



2015-16
ANNUAL REPORT



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2015-16 BOARD OF GOVERNORS

BOARD OF GOVERNORS AS OF MARCH 31, 2016

MEMBER	CONSTITUENCY
Michael Phair (Chair, appointed Feb. 2016)	General Public
Shenaz Jeraj (Vice-chair)	General Public
Richard W. Wilson (Vice-chair; Acting Chair Sept. 2015 to Feb. 2016)	General Public
Faiza Billo	Non-Academic Staff Representative (NASA Appointee)
David Cooper	Academic Staff Representative (AASUA Appointee)
Jane Halford	University of Alberta Alumni Association
James Heelan	General Public
Barry James	University of Alberta Senate
LeRoy Johnson	General Public
Azhar Khan	Undergraduate Board of Governors Representative
Navneet Khinda	Students' Union
Steven LePoole	General Public
Colin More	Graduate Students' Association
Raymond Muzyka	General Public
Robert Parks	University of Alberta Alumni Association
Jeremy Richards	Academic Staff Representative (General Faculties Council)
Michael H. Ross	General Public
Nizar Somji	General Public
Robert H. Teskey	General Public
David Turpin	President
Ralph Young	Chancellor

ACCOUNTABILITY STATEMENT

The University of Alberta's Annual Report for the year ended March 31, 2016, was prepared under the Board's direction in accordance with the Fiscal Planning and Transparency Act and ministerial guidelines established pursuant to the Post-Secondary Learning Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by Michael Phair

Michael Phair

Chair, University of Alberta Board of Governors

MESSAGE FROM THE PRESIDENT

The past year at the University of Alberta has been marked by transition, reflection, engagement, and renewal. On July 1, 2015, I assumed the presidency of the university, following a decade of exceptional leadership from President Emerita Indira Samarasekera. Under her leadership, the university grew in national and international prestige and influence, inspired by a bold, global vision outlined in the university's 2005-2015 strategic plan, Dare to Discover, and supported by an outstanding record of excellence in teaching, research, and service. As the success of Dare to Discover demonstrates, a university's strategic plan is the single most powerful tool for building a shared vision, enabling co-ordinated efforts, and maximizing finite resources.

Over the last six months, Provost and Vice-president (Academic) Steven Dew and I have engaged the faculty, staff, and students of the U of A in a critical period of institutional strategic planning to develop a new set of goals to guide us throughout the coming decade. We recognize that the U of A, like universities around the world, faces real and significant challenges. Globalization, demographic and generational shifts in student and faculty populations, technological change in every arena, and highly mobile human resources are some of the key factors shaping the evolution of universities and their core mission of research and teaching. Universities are also affected by major economic and political forces, such as recent global declines in oil and gas prices.

As we look to the future, we are convinced that the opportunities for positive change are far greater for the U of A than for many other universities across Canada and the world. We sit at the centre of the province's Campus Alberta and Edmonton's City of Learners and are working with our post-secondary partners to provide Albertans with multiple integrated pathways to achieve their educational goals and aspirations. We are home to talented faculty with proven excellence in teaching and research, who are leading major research projects of local, national, and global significance. We continue to attract increasing amounts of external research funding and philanthropic support due to improved internal supports and systems. Most importantly, we are well supported by a provincial government committed to ensuring Albertans have access to post-secondary institutions of the highest quality.

The Government of Alberta's renewal of this support with the introduction of Bill 3 in June 2015 has provided the critical funding we need to put future institutional strategic plans in action, particularly in terms of attracting and hiring new faculty members, which is always the first, essential step toward enriching student experience; increasing quality in teaching, learning, and research; and ensuring access for qualified students.

Looking to the future, we believe that we must and can diversify the university's student population, attracting students from all over Canada and from traditionally underserved populations including First Nations, Métis, and Inuit peoples. We aim to deepen our engagement with diverse partners to conduct and translate learning and research into evidence-based public policy, improved industrial practices, changed attitudes, and healthier, more compassionate communities. And we will continue to build multi-level, cross-sectoral national and international partnerships with high-ranking universities and institutions across Canada and around the world.

Alberta's wealth in both people and natural resources, combined with its desire for social, cultural, economic, and environmental innovation and diversification, mean that in partnership with the province, the University of Alberta is set to play a major role in the fundamental reshaping of this province—and in doing so, to build a stronger, better, more compassionate, and prosperous Canada.



A handwritten signature in blue ink, appearing to read 'D. Turpin'. The signature is stylized and fluid.

David H. Turpin, CM, PhD, LL.D, FRSC
President and Vice-chancellor



THE UNIVERSITY IN 2015-16

The University of Alberta remains an essential partner in achieving a prosperous future for the province through the education and training of the next generation of dynamic scientists, business owners, social scientists, policy-makers, musicians, artists, and volunteers. The U of A is now in the process of charting its course for the coming years with a revitalized Institutional Strategic Plan that will help our university meet the needs of the province and the nation in forging a thriving civic culture and a more productive and equitable society.

Alberta is facing challenging times, unlike anything we have seen in decades. With an unprecedented drop in the price of oil, it is becoming increasingly clear that diversifying the provincial economy—and investing in knowledge and innovation to help us get there—is the best strategy for avoiding the worst ramifications of the unpredictable boom-and-bust cycle. Future success will depend on Alberta's ability to continue to develop top talent, to attract and retain world-class leaders and visionaries across disciplines, to advance the province as a global economic leader, to foster an innovative and entrepreneurial society, and to encourage a thriving creative culture.

Within a highly competitive global environment, the university this year continued to be recognized for research excellence, ranking among the top 100 universities in the world and fourth in Canada on the QS World University Rankings for 2015-16. A breakdown of those rankings by subject places the U of A among the world's top 50 in nursing (fourth), pharmacy and pharmacology (32), education (41), anthropology (42), mining engineering (44), and English language and literature (50). Over the last decade, U of A researchers have attracted total sponsored research funding in excess of \$4.6 billion (averaging more than \$400 million per year), putting the U of A fourth among Canada's research-intensive universities. In both 2009-10 and 2012-13 (the most recent years for which complete data are available), the U of A has ranked third in the U15 for sponsored research income per full-time teaching faculty. These figures reflect the U of A's status as a pre-eminent research university within Canada and internationally.

The post-secondary environment continues to undergo significant changes, however, and the past year saw the university continue to innovate in response to evolving demands. Teaching and learning practices have continued to shift away from traditional lecture-style presentations to a greater breadth of learner styles and more opportunities to co-create and engage with knowledge by focusing on emerging technologies to reach beyond classrooms and to enhance classroom activities. The university embraces innovation in both research and teaching; for example, the new Donadeo Innovation Centre for Engineering, which celebrated its grand opening in June 2015, brings students and faculty from all engineering disciplines together into an exceptional space for collaboration and learning. University-wide, the U of A continues to lead all Canadian institutions with 41 academic staff who have received national 3M Teaching Fellowships, Canada's highest award for undergraduate university teaching.

The university also strives to attend to its greater mission to transform society and culture by ensuring all content respects Indigeneity, equity, and diversity. The university is focused on recruiting and welcoming a more diverse student body, and by reducing barriers to access for traditionally under-represented groups, is contributing to addressing Alberta's historically low rate of participation in post-secondary education. To support these goals and to enrich the overall student experience, the U of A has made major investments in residence capacity; projects underway in 2015-16 will, when completed, add more than 900 residence spaces and position the U of A to welcome more students from across Canada and the world.

The university also recognizes the critical importance of a sustained and powerful response to the findings of the national Truth and Reconciliation Commission (TRC). This year saw the opening of Wahkohtowin Lodge on Augustana Campus, a venue that offers a welcoming space for students and community while honouring traditional territories, providing opportunities for non-Indigenous students to learn more about Indigenous people and cultures.

More broadly, the university is committed to enhancing the communities in which it operates, as well as the communities with which it engages, both near and far. Through programs like Community Service-Learning (CSL), the U of A is providing students with opportunities to work and have a direct impact on the local community. Last year, more than 1,500 students were registered in a course with a CSL component, working with over 180 community partners. And through ventures like TEC Edmonton, named by UBI Global as the 16th best business incubator in the world in 2015, the U of A is helping to ensure that university research benefits the Alberta economy. TEC Edmonton's clients have generated more than \$470 million in the last five years.

To support its mission, the university is committed to fiscal sustainability, and has continued to pursue steps that include but are not limited to growing its endowment, generating new net revenues, increasing federal government support for the indirect costs of research, and leveraging the establishment of its land trust.

In every aspect of its mandate, the U of A is a partner in social, cultural, and economic development, fostering and establishing the provincial, national, and international connections and understandings that support leading global enterprise and citizenship for Albertans. It's all part of meeting Alberta's changing needs and ensuring that the province remains a vital part of the national knowledge economy. The university remains steadfastly committed to partnership with the Government of Alberta to explore opportunities for growth, continued diversification of Alberta's economy, and leadership in serving the province of Alberta.

TABLE 1. SUMMARY STATISTICS

	2014-15 Academic Year	2015-16 Academic Year
TUITION SUMMARY		
Arts and Science	\$5,321	\$5,321
Law	\$10,221	\$10,221
Medicine	\$12,044	\$12,044
MA, MSc, and PhD	\$3,662	\$3,662
FACULTY AND STAFF (FULL-TIME EQUIVALENT – FTE)		
Faculty	2,047	2,081
Other Academic Staff	1,909	1,923
Support Staff (operating and trust-funded)	4,941	5,021
Research Revenue (thousands of dollars)	2014-15 fiscal year	2015-16 fiscal year
	\$469,713	\$441,229
Degrees and Diplomas Granted	2014 calendar year	2015 calendar year
Total	8,864	8,833
Undergraduate	6,813	6,784
Graduate	2,051	2,049

Notes: Tuition figures are meant as examples. Complete tuition information can be found at www.registrarsoffice.ualberta.ca/Costs-Tuition-Fees.aspx. Staff data is FTE as of Oct. 1 of the reported year. Other academic staff include contract academic staff, teaching; research academic staff; faculty service officers; librarians and administrative professional officers; contingent faculty service officers; and other academic and temporary admin professionals.



