. Accumulated Surplus

The composition of accumulated surplus is as follows:

	Unrestricted Net Assets	Investment in Capital Assets	Internally Restricted Net Assets (Note 15)	Accumulated Surplus
Balance as at April 1, 2011	$ (11,791)	$ 170,169	$ 106,499	$ 264,877
Excess of revenue over expense	98,020	-	-	98,020
Transfer from endowments	6,044	-	-	6,044
Acquisition of capital assets	(26,092)	26,092	-	-
Amortization of capital assets	27,363	(27,363)	-	-
Debt repayment	(4,356)	4,356	-	-
Debt new financing	3,342	(3,342)	-	-
Transfers to internally restricted surplus	(68,195)	-	68,195	-
Balance as at March 31, 2012	$ 24,335	$ 169,912	$ 174,694	$ 368,941
Excess of revenue over expense	**94,475**	**-**	**-**	**94,475**
Transfer from endowments	**6,916**	**-**	**-**	**6,916**
Acquisition of capital assets	**(42,715)**	**42,715**	**-**	**-**
Amortization of capital assets	**28,652**	**(28,652)**	**-**	**-**
Debt repayment	**(4,960)**	**4,960**	**-**	**-**
Debt new financing	**515**	**(515)**	**-**	**-**
Transfers to internally restricted surplus	**(43,197)**	**-**	**43,197**	**-**
Balance as at March 31, 2013	**$ 64,021**	**$ 188,420**	**$ 217,891**	**$ 470,332**

15. 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:

	March 31, 2013	March 31, 2012 (Note 2)
Capital activities	**$ 42,492**	$ 11,574
Operating activities	**155,537**	145,823
Research activities	**19,862**	17,297
	$ 217,891	$ 174,694

16. Contingent Liabilities and Guarantees

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 recording a liability.

(thousands of dollars)

16. Contingent Liabilities and Guarantees (Continued)

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.

At March 31, 2013 the University had entered into agreements that provide guarantees on employee housing loans in the amount of $882 (2012 - $989). These amounts are not recorded in the consolidated financial statements.

17. Contractual Obligations

The University has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Capital Projects	Long-term leases	Total
2014	$ 10,095	$ 29,383	$ 3,908	$ 43,386
2015	7,032	-	3,719	10,751
2016	6,750	-	3,807	10,557
2017	6,513	-	3,651	10,164
2018	-	-	3,468	3,468
Thereafter	-	-	49,565	49,565
	$ 30,390	$ 29,383	$ 68,118	$ 127,891

Included in service contracts are the contracts to purchase electricity and natural gas. 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, 2013 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, 2013, the estimated contractual obligations including executed hedge contracts are $18,464 (2012 - $26,900) for electricity and $11,926 (2012 - $18,800) for natural gas.

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, 2012 CURIE had a surplus of $14,244 (2011 - $6,947). The University participates in five of the underwriting periods, which have an accumulated surplus of $60,500 (2011 - $48,586) of which the University's pro rata share is approximately 5.77% (2011 - 5.78%). This surplus is not recorded in the financial statements.

(thousands of dollars)

18. Budget Comparison (unaudited)

The University's 2012-13 budget was approved by the University's Board of Governors and was presented to the Minister of Enterprise and Advanced Education as part of the University's submission of its 2012-13 Comprehensive Institutional Plan. Certain budget figures from the University's 2012-13 Comprehensive Institutional Plan have been reclassified to conform to the presentation adopted in the 2013 financial statements.

19. Investment Income

		2013		2012
Income on investments held for endowments	$	8,337	$	10,225
Income on other investments		25,781		25,271
Recovery on Floating Rate Notes		-		3,671
	$	34,118	$	39,167
Deferred		(821)		(3,202)
	$	33,297	$	35,965

20. Expense by Function

The University used the following function categories on its statements of operations:

Academic costs and institutional support

Academic costs and institutional support includes expenses relating to activities directly and indirectly supporting innovative learning, programming, and teaching as well as administration and governance functions of the university.