GOALS, PRIORITY INITIATIVES, EXPECTED OUTCOMES, AND PERFORMANCE MEASURES

The 2015-16 Annual Report is transitional in nature as the University of Alberta is in the midst of an institutional strategic planning process, the aim of which is to develop a plan that reflects common values and a collective vision of what the university aspires to be. Together, the university community is establishing new goals and strategies that will support the university's vision and provide direction that both responds to and takes advantage of changing external and internal environments. In the years ahead, the university will look to this strategic plan to guide all institutional academic and administrative priority-setting, decision-making, and governance. As always, the principles of access and quality resonate throughout the university's activities.

The university is focused on six key priorities as outlined in the transitional 2016 Comprehensive Institutional Plan (CIP):

- **FACULTY RENEWAL**
- **STUDENT EXPERIENCE**
- **TEACHING AND LEARNING**
- **RESEARCH EXCELLENCE**
- **COMMUNITY ENGAGEMENT**
- **INFRASTRUCTURE**

In the CIP, the university has identified priority initiatives, expected outcomes, and performance measures associated with each of these goals.

To reflect current institutional priorities, this year's Annual Report is organized around these goals and performance measures. Since these goals were defined during the past year, the measures provided below report the current state and trends related to these priorities, rather than progress toward achieving priority initiatives and expected outcomes. Next year, the U of A will be in a position to report on progress made toward achieving the goals outlined in the strategic planning process.

FACULTY RENEWAL

As noted in the 2016 CIP, there is a need to address the low number of assistant professors. These new professors play a critical role in the academy by bringing with them vibrant perspectives and contributing to the university's teaching and innovative research capacity. This deficit has been created by reduced hiring after a series of challenges within the university's base operating budget. Identifying, recruiting, and supporting the next generation of faculty is critical. Success will be influenced by social, intellectual, and physical supports such as social forums and gathering places, critical masses of scholars to support the development of strong ideas, and new and modernized infrastructure including spaces, labs, and classrooms.

HIGHLIGHTS

- The Faculty of Law is adding to its roster of award-winning scholars and teachers with three new assistant professor appointments who will come on board in 2016 and 2017: Anna Lund, who currently holds a \$100,000 post-doctoral fellowship at the U of A; Cameron Jefferies, a former Fulbright Scholar who works on environmental and resource law; and Malcolm Lavoie, who clerked at the Supreme Court of Canada and studies property law and private law theory.
- Madeline Toubiana and Tim Hannigan joined the School of Business this year. Toubiana works on entrepreneurship and taught social entrepreneurship during her first year at the U of A; Hannigan uses big data and his background in computing science to study social cognition in markets.
- Award-winning chemist Vladimir Michaelis joined the Department of Chemistry in 2016, attracted by the U of A's reputation and its first-class research facilities. His research group's work includes studies to improve the structural properties of materials used for medical applications, like dental filling composites and materials used in bone replacements.

PERFORMANCE MEASURE (PM) 1: PROPORTION OF FACULTY HOLDING THE RANK OF ASSISTANT PROFESSOR

Prior Year's Results			Last Actual	Target
2012-13	2013-14	2014-15	2015-16	2025
23%	19%	17%	17%	21%

Source: Institutional Data Warehouse, as of Jan. 7, 2016.

Notes: Data are as of Oct. 1 of the reported year. Proportion is based on professors in teaching faculties.

HIGHLIGHTS

- David Turpin was installed as the U of A's 13th president at a ceremony on Nov. 16, 2015. During the celebration, Turpin announced the U of A's intention to build the Maskwa House of Learning on North Campus to create a culturally relevant and inclusive environment for Indigenous students. He also announced that, beginning in September, every first-year student accepted to the U of A will be guaranteed a spot in residence. Studies show that living in residence leads to higher levels of academic success, retention, and participation in campus life.
- Dr. Kim TallBear joined the Faculty of Native Studies in the fall of 2015. She is an award-winning researcher who studies the implications of genetics research for Indigenous peoples, and how Indigenous priorities can influence genetic science. She joined the U of A from the University of Texas and is already a leading figure in her field.

PM2: NUMBER OF INDIGENOUS FACULTY MEMBERS				
Prior Year's Results			Last Actual	Target
2011-12	2012-13	2013-14	2014-15	2025
16	16	19	17	26

Source: Employment Equity Census Questionnaire, University of Alberta

Notes: Data are as of Dec. 31 of the reported year. Excludes contingent faculty.

HIGHLIGHTS

- Research by assistant professor Stephanie Montesanti showed the connection between interpersonal violence and social factors like education, income, housing, and gender, suggesting that the best strategies for preventing violence might be those that develop safe housing, personal skills, and employment assistance.
- Debra Davidson, a specialist in climate change impacts and adaptation, addressed influential participants to the 2015 Paris Climate Conference, making the case that climate-smart agriculture shouldn't be solely about what farmers can do to create more tolerant crops—it should focus as much on other actors in the agri-food system, including the retailers, policy-makers, and consumers.
- Law professor Joanna Harrington received a prestigious Fulbright Canada Visiting Research Chair to study how countries should use their domestic laws to deliver on their obligations under international law.

PM3: PROPORTION OF FACULTY WHO ARE FEMALE					
	Prior Year's Results			Last Actual	Target
	2012-13	2013-14	2014-15	2015-16	2025
	35%	35%	35%	36%	43%

Source: Institutional Data Warehouse as of Jan. 7, 2016

Notes: Data are as of Oct. 1 of the reported year. Proportion is based on professors of all ranks in teaching faculties.

HIGHLIGHTS

- World-renowned food researcher Feral Temelli is leading a U of A team in a new partnership with France's Innovation Fluides Supercritiques, building collaborations and industry connections to advance the application of "supercritical fluids"—substances with properties similar to both liquids and gases—for crop processing and oilsands uses.
- Education psychology professor J.P. Das was named to the Order of Canada for his internationally recognized work in cognitive psychology, notably in the development of a new theory of intelligence.
- Mathematical biologist Mark Lewis and engineering professor Zhenghe Xu were elected as fellows of the Royal Society of Canada, Canada's oldest and most prestigious scholarly institute.

PM4: PROPORTION OF FACULTY MEMBERS FROM VISIBLE MINORITY GROUPS

Prior Year's Results			Last Actual	Target
2011-12	2012-13	2013-14	2014-15	2025
15%	15%	16%	17%	20%

Source: Employment Equity Census Questionnaire, University of Alberta

Notes: Data are as of Dec. 31 of the reported year. Excludes contingent faculty.

STUDENT EXPERIENCE

To attract, retain, and support its diverse body of students—local, rural, national, international, and under-represented—the U of A must provide high-quality, contemporary, and innovative learning experiences, including experiential learning. The university must foster a welcoming and supportive environment respectful of Indigeneity, equity, and diversity. To succeed, students must understand they are essential members of the university community and must see the university as a necessary and relevant stepping stone toward engagement with the rest of the world. Experiential learning (e.g., research opportunities, co-op and internship programs, or international experiences) positions students strongly for future career opportunities, and students require facilities that allow them to feel comfortable and that promote engagement with people, ideas, and learning supports. With this in mind, the university is focused on recruiting a more diverse student body and creating programs and spaces such as the Maskwa House of Learning on North Campus, as well as refreshed science labs at Augustana Campus, that support and welcome Indigenous and rural students to pursue advanced degrees.

HIGHLIGHTS

- The U of A continues to lead the country in Academic All-Canadians—student-athletes who have maintained an average of 80 per cent or better—thanks to 142 more this year. The U of A’s all-time total increases to 2,461, the most in Canada. For All-Canadian Sarah Farley, a co-op student in the third year of the civil and environmental engineering program, nothing could be better than a schedule that blends academics and athletics. She managed to blend a co-op placement at the Diavik Diamond Mine in the Northwest Territories with a spot on the Pandas rugby team.
- In 2015, the Golden Bears hockey team repeated as Canadian Interuniversity Sport (CIS) champions, securing the program’s 15th national title. As well, the Pandas and Bears curlers swept away all comers, winning their first and second national titles, respectively.

PM1: PROPORTION OF ALBERTA UNDERGRADUATE STUDENTS FROM OUTSIDE OF EDMONTON				
Prior Year's Results			Last Actual	Target
2012-13	2013-14	2014-15	2015-16	2016-17
32%	32%	32%	31%	31%

Source: Institutional Data Warehouse as of Jan. 7, 2016

Notes: Proportion based on students registered on Dec. 1 of the reported year with an original hometown census province of Alberta and a hometown census division that is not Edmonton. Post-graduate medical education students are excluded.

HIGHLIGHTS

- The Indira V. Samarasekera Global Student Leadership Fund, established with a \$250,000 donation from the former U of A president, will increase international learning opportunities for students.
- Neesha Desai and Kit Chen, PhD students in computing science, are destined for greatness. The two are reigning supreme among student entrepreneurs as the inaugural winners of the Ross and Verna Tate Science Entrepreneurship Award for their student startup Alieo Games, an educational technology company helping students with creative writing through online games.

PM2: DISTRIBUTION OF INTERNATIONAL STUDENTS				
Source Country of International Students	Prior Year's Results			Last Actual
	2012-13	2013-14	2014-15	2015-16
Graduate				
China	789	869	967	920
Iran	501	468	451	414
India	251	268	265	248
United States	166	160	149	134
Bangladesh	113	132	121	100
Saudi Arabia	62	62	76	69
Brazil	42	41	51	64
Pakistan	103	76	64	56
Nigeria	44	57	65	55
Egypt	76	73	71	54
Mexico	77	59	41	43
Colombia	50	46	40	36
Germany	52	47	47	33
Undergraduate				
China	2,255	2,667	3,001	3,120
South Korea	167	153	136	123
Nigeria	50	69	90	99
India	73	86	94	98
Hong Kong	77	82	77	65
Japan	61	63	60	56
Brazil	49	61	125	51
Malaysia	86	74	56	33

Source: Institutional Data Warehouse as of Jan. 18, 2016

Notes: Includes countries having had 50 or more students indicated as their country of citizenship. Includes students with an original national status of international. Reflects students registered as of Dec. 1 of the reported year. Post-graduate medical education students are excluded.