Research

Research expenses relate primarily to activity funded by externally sponsored research funds intended for specific research purposes as well as internal funds designated for research related spending.

Special purpose and trust

Special purpose and trust is comprised of expenses relating to externally restricted funding for non-research related activities including scholarships and community service.

Facilities operations and maintenance

Facilities operations and maintenance function includes centralized management and maintenance of grounds and facilities, and buildings. Examples include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, and major repairs and renovations.

Ancillary services

Ancillary expenses relate to secondary services available to students, faculty, and staff. Services include on-campus residence, food services, university bookstores, micro-store, Hotel Alma, and conference services.

(thousands of dollars)

21. Expense by Object

	2013 Budget (unaudited)	**2013**	2012 (Note 2)
Salaries	$ 551,121	**$ 531,182**	$ 516,314
Employee benefits	105,728	**102,803**	85,703
Materials, supplies and services	257,912	**225,343**	202,608
Utilities	33,410	**26,139**	36,061
Maintenance and repairs	15,775	**15,393**	13,035
Scholarships and bursaries	76,062	**77,669**	69,951
Cost of goods sold	17,592	**14,832**	15,493
Amortization of capital assets	96,535	**103,255**	96,005
	$ 1,154,135	**$ 1,096,616**	$ 1,035,170

22. 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.

	March 31, 2013	March 31, 2012 (Note 2)	April 1, 2011 (Note 2)
Child Care Centre West Campus	**$ 601**	$ 530	$ 153
Health Knowledge Network	**481**	94	-
Alberta Sulphur Research	**252**	179	555
CDN Research Institute- Law and the Family	**197**	310	388
U of C Day Care	**173**	251	364
Campus Ticket Centre	**142**	221	-
Others	**435**	634	614
	$ 2,281	$ 2,219	$ 2,074

(thousands of dollars)

23. Related party transactions and balances

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

		2013		2012
Grants from GOA				
Enterprise and Advanced Education:				
Operating	**$**	**452,776**	$	429,425
Capital		**58,400**		101,108
Research		**21,516**		16,349
Alberta Innovates Bio Solutions		**1,330**		1,673
Alberta Innovates Energy and Environment		**515**		1,504
Alberta Innovates Health Solutions		**32,117**		30,523
Alberta Innovates Technology Futures		**8,210**		10,194
Other		**20,669**		26,969
Total Enterprise and Advanced Education	**$**	**595,533**	$	617,745
Other Post-secondary Institutions	**$**	**2,459**	**$**	5,819
Other GOA departments and agencies:				
Alberta Health and Wellness	**$**	**25,606**	$	26,258
Alberta Health Services		**13,159**		11,699
Other		**12,633**		16,993
Total other GOA departments and agencies	**$**	**51,398**	$	54,950
Total grants received	**$**	**649,390**	$	678,514
Less: deferred revenues		**(29,396)**		(79,286)
Government of Alberta Grants	**$**	**619,994**	$	599,228
Accounts receivable				
Enterprise and Advanced Education	**$**	**1,198**	$	2,407
Other GOA departments and agencies		**12,668**		11,103
Other post-secondary institutions		**291**		158
	$	**14,157**	$	13,668
Accounts payable				
Enterprise and Advanced Education	**$**	**4,236**	$	-
Other GOA departments and agencies		**1,424**		10,406
Other post-secondary institutions		**12**		601
	$	**5,672**	$	11,007

The University has a debt with Alberta Capital Finance Authority as described in (Note 11).

(thousands of dollars)

24. 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.

	March 31, 2013				March 31, 2012 (Note 2)
	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 (6)(7)(10)(11)	**454**	**103**	**279**	**836**	777
Vice-Presidents:					
Provost and Vice-President Academic					
Incumbent (5)(6)(10)	**400**	**12**	**137**	**549**	384
Past Incumbent (2)(5)(6)(7)	-	-	-	-	214
Vice-President Research					
Incumbent (5)(6)(10)	**379**	**12**	**126**	**517**	443
Interim, Past Incumbent (5)(9)	-	-	-	-	57
Vice-President Finance and Services (6)(9)(10)	**293**	**12**	**112**	**417**	367
Vice-President University Relations (6)(9)(10)	**265**	**38**	**74**	**377**	352
Vice-President Facilities Management and Development (6)(9)	**355**	**53**	**148**	**556**	496
Vice-President Development (6)8)(10)	**294**	**53**	**124**	**471**	431

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)), 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 current fiscal year there were no changes in the senior decision making/management group.
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 other assumptions. Net actuarial gains and losses of the benefit obligations are amortized over the expected remaining service life of each plan participant or over the expected remaining lifetime for pensions in pay. Current service cost is the actuarial present value of the benefits earned in the current year. The components of the cost of the SRP include current service cost, amortization of actuarial gains and losses, past service costs on plan initiation, 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.

(thousands of dollars)

24. Salary and Employee Benefits (Continued)

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

	Accrued Benefit Obligation March 31, 2012	Service Costs	Interest Costs	Actuarial Loss (Gain)	Accrued Benefit Obligation March 31, 2013
President	$ 231	$ 132	$ 11	$ (2)	$ 372
Vice-Presidents:					
Provost and Vice-President Academic - Incumbent	69	103	5	(1)	176
Vice-President Research	70	93	5	(1)	167
Vice-President Finance and Services	198	72	8	(1)	277
Vice-President University Relations	43	43	3	21	110
Vice-President Facilities Management and Development	287	77	11	(17)	358
Vice-President Development	599	61	20	(15)	665

The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 10.

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 2012	Service Costs	Interest Costs	Actuarial Loss (Gain)	Benefits Paid	Accrued Benefit Obligation March 31, 2013
President(1)	$ 170	$ 97	$ 7	$ (2)	$ -	$ 272

1. Only the President is eligible for administrative leave benefits.

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 2.60% (2012 – 2.60%) and a yearly salary increase rate of 4.00%. An administrative leave benefit loading rate of 15% is applied to the President only.

SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
FOR THE YEAR ENDED MARCH 31, 2013
(thousands of dollars)

UNIVERSITY OF CALGARY

Schedule 1 - Transition to Public Sector Accounting Standards

a) Reconciliation of April 1, 2011 Consolidated Statement of Financial Position

	April 1, 2011 GAAP	Cash and cash equivalents[1]	Other long-term assets[2]	Employee future benefits[3]	Artworks and permanent collections[4]	Other Entities[5]	Total Adjustment	April 1, 2011 PSAS
ASSETS								
Cash and cash equivalents	$ 534,960	$ 4,317	$ -	$ -	$ -	$ 2,733	$ 7,050	$ 542,010
Investments	773,005	(4,317)	76	-	-	3,267	(974)	772,031
Accounts receivable	46,247	-	17,196	-	-	171	17,367	63,614
Inventory and prepaid expenses	21,256	-	-	-	-	31	31	21,287
Capital assets	1,471,315	-	-	-	(13,453)	1,791	(11,662)	1,459,653
Other long-term assets	23,252	-	(23,252)	-	-	-	(23,252)	-
Investment in government business enterprises	-	-	3,948	-	-	-	3,948	3,948
Investment in Government NPO & Partnership	-	-	2,032	-	-	(2,032)	-	-
	$ 2,870,035	**$ -**	**$ -**	**$ -**	**$ (13,453)**	**$ 5,961**	**$ (7,492)**	**$ 2,862,543**
LIABILITIES AND NET ASSETS								
Accounts payable and accrued liabilities	150,564	-	-	-	-	1,525	1,525	152,089
Employee future benefit liabilities	68,770	-	-	59,922	-	-	59,922	128,692
Debt	162,360	-	-	-	-	382	382	162,742
Deferred revenue	1,653,136	-	-	-	-	3,742	3,742	1,656,878
	$ 2,034,830	**$ -**	**$ -**	**$ 59,922**	**$ -**	**$ 5,649**	**$ 65,571**	**$ 2,100,401**
NET ASSETS								
Endowments	496,807	-	-	-	-	458	458	497,265
Accumulated Surplus	338,398	-	-	(59,922)	(13,453)	(146)	(73,521)	264,877
	$ 835,205	**$ -**	**$ -**	**$ (59,922)**	**$ (13,453)**	**$ 312**	**$ (73,063)**	**$ 762,142**
	$ 2,870,035	**$ -**	**$ -**	**$ -**	**$ (13,453)**	**$ 5,961**	**$ (7,492)**	**$ 2,862,543**