HIGHLIGHTS

- With the support of the Students' Union and Graduate Students' Association, the university rescinded four of its mandatory non-instructional fees and replaced them with two restructured fees, the Student Health and Wellness Fee and the Student Academic Support Fee. The new fees are more closely aligned with the specific services being delivered, enhancing transparency and the ability for student input. These changes are revenue neutral for the university.
- An undergraduate paleontology student, Aaron van der Reest, discovered an *Ornithomimus* dinosaur with preserved tail feathers and soft tissue. The finding sheds light on the convergent evolution of these dinosaurs with ostriches and emus, while tightening the links between dinosaurs and modern birds.
- The Carl Amrhein Aboriginal Student Fund, which has already raised more than \$500,000, was established earlier this year to provide more scholarships, bursaries, and awards for Aboriginal students.

PM3: PROPORTION OF INDIGENOUS UNDERGRADUATE STUDENTS

Prior Year's Results			Last Actual	Target
2012-13	2013-14	2014-15	2015-16	2024-25
3.5%	3.4%	3.6%	3.6%	6.0%

Source: Institutional Data Warehouse as of Feb. 2, 2016

Notes: Includes students who have self-identified as Indigenous. Includes students who have an original hometown province of Alberta. Data are as of Dec. 1 of the reported year. Post-graduate medical education students are excluded.

HIGHLIGHTS

- The university is already implementing recommendations from the Review of the University of Alberta's Response to Sexual Assault released in February 2016, which showed that the university has many robust supports and services to help survivors and to ensure a safe environment. The Office of the Dean of Students will lead a new working committee to implement the report's recommendations for improvement.

PM4: USE OF CAMPUS WELLNESS SERVICES

Unit	Measure	2012-13	2013-14	2014-15
University Health Centre	Total Visits	49,540	48,953	47,595
Counselling and Clinical Services	Direct Treatment	10,025	12,189	12,474
Pharmacy	Prescriptions Filled	35,456	35,420	34,906
Sexual Assault Centre	Support Sessions	206	217	255
Sexual Assault Centre	Psychological Services	n/a	287	430

Total visits: Counts visits, not individuals. Includes students, staff, faculty, and immediate family of students. Direct treatment services are only for students. Direct treatment includes: individual psychology and psychiatric appointments, group therapy sessions, and initial consultations. Prescriptions filled is the industry standard metric for general pharmacy service level. Support sessions includes both drop-in and appointments, but does not include in-house psychologist (captured separately). Psychological services captures the number of sessions of support delivered by the in-house psychologist. Data are most recent available.

HIGHLIGHTS

- Three U of A students received Rhodes Scholarships—widely considered the world’s most prestigious scholarship—in the same year. The award allows Billy-Ray Belcourt, a comparative literature student and the first-ever First Nations recipient; Carley-Jane Stanton, a student in the Faculty of Agricultural, Life and Environmental Sciences; and Zia Saleh, a medical student, to pursue post-graduate studies at Oxford next year.
- A survey by the U of A Career Centre revealed several benefits to earning a degree, including lower rates of unemployment than national levels and rising salaries over the long term. The survey also showed that, five years after graduating, 82 per cent of alumni reported that a degree was required for their job.

PM5: PROPORTION OF GRADUATES SATISFIED WITH THEIR EDUCATIONAL EXPERIENCE				
Prior Year’s Results			Last Actual	Target
2005-06 Graduates in 2008	2007-08 Graduates in 2010	2009-10 Graduates in 2012	2011-12 Graduates in 2014	2018
89%	90%	89%	90%	90%

Source: Alberta Enterprise and Advanced Education, Alberta Graduate Outcomes Survey

Notes: Data are the most recent available.

Enrolment Plan

The strength of the University of Alberta is founded on the quality and diversity of its people, programming, research, and resources. The U of A remains committed to attracting outstanding undergraduate and graduate students, post-doctoral fellows, and professors from Alberta, across Canada, and abroad. Our academy represents Canada’s and Alberta’s cultural diversity and is an inclusive community that values its founding Indigenous people, minorities, and rural and northern communities. Along with an exceptional and highly skilled technical and professional staff, these individuals create an integrated environment of teaching, learning, research, and creative activities. They enable the breadth and quality that characterizes the university’s public and private partnerships in Alberta, its participation in national consortia and initiatives, and its collaborations with top-tier international institutions and agencies.

Access to programs at the U of A evolves in response to student demand, workforce needs, and new fiscal resources or constraints. In 2015-16, total enrolment across undergraduate and graduate programs was 34,643 full-load equivalents (FLE), exceeding the enrolment plan target of 33,129 FLE. This difference is accounted for by higher-than-expected graduate enrolments at both the master’s and doctoral levels. International students made up 19.29 per cent of total enrolments.

TABLE 2. UNIVERSITY OF ALBERTA ENROLMENT TARGETS MEASURED IN FULL-LOAD EQUIVALENTS (FLES)¹

	2014-15 TARGET				2014-15 ACTUALS			
	UNDERGRAD	GRADUATE MASTERS	GRADUATE DOCTORAL	TOTAL	UNDERGRAD	GRADUATE MASTERS	GRADUATE DOCTORAL	TOTAL
ALES	1,227	225	215	1,667	1,238	425	335	1,998
Arts	4,871	393	449	5,713	4,804	454	562	5,820
Augustana	899	-	-	899	927	-	-	927
Business	1,786	234	60	2,080	1,771	448	66	2,285
Education	2,551	450	308	3,309	2,422	445	367	3,234
Engineering*	4,020	708	612	5,340	4,225	849	969	6,043
Extension		30	-	30	-	34	-	34
Law	525	4	8	537	525	5	9	539
Medicine & Dentistry**	1,050	259	279	1,588	1,055	384	440	1,879
Native Studies	130	8	-	138	117	12	-	129
Nursing**	1,401	84	84	1,569	1,623	64	81	1,768
Pharmacy	467	15	31	513	479	28	40	547
Physical Education & Recreation	800	55	56	911	827	84	66	977
Rehabilitation Medicine*		835	32	867	2	819	51	872
Saint-Jean***	529	28	-	557	521	20	-	541
School of Public Health		147	30	177	-	222	61	283
Science	5,488	517	563	6,568	5,549	722	813	7,084
Open Studies	543		-	543	543	-	-	543
				-				
Total FLEs	26,287	3,992	2,727	33,006	26,628	5,015	3,860	35,503

* The targets for Engineering UG and Rehabilitation Medicine were changed effective 2014-15 to include newly funded enhanced enrolment FLEs.

**Medicine and Nursing UG targets include FLEs funded by one-time Health Funding that will expire in 2015-16, therefore their targets decrease in 2016-17

*** Saint-Jean Undergraduate target and actual numbers include Career Preparation students enrolled in CCA

	UNDERGRAD	GRADUATE	TOTAL	UNDERGRAD	GRADUATE	TOTAL
International Enrolment	3,943	2,016	5,959	3,584	3,500	7,084
	15%	30%	18%	13.46%	39.44%	19.95%

Note: The International enrolment numbers provided here are also included in the overall enrolment numbers provided above.

1 Excludes post-graduate Medical Education/Dentistry Education (PGME/DE) students. The PGME/DE headcount for 2014-15 was 972 (994 FLE); headcount for 2015-16 was 976.

	2015-16 TARGET				2015-16 ESTIMATED ACTUALS			
	UNDERGRAD	GRADUATE MASTERS	GRADUATE DOCTORAL	TOTAL	UNDERGRAD	GRADUATE MASTERS	GRADUATE DOCTORAL	TOTAL
ALES	1,227	225	215	1,667	1,224	396	326	1,946
Arts	4,871	393	449	5,713	4,760	402	513	5,675
Augustana	899	-	-	899	895	-	-	895
Business	1,786	234	60	2,080	1,777	452	58	2,287
Education	2,551	409	349	3,309	2,518	455	319	3,292
Engineering*	4,180	708	612	5,500	4,180	751	924	5,855
Extension	-	30	-	30	-	34	-	34
Law	525	4	8	537	549	6	9	564
Medicine & Dentistry**	1,045	259	279	1,583	1,075	359	443	1,877
Native Studies	130	8	-	138	112	18	-	130
Nursing**	1,384	84	84	1,552	1,478	54	76	1,608
Pharmacy	467	15	31	513	482	30	40	552
Physical Education & Recreation	800	55	56	911	808	78	68	954
Rehabilitation Medicine*	-	835	32	867	3	868	52	923
Saint-Jean***	544	28	-	572	515	20	-	535
School of Public Health	-	147	30	177	-	190	68	258
Science	5,488	517	563	6,568	5,295	683	712	6,690
Open Studies	543	-	-	543	568	-	-	568
								-
Total FLEs	26,440	3,951	2,768	33,159	26,239	4,796	3,608	34,643

* The targets for Engineering UG and Rehabilitation Medicine were changed effective 2014-15 to include newly funded enhanced enrolment FLEs.

**Medicine and Nursing UG targets include FLEs funded by one-time Health Funding that will expire in 2015-16, therefore their targets decrease in 2016-17

*** Saint-Jean Undergraduate target and actual numbers include Career Preparation students enrolled in CCA

	UNDERGRAD	GRADUATE	TOTAL	UNDERGRAD	GRADUATE	TOTAL
International Enrolment	3,966	2,016	5,982	3,538	3,145	6,683
	15%	30%	18%	13.48%	37.42%	19.29%

Note: The International enrolment numbers provided here are also included in the overall enrolment numbers provided above.

Source: Office of the Provost

TEACHING AND LEARNING

This is a core activity of the university—supporting undergraduate and graduate students, researchers, and scholars, as well as continuing learners and accomplished members of professions who need to refresh their educations to advance their positions in industry or to advance industry itself. Teaching and learning practices have shifted away from traditional lecture-style presentations to embrace a greater breadth of learner styles and more opportunities to co-create and engage with knowledge, leveraging emerging technologies to reach beyond classrooms and to enhance classroom activities. The university endeavours to embrace these shifts and to better support professors and future professors who want to change the way they teach—to provide teaching supports and skill development and to provide better physical spaces and technological systems that permit innovative teaching, learning, and assessment.

HIGHLIGHTS

- The U of A welcomed nearly 39,000 students back to school Sept. 1 to begin the university’s 107th year of classes. Although about 68 per cent of students call Alberta home, the U of A population includes almost 4,200 students from every province and three territories in Canada, and an international contingent from 146 countries.
- The Centre for Teaching and Learning, an on-campus resource that provides tools and resources to help teachers innovate and excel, offered dozens of workshops for faculty and students on such diverse topics as blended learning, student engagement, and measuring learning outcomes.