(1) Under PS 1201.104, short-term investments with a maturity date of 90 days or less from date of acquisition were reclassified to cash and cash equivalents.

(2) Under PSAS assets and liabilities are no longer presented as long-term financial instruments. Therefore, the University has reclassified its other long-term assets to the respective asset categories.

(3) Under PS 3250 and PS 2125, unrecognized actuarial losses and past service costs at April 1, 2011 are fully recognized by adjustment to the employee future benefit liabilities.

(4) Under PS 3150.08, the University's art collection and library permanent collections of rare books are not recognized as capital assets. Consequently, the University has reversed previously recorded purchases of these assets.

(5) Under PS 3060.55, the University uses the proportionate consolidation method to record its investment in the Western Canadian Universities Marine Sciences Society, and fully consolidates the financial results of The Arctic Institute of North America (AINA).

SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
FOR THE YEAR ENDED MARCH 31, 2013
(thousands of dollars)

UNIVERSITY OF CALGARY

Schedule 1 - Transition to Public Sector Accounting Standards

b) Reconciliation of March 31, 2012 Consolidated Statement of Financial Position

	March 31, 2012							March 31, 2012
	GAAP	Cash and cash equivalents[1]	Other long-term assets[2]	Employee future benefits[3]	Artworks and permanent collections[4]	Other Entities[5]	Total Adjustment	PSAS
ASSETS								
Cash and cash equivalents	$ 378,002	$ 2,278	$ -	$ -	$ -	$ 2,466	$ 4,744	$ 382,746
Investments	1,007,752	(2,278)	77	-	-	1,729	(472)	1,007,280
Accounts receivable	64,560	-	19,562	-	-	234	19,796	84,356
Inventory and prepaid expenses	29,802	-	-	-	-	190	190	29,992
Capital assets	1,558,100	-	-	-	(13,796)	3,575	(10,221)	1,547,879
Other long-term assets	25,523	-	(25,523)	-	-	-	(25,523)	-
Investment in government business enterprises	-	-	3,762	-	-	-	3,762	3,762
Investment in Government NPO & partnership	-	-	2,122	-	-	(2,122)	-	-
	$ 3,063,739	**$ -**	**$ -**	**$ -**	**$ (13,796)**	**$ 6,072**	**$ (7,724)**	**$ 3,056,015**
LIABILITIES AND NET ASSETS								
Accounts payable and accrued liabilities	127,630	-	-	-	-	701	701	128,331
Employee future benefit liabilities	70,989	-	-	54,816	-	-	54,816	125,805
Debt	160,726	-	-	-	-	357	357	161,083
Deferred revenue	1,749,868	-	-	-	-	4,779	4,779	1,754,647
	$ 2,109,213	**$ -**	**$ -**	**$ 54,816**	**$ -**	**$ 5,837**	**$ 60,653**	**$ 2,169,866**
NET ASSETS								
Endowments	516,712	-	-	-	-	496	496	517,208
Accumulated Surplus	437,814	-	-	(54,816)	(13,796)	(261)	(68,873)	368,941
	$ 954,526	**$ -**	**$ -**	**$ (54,816)**	**$ (13,796)**	**$ 235**	**$ (68,377)**	**$ 886,149**
	$ 3,063,739	**$ -**	**$ -**	**$ -**	**$ (13,796)**	**$ 6,072**	**$ (7,724)**	**$ 3,056,015**

[1] Under PS 1201.104, short-term investments with a maturity date of 90 days or less from date of acquisition were reclassified to cash and cash equivalents.