PM1: INCREASED USE OF TEACHING SUPPORTS BY FACULTY AND TEACHING ASSISTANTS			
	Prior Year’s Results		Last Actual
	2012	2013	2014
Number of Registrations in Centre for Teaching and Learning Sessions, Workshops, and Programs	549	1,667	1,741

Source: Centre for Teaching and Learning, Annual Report 2014, page 16.

Notes: 2012 results do not include collaborations or partnership programming.

HIGHLIGHTS

- The university's Canadian Mountain Studies Initiative struck a partnership with Parks Canada to produce and promote the U of A's next massive open online course (MOOC): the world's first Mountain Studies MOOC, which will launch next fall.
- The \$300,000 Augustana Miquelon Lake Research Station and the area's unique topography will promote research in wildlife, ecosystems, and sustainability to partners around the globe; enhance teaching; and host partnerships to explore sustainability and rural community issues.
- The U of A and Western Sky Land Trust signed a conservation agreement that guarantees the university's 12,000-acre Mattheis Ranch will be conserved forever. The agreement provides \$3.8 million from Western Sky Land Trust to the university as compensation for future development. The funding—made possible through Alberta's Land Trust Grant program—will be used to help improve cow and calf production, study land reclamation techniques, and learn more about grassland ecology.

PM2: PROFESSIONAL SKILL DEVELOPMENT IN GRADUATE STUDENTS					
	Prior Year's Results			Last Actual	Target
	2012-13	2013-14	2014-15	2015-16	2024-25
Number of Graduate Students who Participated in Professional Practice	1,320	1,475	1,800	1,645	2,000
Number of Teaching or Professional Practice Sessions	57	78	84	86	110

Source: Faculty of Graduate Studies and Research (FGSR) Statistics

Notes: Professional Practice refers to sessions that are related to career development, soft skill development, entrepreneurship, life skills, and workplace strategies. Examples of each of these sessions would include Resume Writing, Conflict Resolution, StartUp U, Time Management, and Working in a Team. Number of graduate students is based on an average number of participants per session.

RESEARCH EXCELLENCE

Research drives innovative developments leading to economic growth and prosperity in our society. As the leading research-intensive institution in Alberta and one of the top five in Canada, the University of Alberta has a particular responsibility to ensure that its people and the materials and resources they need—such as labs, IT infrastructure and supports, libraries, and access to communities—are of the highest quality possible. The research world has shifted to team-based explorations and approaches to discovery that are more multidisciplinary in nature and globally relevant. The university competes nationally and internationally for the best researchers, as well as for the top funding sources to support research activities. To recruit exceptional researchers and to support them in producing the highest-calibre outcomes—ranging from fundamental knowledge creation to new applied technologies, and including the training of scholars and professionals—attention and resources must be devoted to research facilities and defining (and then pursuing) research excellence in a shifting context. This requires intellectual and physical supports including new hires, research assistants, infrastructure, and specifically targeted development and investment in partnerships with communities, industries, and other countries.

The university offers research and doctoral programs across seven thematic areas: humanities and fine arts, social structure and systems, science and technology, energy, environment, food and bio-resources, and health and wellness. This full spectrum of inquiry positions the U of A's academy and its graduates to make the comprehensive contributions towards scientific, social, and cultural innovations needed to support the goals Alberta has set for itself: effective resource and environmental management, a broadened economic base, and resilient and healthy individuals and communities.

More than 200 graduate programs, attended by 7,572 graduate students, and nearly 600 post-doctoral trainees are all intricately entwined with the U of A's learning, teaching, and discovery mandate. Individuals educated to the PhD level enable large-scale, visionary, and sometimes risky research agendas. The Faculty of Graduate Studies and Research (FGSR) Professional Development program advances research and develops professional skills and qualities sought by employers, making the U of A's graduate students competitive in the global market for traditional educational positions (e.g., professors), industry positions (e.g., industrial research and development) and within communities (e.g., government officials).

Global Engagement

Global engagement is vital to high-quality research efforts. The development of multinational or global research networks expands institutional capacity to address complex global issues in a more robust and efficient way. Creative solutions to complex problems can be readily shared across communities and nations through collaborations with other academic organizations, businesses and industry, non-profits, and government agencies. In 2015-16, the U of A has remained committed to sustaining and advancing strategic international partnerships of direct benefit to Alberta that will:

- foster the global exchange of talent and expertise
- increase exposure to a diversity of thinking on global issues
- enhance access to a wider variety of research infrastructure, knowledge, resources, state-of-the-art equipment, and advanced techniques

Significant international research collaborations also emerge and are sustained at the unit, program, and faculty level. Key examples have been identified below.

HIGHLIGHTS

- Famed virologist Lorne Tyrrell was named the winner of the 2015 Killam Prize for Health Sciences. Just five Killam prizes of \$100,000 are awarded annually by the Canada Council for the Arts' Killam Program, in support of scholars of exceptional ability engaged in research projects of outstanding merit. In 1988, Tyrrell, now the director of the Li Ka Shing Institute of Virology, along with chemistry researcher Morris Robins, developed the first antiviral agent for hepatitis B, which led to one of the largest industry collaborations (Glaxo Canada) with a Canadian university, resulting in the licensing of lamivudine.
- In early 2016, cell biology researcher Tom Hobman became one of the world's first researchers to begin trying to combat the Zika virus, a mosquito-borne virus linked to an exponential increase in reported cases of microcephaly, an often fatal congenital condition associated with incomplete brain development in newborns.

HIGHLIGHTS

- In a world first, researchers in the Computer Poker Research Group essentially solved heads-up limit Texas hold 'em poker with their program, called Cepheus. The discovery builds on the U of A's renown in the application of artificial intelligence to game-playing problems, highlighted when U of A researchers solved checkers in 2007.
- Research on new antennas and front-end circuits for 5G networks is underway at the U of A. Researchers at the university are also working on ways to wirelessly power remote sensors and develop a new type of 3-D printer capable of manufacturing electronic devices, sensors, and antennas in one integrated process.
- U of A researchers dominated this year's ASTech awards. Todd Lowary won the Outstanding Leadership in Science award for his renown in synthetic carbohydrate chemistry; Arturo Sanchez-Azofeifa won the award for Outstanding Achievement in Environmental Technology and Innovation for his team's use of ground-based sensors to learn more about the environment in real time; chemical physicist Robert Wolkow received the Outstanding Leadership in Alberta Technology award for his breakthroughs in nanotechnology; Jonathan Curtis and the Lipid Chemistry Group won the Applied Technology award for their work using lipids to make materials like plastics; and the Breton Plots Management Team won the Innovation in Agricultural Science award.
- David Segó, tailings ponds remediation researcher in engineering, played a key role on the team that won the Natural Sciences, Engineering and Research Council's Synergy Award for Innovation. The team discovered ways to protect groundwater from toxic diamond-mining waste.

HIGHLIGHTS

- Early-stage research by neuroscience PhD student Shraddha Sapkota, along with faculty in psychology and chemistry, shows that body fluids like saliva may help us understand the potential of developing Alzheimer's, even among people not yet exhibiting related memory problems. The saliva technique shows promise for predicting and tracking cognitive decline and is a safe, easy, non-invasive, and affordable diagnostic tool.
- Crop researcher Elzbieta Mietkiewska isolated genes from pomegranates and was able to incorporate them into high-value oilseed crops such as canola and flax. This process adds punicic acid, a polyunsaturated fatty acid that has been found to help slow the growth of cancer cells.
- Thanks to the U of A's School of Public Health, Alberta has the clearest picture yet of the prevalence of addiction. Researchers found that nearly one in 10 men and one in 20 women in the general Alberta population struggles with alcohol misuse, and one in five Albertans deals with addictions ranging from substance use and gambling to behavioural addictions.

HIGHLIGHTS

- A vaccination research team led by Lorne Babiuk, professor and vice-president (research), was named as part of a \$5-million federal grant to test a heat-stable combination vaccine created to protect livestock against up to five deadly diseases that cause losses of up to 25 per cent in Africa's livestock sector.
- Using potato peels and culls, a research team led by Marleny Aranda Saldaña created a starch-based bioactive film that is eco-friendly and rich in antioxidants, with applications for the food packaging and cosmetic industries.
- A study led by pediatrics professor Anita Kozyrskyj revealed that infants with a fewer number of different bacteria in their guts at three months old are more likely to become sensitized to foods such as milk, eggs, or peanuts by the time they are one year old.

PM2: PRESTIGIOUS NATIONAL AND INTERNATIONAL AWARDS FOR FACULTY²

Faculty Awards, U15 Relative Position	Last Actual
	(2010-2014)
University of Alberta	4

Source: Award data from individual awarding organizations

Notes: Includes 3M Teaching Fellows, Fulbright Scholars, Killam Research Fellows and Prizes, Royal Society of Canada Fellows and College of New Scholars, National Academies of Engineering and Sciences, Sloan Research Fellowships, Trudeau Fellows, Canadian Academy of Health Sciences Fellows, Falling Walls Young Innovator of the Year Awards, SSHRC Impact Awards and NSERC Prizes awarded during the five-year period 2010 to 2014. In the case of institutions sharing awards, each was given credit for having received the award.

PM2: PRESTIGIOUS NATIONAL AND INTERNATIONAL AWARDS FOR GRADUATE STUDENTS

Number of Tri-Council Scholarship Awards, U15 Relative Position	Prior Year's Results			Last Actual	Target
	2011	2012	2013	2014	2017
Social Sciences and Humanities Research Council (SSHRC)	8	8	8	8	8
Canadian Institutes of Health Research (CIHR)	N/A	N/A	N/A	7	7
Natural Sciences and Engineering Research Council (NSERC)	4	4	5	5	5

Source: U15 Data Exchange, summarized Tri-Council data

Notes: Report is by competition year. Includes scholarship awards for master's and doctoral students. CIHR data only available for 2014.

PM2: PRESTIGIOUS NATIONAL AND INTERNATIONAL AWARDS FOR POST-DOCTORAL FELLOWS

Number of Banting Postdoctoral Fellowships, U15 Relative Position	Last Actual	Target
	2011-2014	2011-2014
Social Sciences and Humanities Research Council (SSHRC)	8	8
Canadian Institutes of Health Research (CIHR)	7	7
Natural Sciences and Engineering Research Council (NSERC)	5	5

Sources: U15 Data Exchange, summarized Tri-Council data for SSHRC and NSERC as of Feb. 2, 2016; CIHR Funding Decisions Database for CIHR data, as of Feb. 24, 2016

Notes: Report is by competition year.

² Note: PM1 as identified in the 2016 CIP, "Hiring and funding in research priority areas," remains under development and is not reported in this document.

HIGHLIGHTS

- 2015 was a good year for U of A paleontologists. Discoveries included the oldest known snake fossils, which rolled back the clock on snake evolution by nearly 70 million years; a new species of a long-necked dinosaur from a skeleton found in China that lived 160 million years ago; the oldest known crown-group true higher crab, which lived 110 million years ago in the forest of Colombia; and evidence of dimorphism observed in a pair of oviraptors preserved side by side in Mongolia.
- An international team of researchers, led by rehabilitation medicine professor Greg Kawchuk, used MRI video to determine that the distinctive popping sound heard when cracking knuckles is caused by the rapid creation of a gas-filled cavity within the synovial fluid, a super-slippery substance that lubricates the joints.
- U of A researchers developed a new “under the skin” islet transplantation technique—an evolution of the U of A’s Edmonton Protocol developed in the late ’90s that temporarily enables severe Type 1 diabetics to stop taking insulin. The new technique offers less risk and greater patient benefit, and holds potential for regenerative medicine beyond diabetes.

HIGHLIGHTS

- The federal government named the U of A home to the \$27-million Canadian Glycomics Network (GlycoNet), one of four new Networks of Centres of Excellence. GlycoNet is a national network of industry and academic partners, featuring 60 researchers at 22 institutions. The U of A has a strong history in cutting-edge carbohydrate research, offering potential treatments for conditions ranging from genetic diseases to influenza.
- U of A cattle researchers are playing a leading role in a project that received \$10.3 million to assemble the world’s largest database of cattle characteristics in an effort to increase feed efficiency and reduce methane emissions in dairy cattle. The money comes on the heels of a \$9.8-million grant from government and industry to U of A swine researchers to develop genomics tools to manage the nutritional content of pig feed to ensure healthier pigs.
- The U of A and the Mexican government signed a memorandum of understanding that will act as the blueprint for a \$16-million partnership that promises to help Mexico improve its burgeoning hydrocarbon sector. This agreement comes amidst energy reforms that have seen Mexico open its oil and gas sector after 75 years of state ownership.

PM3: RESEARCH CONSORTIA AND PARTNERSHIPS FORMED WITH TOP-TIER INTERNATIONAL PARTNERS

SPECIFIC INITIATIVES

Germany: \$3 million per year for five years to continue collaboration with the Helmholtz Association and the numerous partnerships this collaboration fosters.

China: \$3 million per year for five years to foster linkages with Tsinghua University, one of the world's leading universities with particular expertise in the areas of energy and environment.

France: \$1 million per year for five years to foster the France-Alberta Science and Technology Initiative (FAST).

ACTIVITIES RELATED TO THE UNIVERSITY'S PRIORITY COUNTRIES

CHINA

- **Tsinghua University - SCENEREI (Sino-Canada Energy and Environment Research and Education Initiative):** Funding was secured from the provincial government and leveraged through the faculties of engineering, science, and business to support 24 joint research projects with collaborators in China until Jan. 31, 2017.
- **MOST (Ministry of Science and Technology):** A proposal to Alberta Innovation and Advanced Education for an additional \$500,000 grant to pursue activities with China under the Joint Research Labs program was approved, and the U of A was awarded the funding in March 2015. Some joint China-U of A projects have been identified and formal proposals for funding are pending.

GERMANY

- **Helmholtz-Alberta Initiative (HAI):** A five-year extension of the memorandum of understanding in HAI between the Helmholtz Association and the U of A was signed in September 2014. Areas of research focus in HAI include:
 - Energy and Environment
 - Infectious Diseases
 - Neurodegenerative Diseases
 - Diabetes
- **Fraunhofer Society:** A memorandum of agreement was established between the Fraunhofer Institute for Process Engineering and Packaging and the Fraunhofer Institute for Environmental, Safety, and Energy Technology in partnership with the U of A.
- **Leibniz Association:** Initiatives between the Leibniz Association and the U of A in the areas of digital humanities (e.g., Science 2.0 and Citizen Sciences) and digital education are under development.

ACTIVITIES RELATED TO OTHER COUNTRIES

FRANCE

FAST! (France-Alberta Science and Technology Initiative): The Office of the Vice-president (Research), through the HAI team, worked closely with University of Alberta International and the French Embassy to facilitate a panel discussion on campus Oct. 29, 2015, with a focus on climate change and energy transition. The event was part of a series of French Ameri-Can Climate TalkS (FACTS) across Canada and the United States in preparation for the UN-led COP21 climate conference that took place in Paris in December 2015.

MEXICO

SENER (Mexican Ministry of Energy): Provost and Vice-president (Academic) Steven Dew signed a letter of intent Dec. 4, 2015, with SENER. The agreement focuses on facilitating work on hydrocarbons, and it is anticipated that this new collaboration will stimulate the exchange of graduate students and professors working on topics of mutual interest, and possibly lead to joint certificate or master's programs.

INDIA

IC-IMPACTS (India-Canada Centre for Innovative Multidisciplinary Partnerships to Accelerate Community Transformation and Sustainability): Now in its third year of operation, IC-IMPACTS continues to focus on change for local communities in both India and Canada. It currently has 158 researchers involved, is training 327 highly qualified personnel and has funded 29 research projects. The IC-IMPACTS innovative Summer Institute is an annual program that equips Canadian and Indian graduate students with skills in research, innovation, commercialization, and leadership. The 2016 Summer Institute will be held in Edmonton from May 29 to June 3, and will focus on nanotechnology in the areas of infrastructure, water, and health.

OTHER

Worldwide Universities Network (WUN): The U of A joined this network of 18 research-intensive institutions across Europe, North America, Africa, Asia, and Oceania in 2008. WUN creates opportunities for international collaboration and gives the U of A an international voice in terms of its research strengths and contributions.

Source: Office of the Vice-President (Research)

HIGHLIGHTS

- Paleontologists discovered a new species of iguana in Southern Brazil that dates back 80 million years and suggests ancient iguanas roamed throughout the single landmass of Pangaea before its final breakup.
- A team of U of A researchers developed a natural supplement from the yolks of chicken eggs containing antibodies that prevent the absorption of gliadin, a component of gluten that triggers the autoimmune response in people with celiac disease. The product is being tested for its effect on treating the symptoms of celiac disease to offer more dietary freedom and a better quality of life for people with both celiac disease and gluten intolerance.
- A U of A psychologist worked out a mathematical theory of why certain nonsensical Dr. Seuss words like “sneedle” are funny. He gave his subjects a series of non-words and discovered the perception of humour was quantifiable: the weirder the word, the funnier its rating.

PM4: USAGE OF THE GRANT ASSIST PROGRAM (NUMBER OF REVIEWS)				
	Prior Year's Results			Last Actual
	2012-13	2013-14	2014-15	2015-16
Health Sciences	269	298	342	249
Natural Sciences and Engineering	N/A	N/A	19	82
Social Sciences and Humanities	N/A	89	84	109

Source: Grant Assist program updates

Notes: Data are cumulative since inception. Natural Sciences and Engineering inception July 2013, includes mentorship to applicants and internal peer reviews as of January 2016. Health Sciences inception June 2010, includes peer reviews as of January 2016. Social Sciences and Humanities inception March 2013, includes internal peer reviews as of end of fiscal year. Each Grant Assist program differs in focus and support resources (e.g., mentorships and workshops in addition to peer reviews reported above). Total use across all resources for 2015-16 is summarized as follows: HS, 1,487 resource usages; NSE, 575 resource usages; SSH, 173 resource usages.

HIGHLIGHTS

- U of A forest ecologist Ellen Macdonald found that the nitrogen and sulphur emissions from oilsands operations are having a positive effect on forest vegetation. Researchers found an increased number of species in the understory vegetation, an increased amount of cover, a high abundance of the common lichens, and tree diameter growth up to 30 per cent greater than it had been prior to the oilsands development.
- The U of A will soon house Canada's ice core collection—some dating as far back as 80,000 years. A rich source of information on past climate change, ancient microbes, pollutants, and extreme weather events, the cores will play a key role in climate change science at the U of A, nationally and globally.
- A diamond research team found that ancient seawater was involved in forming diamonds in Canada's North. Last year the same researchers confirmed the presence of massive amounts of water deep beneath the Earth's surface, furthering theories that Earth's transition zone may contain as much water as all the world's oceans.

PM5: SPONSORED RESEARCH FUNDING, U15 RELATIVE POSITION				
Prior Year's Results			Last Actual	Target
2010-11	2011-12	2012-13	2013-14	2015-16
3	5	5	5	Top 5

Source: Canadian Association of University Business Officers (CAUBO), Financial Information of Universities and Colleges, Report 3.1. Data are the most recent available.

COMMUNITY ENGAGEMENT

The university is focused on enhancing the communities in which it operates, as well as the communities with which it engages, both near and far. The university strives to maintain and expand connections with communities, increasing engagement and consultation. This includes direct interaction such as meetings or events with community members and stakeholder groups, as well as the development of welcoming spaces and partnerships around facilities to enhance university integration with community groups. The development of facilities, programming, and—most important—relationships will be priorities in this area. Interaction with industry provides expanded experiences for our students as they prepare to enter the workforce.

HIGHLIGHTS

- In February 2015, the province named former city councillor and community builder Michael Phair the new chair of the U of A Board of Governors.
- Seeking expert advice on innovation and economic diversification, the Alberta government called on Joseph Doucet, dean of the Alberta School of Business, to chair the new Premier's Advisory Committee on the Economy.
- Andrew Leach, an energy and environmental economist in the Alberta School of Business, led a panel tasked with formulating a new climate change policy for the province.