[2] Under PSAS assets and liabilities are no longer presented as long-term financial instruments. Therefore, the University has reclassified its other long-term assets to the respective asset categories.

[3] Under PS 3250 and PS 2125, unrecognized actuarial losses and past service costs at April 1, 2011 are fully recognized by adjustment to the employee future benefit liabilities.

[4] Under PS 3150.08, the University's art collection and library permanent collections of rare books are not recognized as capital assets. Consequently, the University has reversed previously recorded purchases of these assets.

[5] Under PS 3060.55, the University uses the proportionate consolidation method to record its investment in the Western Canadian Universities Marine Sciences Society, and fully consolidates the financial results of The Arctic Institute of North America (AINA).

SCHEDULE OF TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
FOR THE YEAR ENDED MARCH 31, 2013
(thousands of dollars)

Schedule 1 - Transition to Public Sector Accounting Standards

c) Reconciliation of March 31, 2012 Consolidated Statement of Operations

	March 31, 2012							March 31, 2012
	GAAP	Artworks and permanent collections[1]	Foreign exchange[2]	Employee future benefits[3]	Amortization of deferred capital contributions[4]	Other Entities[5]	Total Adjustments	PSAS
REVENUE								
Government of Alberta grants	$ 542,475	$ -	$ -	$ -	$ 56,702	$ 51	$ 56,753	**$ 599,228**
Federal and other government grants	111,635	-	-	-	5,718	746	6,464	**118,099**
Sales of services and products	100,112	-	-	-	-	539	539	**100,651**
Student tuition and fees	195,274	-	-	-	-	-	-	**195,274**
Donations and other grants	77,367	165	-	-	6,234	264	6,663	**84,030**
Investment income	34,105	-	1,761	-	-	99	1,860	**35,965**
Amortization of Deferred Capital Contributions	68,654	-	-	-	(68,654)	-	(68,654)	**-**
Investment income in government business enterprises	-	-	-	-	-	(57)	(57)	**(57)**
	$ 1,129,622	**$ 165**	**$ 1,761**	**$ -**	**$ -**	**$ 1,642**	**$ 3,568**	**$ 1,133,190**
EXPENSE								
Academic costs and institutional support	621,831	273	1,761	(5,106)	-	-	(3,072)	**618,759**
Research	243,383	-	-	-	-	1,703	1,703	**245,086**
Special purpose and trust	72,822	70	-	-	-	54	124	**72,946**
Facilities operations and maintenance	63,081	-	-	-	-	-	-	**63,081**
Ancillary services	35,298	-	-	-	-	-	-	**35,298**
	$ 1,036,415	**$ 343**	**$ 1,761**	**$ (5,106)**	**$ -**	**$ 1,757**	**$ (1,245)**	**$ 1,035,170**
Excess of revenue over expense	$ 93,207	$ (178)	$ -	$ 5,106	$ -	$ (115)	$ 4,813	**$ 98,020**
Net transfer from endowments	6,044	-	-	-	-	-	-	**6,044**
Change in accumulated surplus	$ 99,251	$ (178)	$ -	$ 5,106	$ -	$ (115)	$ 4,813	**$ 104,064**
Accumulated surplus, beginning of year	338,563	(13,618)	-	(59,922)	-	(146)	(73,686)	**264,877**
Accumulated Surplus, end of year	**$ 437,814**	**$ (13,796)**	**$ -**	**$ (54,816)**	**$ -**	**$ (261)**	**$ (68,873)**	**$ 368,941**

(1) Purchases of library permanent collections or rare books can no longer be capitalized since PS 3150.08 "Capital Assets" does not allow the recognition of these as assets.