PM1: PUBLIC INTERACTION				
Community Engagement	Prior Year's Results			Last Actual
	2012-13	2013-14	2014-15	2015-16
Co-op participation	7%	7%	8%	8%
Community Service-Learning Course Placements	940	1,131	1,506	N/A
Alumni Connections	28,039	28,825	35,212	46,420

Sources: Institutional Data Warehouse, Community Service-Learning, Office of Alumni Relations

Notes: Co-op participation is number of students registered in co-op programs. Alumni connections includes connections with alumni, students, and their guests. Co-op and CSL data are for the academic year; alumni connections are per fiscal year. Last actual co-op participation represents students registered in co-op programs in fall 2015 (excluding post-graduate medical education students) partial-year data, not year-end totals.

HIGHLIGHTS

- The U of A announced aid for up to 10 Syrian students affected by the conflict in their country to study on campus through a new President's Award for Refugees and Displaced Persons.
- This hockey season, a small team from Calder Bateman worked feverishly with the University of Alberta's Institute for Sexual Minority Studies and Services, or iSMSS, to bring Pride Tape from concept to reality. With a list of champions including Edmonton Oilers captain Andrew Ference, Pride Tape is a badge of support from the hockey community to LGBTQ youth. A Kickstarter crowdfunding campaign will pay for the first 10,000 rolls and lead off a conversation about ending homophobia in sports.
- The U of A launched the Speakers' Bureau in July 2015 to showcase its talented scholars to the community. Bridging scholars to the community has demonstrated to citizens the importance of post-secondary education, research and its impacts on people's daily lives. To date, hundreds of community members have been engaged with the U of A's researchers and scholars through speaking events at community gathering places, and through a partnership with the Edmonton Public Library for an evening speakers' series.

HIGHLIGHTS

- The U of A increased its engagement internally and externally with communities through initiatives such as Days of Caring, Post-Secondary Cares, presence through ambassadorship at events, and active contribution in governance and committee roles with the United Way. The engagement efforts, in addition to surpassing the university's campaign goals, are a successful contribution to the success of the Capital Region Campaign. The university's active involvement with the United Way positions the institution as a major contributor to improving the lives of citizens in the city of Edmonton.
- The Community Connections Awards demonstrate the deeply rooted connections between the U of A and the communities it serves. This is the fourth year the awards are taking place. The Community Scholar Award recipients are Catherine Chan and Rhonda Bell, professors in human nutrition in the Faculty of ALES, for their work in creating The Pure Prairie Eating Plan to support people living with chronic diseases. The U of A Community Leader Award went to the Sexual Orientation and Gender Identity Advocacy Committee for creating an annual professional conference that brings speakers and subject matter experts together to help understand issues experienced by members of the LGBTQ community. Their advocacy work has been instrumental in amending the medical school curriculum, fostering a new generation of health-care professionals who are better informed and more sensitive to the barriers faced by LGBTQ individuals.
- Former U of A law professor Justice Russell Brown became the sixth person from the U of A community to ascend to the Supreme Court of Canada.

INFRASTRUCTURE

As Alberta's largest and oldest post-secondary institution, the U of A manages more than 1.7 million square metres of complex facility inventory, ranging in age from more than 100 years old to brand new. Existing facilities must be able to keep pace with the ongoing teaching, research, and administrative needs of a changing campus community and an expanding research mandate. There is also a need to ensure that the university has the necessary infrastructure to support and foster continued enrolment growth and key faculty recruitment. Continued research growth requires increasingly complex labs and equipment, and increased participation of under-represented populations. Among the university's capital priorities are maintaining and refurbishing older facilities, such as the historic Dentistry/Pharmacy building; constructing new academic buildings such as the Translational Lab on North Campus and the new Science Lab at Augustana; creating new and contemporary residence spaces to support more students with diverse needs; creating buildings and spaces to address reconciliation responsibilities, such as the Maskwa House of Learning; and building facilities that enhance community engagement, such as the Edmonton Galleria Project and the Twin Arenas on South Campus.

Major Funded Capital Projects

The university made substantial progress in advancing its capital investment agenda in 2015-16.

Major projects completed in 2015-16 include:

- **Donadeo Innovation Centre for Engineering:** This facility, which provides 28,400 square metres of space to support expanded educational and research activities in the Faculty of Engineering, was completed in spring 2015 and fully occupied in 2015-16 (project is institutionally funded).
- **Chemical and Materials Engineering building:** Significant renewals were completed for three floors, and the renewed space was reopened for occupancy (project is institutionally funded).

Major projects underway in 2015-16 include:

- **Student housing:** Residence projects underway will add a total of 962 beds to our inventory and will increase the university's ability to provide housing to 18.1 per cent of full-time students. These new residences will provide housing for faculty cohorts, and support the university's goal of providing purpose-built housing for up to 25 per cent of its full-time student population. Residences are being developed through debt financing by the institution.
 - **Peter Lougheed Hall:** This residence expansion project will add 142 beds to our on-campus housing inventory. The new residence will support the Peter Lougheed Leadership College, part of the larger Peter Lougheed Leadership Initiative between the U of A and The Banff Centre, focused on leadership development of undergraduate students. Construction commenced in 2015-16 (project is institutionally funded).
 - **East Campus Village 9:** This facility will accommodate up to 300 upper-year undergraduate students in four- and six-bedroom apartments. This new community features fitness, social, study, project, and amenity spaces designed to enhance the student experience. Major planning work was completed in 2015-16, and the project is nearly construction-ready (project is institutionally funded).
 - **Lister Hall Tower 5:** This new community will accommodate up to 520 students (based on double occupancy) in a modern, dormitory-style community designed to enhance the experience of students in their first year. Major planning work was completed in 2015-16 and the project is nearly construction-ready (project is institutionally funded).
- **Research and Collection Resource Facility (RCRF):** This records repository project involves construction of a purpose-built facility of approximately 3,437 gross square metres to house 5.1 million volumes (anticipated requirement to 2035) on South Campus with easy access. The new facility will include all required environmental and retrieval systems expected in a modern records depository and will be expandable to accommodate future needs. Construction commenced in 2015-16 (project is institutionally funded).
- **Devonian Garden infrastructure:** This project will update the gardens' current aged and missing infrastructure (roads, gas, power, and sewer) to a standard to facilitate the planned development and increased visitorship to the garden (project is government funded).
- **Devonian Garden Islamic Garden:** In June 2009, His Highness the Aga Khan announced plans to create a traditional Islamic garden within the university's Devonian Botanic Garden in recognition of the growing partnership between the university and the Aga Khan University. Design is advancing to facilitate the proposed garden and building infrastructure, and will be construction-ready in 2016. Together with other gardens on the Devonian Botanic Garden site, this space will provide learning and research space, community outreach programs, and visitor and tourism support (project is institutionally and government funded).

A complete summary of progress on funded and unfunded capital priorities is presented in tables 5 and 6.

HIGHLIGHTS

- The university's District Energy System provides substantial savings in utility costs not only to the university, but also to other taxpayer-funded institutions in the greater campus area, such as the hospitals, the Jubilee Auditorium, Canadian Blood Services, and Alberta government facilities. Over the last five years, the university's purchase prices for natural gas and power have been the lowest among the major post-secondary institutions in Alberta, averaging 25 per cent less for natural gas and 28 per cent less for power.
- To support its District Energy Plan, the university has commenced replacement of aging infrastructure in the heating plant while simultaneously providing a reliable supply of steam and power to the greater campus area. This project began in 2014 and will be completed over seven to 10 years.
- Under the successful Energy Management Program, the university initiated a new series of energy projects for campus facilities, financed through borrowing and paid back through the resulting energy savings.
- The accumulated impact of the university's ongoing and significant investment in energy initiatives has aided in reducing greenhouse gas emissions and lowering operating costs, and has contributed significantly to the reduction of deferred maintenance liabilities.
- Under the leadership of the Office of Sustainability, the university measures, tracks, and reports on performance using the Sustainability Tracking, Assessment & Rating System (STARSM). The university achieved a Gold rating in 2014 (up from a Silver rating in 2012) by increasing efforts across four categories: academics, engagement, operations, and planning and administration.

HIGHLIGHTS

- Through the University of Alberta Property Trust Inc., a wholly owned subsidiary, the U of A is working to manage and develop university-owned lands and to raise dedicated, permanent funding to support the core mission of the university. The development of designated lands is also intended to contribute to the demand for high-quality, residential, mixed-use infill developments of vibrant, livable communities on the university and in the city's core.
- The university and the City of Edmonton recently executed a memorandum of understanding to investigate and develop a new Twin Arenas facility that would meet common community and programming objectives, supported by sound business case profiles and a rigorous community consultation process, while addressing deferred maintenance liabilities.



FINANCIAL HIGHLIGHTS

The financial statement discussion and analysis should be read in conjunction with the University of Alberta annual audited financial statements. The discussion and analysis and the audited financial statements are reviewed and approved by the University of Alberta Board of Governors on the recommendation of the University of Alberta Audit Committee. The university's financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

For more in-depth discussion and analysis of the university's goals and objectives please refer to the following documents: 2016 Comprehensive Institutional Plan, Dare to Discover: A Vision for a Great University, Investment Reports.

uofa.ualberta.ca/reporting

The financial statement discussion and analysis provides an overview of the university's:

- Summary of Financial Results
- Revenue and Expense
- Capital Acquisitions
- Net Financial Assets
- Net Assets
- Areas of Significant Financial Risk

Change in Accounting Policy

Endowment contributions and associated investment income capitalized are recognized in the consolidated statement of operations in the year in which they are received. In prior years, such transactions were recognized as direct increases to endowment net assets in the year they were received. Unrealized gains and losses related to endowments are now recognized in the consolidated statement of remeasurement gains and losses.

Comparative Figures

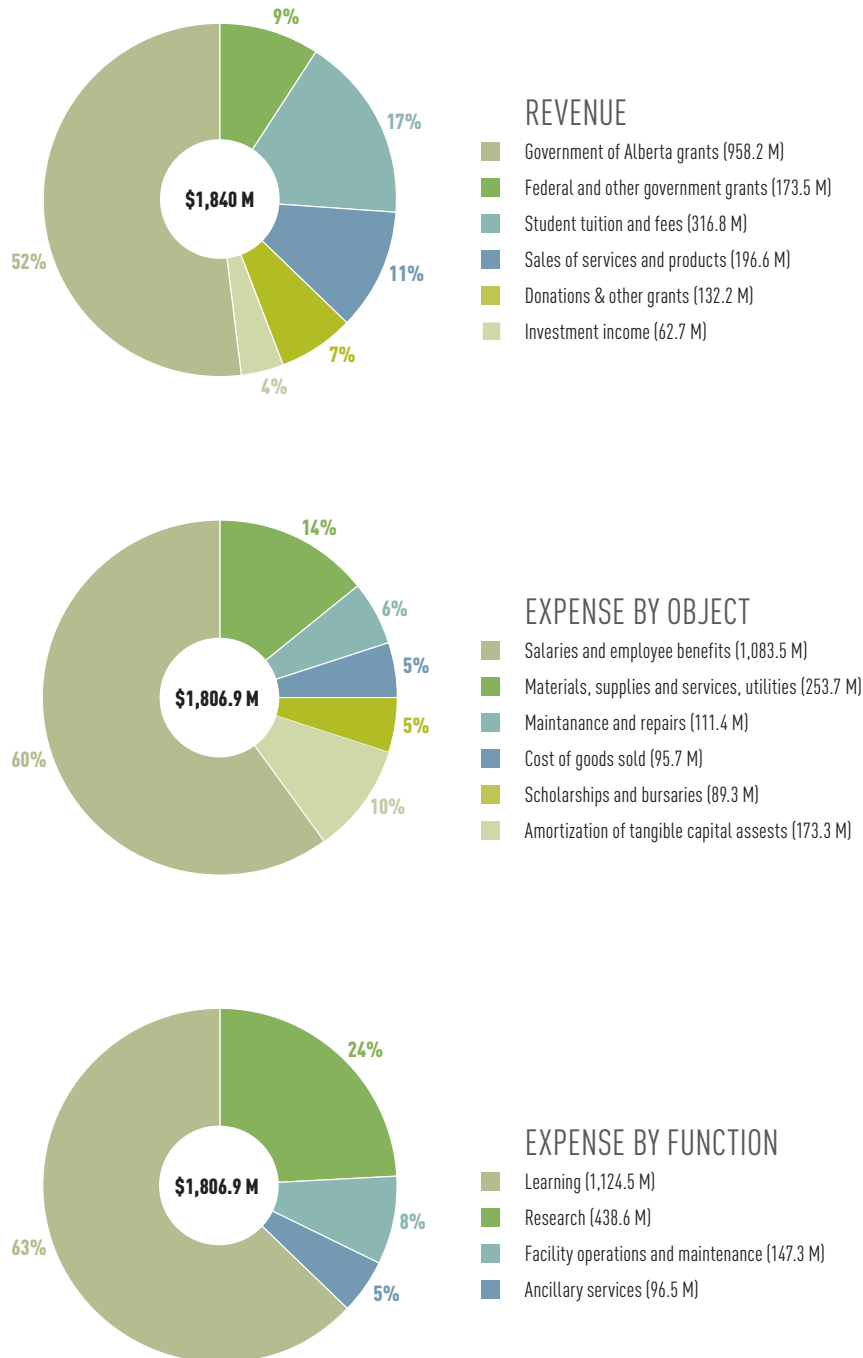
The net financial assets (net debt) model with reclassification of comparatives has been adopted for the presentation of the March 31, 2016, consolidated financial statements. In addition, certain other 2015 comparative figures have been reclassified to conform to the 2016 presentation.

Summary of Financial Results

The university ended the year with an annual surplus of \$62.4 million. Of this amount \$29.3 million are donations directed to endowments and endowment capitalized investment income and therefore is not available for spending. The annual operating surplus of \$33.1 million is more than the \$23.2 million budget mainly due to a timing delay on expenditures by faculties and administrative units across the institution. Some of the expenditure timing delay is attributable to salary obligations that may arise from an academic salary settlement. The annual operating surplus was used for purchases of capital assets and debt repayment.

Net assets of \$1,677.3 million decreased slightly from the prior year (\$1,688.7 million). The decrease is due to a decrease in endowment fair value partially offset by an increase in the investment in tangible capital assets.

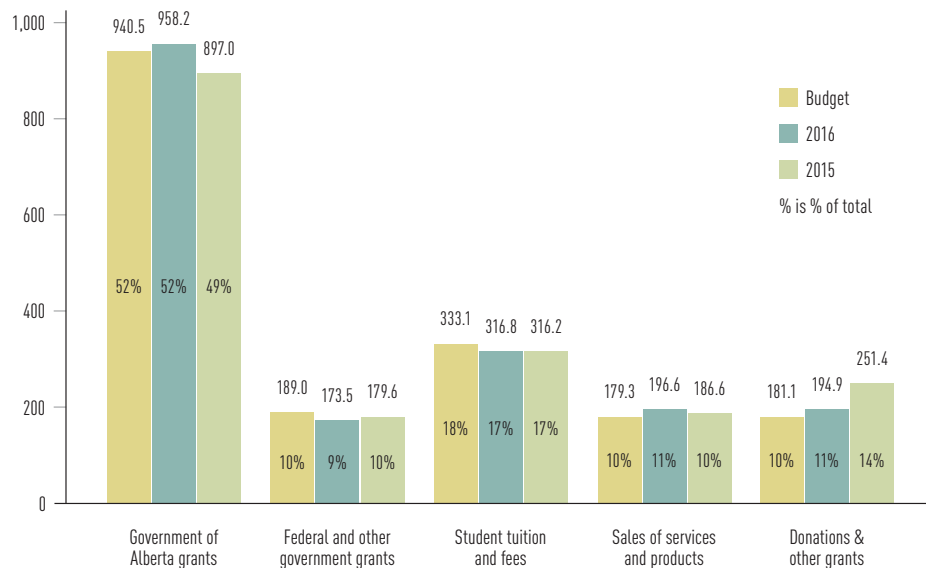
FIGURE 1 SUMMARY OF REVENUE AND EXPENSES



Revenue

Total revenue for the year was \$1,840 million, an increase of \$9.2 million over the prior year and \$17 million (0.9 per cent) more than budget. Government of Alberta grants are the single largest source of university revenue at 52 per cent of total revenue.

FIGURE 2. REVENUE BY SOURCE, 2015 AND 2016 (BUDGET AND ACTUAL)



Government of Alberta grants (GoA) represent the university's single largest source of funding for university activities. The GoA has increased the Campus Alberta (base operating) grant by two per cent, while the university had budgeted for zero per cent. GoA grants are also more than budget due to base funding provided in place of tuition fee freezes.

Federal and other government grants primarily support the university's research activities. Grants are less than budget due to lower than budgeted research grants.

Student tuition and fees budgeted increase is based on the increase in instructional fees (linked to annual CPI increase), market modifiers, program differential fees, and international student fees. Fees have been rolled back to 2014-15 levels and frozen, causing a budget variance. GoA has replaced this funding with an infusion of cash that will show in grant revenues. Mandatory non-instructional fees have been rolled back and frozen as well, without replacing funding.

Sales of services and products revenues are generated by ancillary services and faculties and administrative units to both individuals and external organizations. Ancillary services generated sales of \$92.2 million, while other units generated sales of \$104.4 million. Sales revenue is more than budget due to a general increase across many faculties and administrative units.

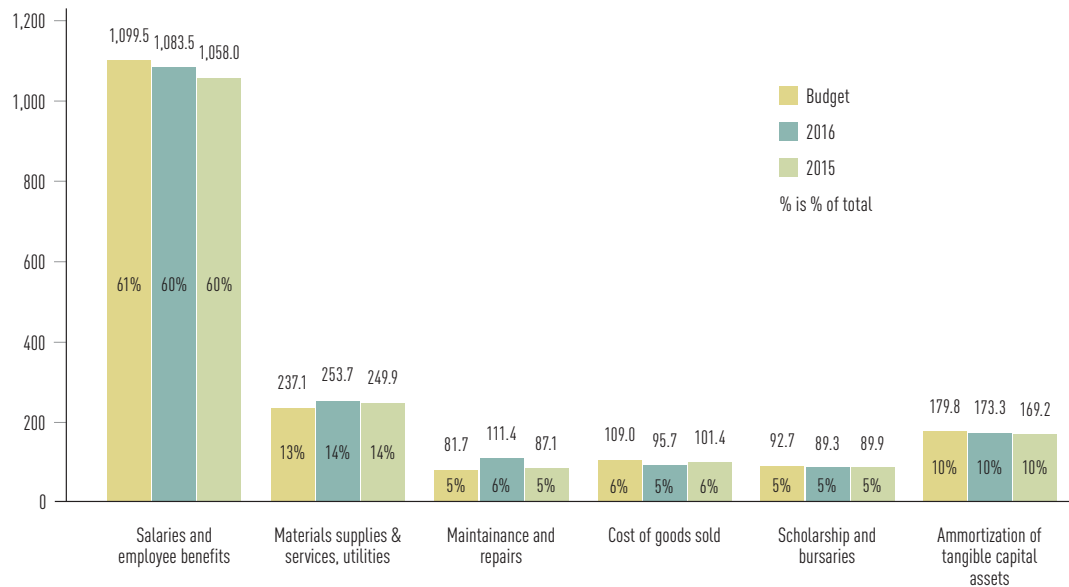
Donations and other grants support many university activities. Donations revenue is \$24.9 million more than budget. Donations include an in-kind donation of \$13 million for the Students' Union Building renovations.

Investment income is \$11.2 million less than budget mainly due to lower than budgeted endowment spending resulting in lower than budgeted revenue recognized. Investments fall into two categories, the Unitized Endowment Pool (UEP) and the Non-Endowed Investment Pool (NEIP). The UEP had a loss of (0.4 per cent) (March 2015: 15.3 per cent return) and represents the majority of the university's long-term investment strategy. The NEIP investments which are allocated to the short-, mid-, and long-term investment strategies had a return of 0.6 per cent (March 2015: 4.7 per cent return).

Expense

Total expense for the year was \$1,806.9 million, an increase of \$51.4 million over the prior year and \$7.1 million (0.4 per cent) more than budget. Salaries and benefits are the single largest expense, representing 60 per cent of total expense.