(2) Foreign exchange gains have been reclassified to revenues, as per PS 1201.81.

(3) Under PS 3250 and PS 2125, unrecognized actuarial losses and past service costs at April 1, 2011 are fully recognized by adjustment to the employee future benefit liabilities.

(4) Under PSAS amortization of deferred capital contributions is no longer presented in the statement of operations. Therefore, the University has redistributed this amount to its original source of funding.

(5) Under PS 3060.55, the University uses the proportionate consolidation method to record its investment in the Western Canadian Universities Marine Sciences Society, and fully consolidates the financial results of The Arctic Institute of North America (AINA).

(thousands of dollars)

Schedule 1 - Transition to Public Sector Accounting Standards

d) Reconciliation of the Schedule of Expenses by Object

	March 31, 2012					March 31, 2012
	GAAP	Artworks and permanent collections[1]	Foreign exchange[2]	Employee future benefits[3]	Other entities[4]	PSAS
Salaries	$ 515,207	$ -	$ -	$ -	$ 1,107	**$ 516,314**
Employee benefits	90,741	-	-	(5,106)	68	**85,703**
Materials, supplies and services	200,075	343	1,761	-	429	**202,608**
Utilities	36,012	-	-	-	49	**36,061**
Maintenance and repairs	13,035	-	-	-	-	**13,035**
Scholarships and bursaries	69,923	-	-	-	28	**69,951**
Cost of goods sold	15,493	-	-	-	-	**15,493**
Amortization of capital assets	95,929	-	-	-	76	**96,005**
	$ 1,036,415	**$ 343**	**$ 1,761**	**$ (5,106)**	**$ 1,757**	**$ 1,035,170**

(1) Purchases of library permanent collections or rare books can no longer be capitalized since PS 3150.08 "Capital Assets" does not allow the recognition of these as assets.

(2) Foreign exchange gains have been reclassified to revenues, as per PS 1201.81.

(3) Under PS 3250 and PS 2125, unrecognized actuarial losses and past service costs at April 1, 2011 are fully recognized by adjustment to the employee future benefit liabilities.

(4) Under PS 3060.55, the University uses the proportionate consolidation method to record its investment in the Western Canadian Universities Marine Sciences Society, and fully consolidates the financial results of The Arctic Institute of North America (AINA).

(thousands of dollars)

Schedule 1 - Transition to Public Sector Accounting Standards

e) Reconciliation of the Salary and Employee Benefits Note.

	March 31,2012					March 31,2012
	Base salary	Other cash benefits	Other non-cash benefits	Total GAAP	Other non-cash benefit adjustments [1]	Total PSAS (note 24)
Governance						
Chair of the Board of Governors	$ -	$ -	$ -	$ -	$ -	**$ -**
Members of the Board of Governors	-	-	-	-	-	**-**
Executive						
President						
Incumbent	440	105	211	756	21	**777**
Vice-Presidents:						
Provost and Vice-President Academic						
Incumbent	260	33	75	368	16	**384**
Past Incumbent	114	-	96	210	4	**214**
Vice-President Research						
Incumbent	278	71	79	428	15	**443**
Interim, Past Incumbent	42	9	6	57	-	**57**
Vice-President Finance and Services	281	8	68	357	10	**367**
Vice-President University Relations	240	49	58	347	5	**352**
Vice-President Facilities Management and Development	349	45	96	490	6	**496**
Vice President Development	287	50	97	434	(3)	**431**

[1] This is the difference in Supplemental Retirement Plan and Administrative Leave Plan expense due to the transition to PSAS. Under PS 3250, PS 3255, and PS 2125, unrecognized actuarial losses at April 1, 2011 are fully recognized by direct adjustment to the employee future benefit liabilities.

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