FIGURE 3. EXPENSE BY OBJECT



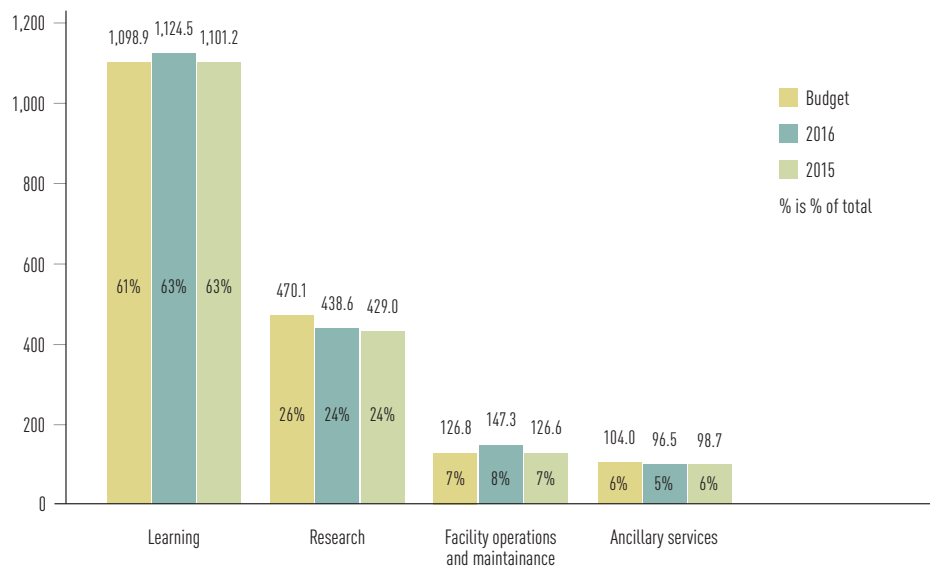
Salaries and employee benefits are less than budget. There has been no collective agreement in place since July 2015 for academic staff. Expense is less than budget in the research fund due to lower than budgeted research grants.

Materials, supplies, and services are more than budget due to an increase in expenditures across the institution's operating funds. Utilities are less than budget due to lower rates and consumption. Expense is less than budget in the research fund due to lower than budgeted research grants.

Maintenance and repairs are more than budget due to a major renovation project which was funded, however not budgeted.

Cost of goods sold is less than budget in the Utilities ancillary due to lower utility rates.

Other remaining expenses are comparable to budget.

FIGURE 4. EXPENSE BY FUNCTION

Learning effectively represents the operating activities of the university and therefore a significant component of this category is staff salary and benefit costs. Learning also represents non-research activity funded through restricted grants and donations and includes undergraduate student scholarships, student bursaries, teaching and learning programs, and community service. This expense is comparable to budget.

Research activities expenses are funded by restricted grants and donations as well as internal funds designated for research-related spending.

This expense is less than budget due to lower than budgeted grants.

Facility operations and maintenance represents the cost of maintaining university facilities and grounds. This expense is more than budget due to a major renovation which was funded, however not budgeted.

Ancillary services include the university bookstore, parking services, utilities, and student residences. Ancillary services are less than budget as a result of lower utility rates and a net overall lower than budgeted expenses across all ancillaries.

Capital Acquisitions

The university expended \$149.9 million (2015: \$200.7 million) on construction and other tangible capital asset acquisitions.

The most significant construction and capital asset acquisitions in 2016 are:

- Peter Lougheed Hall – a student residence associated with the U of A's Peter Lougheed Leadership College
- Students' Union Building – a significant renovation to update the building, including expanded social and study space
- Donadeo Innovation Centre for Engineering – to support expanded educational and research activities

Net Financial Assets (Net Debt)

The university's liquidity needs are met primarily through operating cash flows, working capital balances and capital expansion funding received through grants or long-term debt. Net financial assets (net debt) is a measure of an organization's ability to use its financial assets to cover liabilities and fund future operations. The university presents the net financial assets indicator as directed by the Controller of the Province of Alberta.

The university's presentation of net financial assets (net debt) includes \$1,149.7 million of portfolio investments that are restricted for endowments. Endowment restricted investments represent contributions from donors that are required to be maintained intact in perpetuity, as well as capitalized investment income that is also required to be maintained in perpetuity to protect the economic value of the endowment. Therefore, these investments cannot be used to pay for liabilities or future operating or capital purchases. As a result, university management monitors an adjusted indicator, which management believes is important in evaluating the assets the university has available for future spending.

	2016	2015
Net financial assets (as presented in statement of financial position)	915.7	959.1
Less portfolio investments – restricted for endowments	(1,149.7)	(1,181.5)
Adjusted net financial position	\$ (234.0)	\$ (222.4)

The adjusted net financial assets (net debt) position indicates that the university has a deficiency. The deficiency can be attributed to employee future benefit liabilities (2016: \$259.1 million; 2015: \$253.4 million) which include the Universities Academic Pension Plan (UAPP) (2016: \$170.7 million; 2015: \$167.8 million) and other benefit plans such as supplementary retirement, long-term disability, and early retirement (2016: \$88.4 million; 2015: \$85.6 million). The UAPP has a plan in place to address the unfunded liability, and the university plans to use working capital to fund the other benefit plans. (Refer to the employee future benefit liabilities note in the financial statements for further information.)

Net Assets

	2016				2015			
	Accumulated deficit from operations	Investment in tangible capital assets	Endowments	Total	Accumulated deficit from operations	Investment in tangible capital assets	Endowments	Total
Net assets, beginning of year	(2.2)	509.4	1,181.5	1,688.7	(50.3)	493.6	993.7	1,437.0
Annual operating surplus	33.1	-	-	33.1	75.3	-	-	75.3
Endowments								
New donations	-	-	20.9	20.9	-	-	79.7	79.7
Capitalized investment income	-	-	8.4	8.4	-	-	27.0	27.0
Transfer to endowments	(0.8)	-	0.8	-	(2.5)	-	2.5	-
Tangible capital assets, net	(42.0)	42.0	-	-	(15.8)	15.8	-	-
Change in accumulated remeasurement gains	(11.9)		(61.9)	(73.8)	(8.9)	-	78.6	69.7
Net assets, end of year	\$ (23.8)	\$ 551.4	\$ 1,149.7	\$ 1,677.3	\$ (2.2)	\$ 509.4	\$ 1,181.5	\$ 1,688.7
Net assets is comprised of:								
Accumulated surplus	(42.0)	551.4	1,031.1	1,540.5	(32.2)	509.4	1,001.0	1,478.2
Accumulated remeasurement gains	18.2	-	118.6	136.8	30.0	-	180.5	210.5
	\$ (23.8)	\$ 551.4	\$ 1,149.7	\$ 1,677.3	\$ (2.2)	\$ 509.4	\$ 1,181.5	\$ 1,688.7

Endowments consist of restricted donations and capitalized investment income, which is required to be maintained intact in perpetuity to support donor-specified activities. They support a variety of key initiatives in the areas of academic programs, chairs and professorships, research, and scholarships. Endowment spending allocation was \$35.7 million (2015: \$33.2 million). Prior year endowment donations included the capitalization of an Access to the Future Fund grant (\$54.4 million).

Tangible capital assets (net) include acquisitions, debt repayment, new financing, and amortization.

The decrease in remeasurement gains is due to a decrease in fair value and recognizing realized gains into revenue. Of the \$61.9-million change in accumulated remeasurement for endowments, \$27.9 million is a decrease in fair value and \$34 million is recognized into revenue (\$25.6 million deferred revenue (endowment spending allocation); \$8.4 million recognized as revenue and then capitalized to endowments).

Areas of Significant Financial Risk

The university operates in a complex environment and must deal with a variety of risks, which it manages through its integrated enterprise risk management framework. The major risks that can affect the university from a financial perspective are as follows:

PROVINCIAL FUNDING

The Campus Alberta (base operating) grant was increased by two per cent for both fiscal years 2016 and 2017. GoA grants represent the university's single largest source of funding for university activities; any reduction in the Campus Alberta or Academic Alternative Relationship Plans (AARP) grants result in significant budgetary pressure. AARP grants provide funding for a significant number of professors at the Faculty of Medicine and Dentistry, permitting them to do teaching and research as well as clinical practice.

The university recognizes that funding models are changing for public universities throughout the global post-secondary sector and that universities are expected to generate a greater proportion than in the past of the operating revenues that sustain and enhance the quality of its research and the student experience. The university is pursuing steps which include but are not limited to growing its endowment, generating new net revenues, increasing federal government support for the indirect costs of research, and leveraging the establishment of its land trust. Initiatives to generate revenue are centred mainly in the faculties and include activities such as full cost recovery programs and expansion of international enrolment.

The GoA has signalled it will review the funding model and tuition regulation within the next year.

SALARIES

The province is in the process of developing essential services legislation for Alberta's public sector that aligns with the Supreme Court decision on the right to strike. This new legislation will apply to non-academic staff at post-secondary institutions and therefore may have an impact on future salary negotiations.

PENSION AND EMPLOYEE FUTURE BENEFITS

The university currently carries a liability of approximately \$259 million for employee future benefits, representing probable future payments for benefits earned to date. This balance can change for many reasons outside the university's control, including inflation and investment returns.

On the whole, the university's cost of benefits is expected to increase by between five per cent and seven per cent per year in the upcoming years, and this is not sustainable. Approximately 61 per cent of the university's non-pension benefit costs relate to programs the university and its staff co-operatively manage and change through negotiation.

The largest of the unfunded liabilities is the university's share of the UAPP, which is approximately \$171 million. Both the UAPP and PSPP deficiencies are expected to be eliminated within approximately 12 years, based on conditions at the time of the last actuarial valuations when the new contribution rates were set. The continuing increase in pension plan contributions represents a significant risk. Without structural reforms to the pension plans, the level of pension plan contributions as a percentage of total benefit costs could reduce other possible expenditures on staff.

INFORMATION TECHNOLOGY

The university spends approximately \$95 million per year on information technology to develop and support systems. There are risks in this area that could result in financial and reputational issues.

DEFERRED MAINTENANCE

The university's deferred maintenance is estimated at over \$800 million. While the university is making progress on deferred maintenance on its older facilities, the overall amount of deferred maintenance remains relatively unchanged. This area remains a high priority as deferred maintenance puts some risk on the university's programs and initiatives. The continuation of appropriate levels of Infrastructure Maintenance Program funding is needed to avoid a return to increasing amounts of deferred maintenance.



INTERNATIONALIZATION

The University of Alberta's international collaborations create exceptional learning, discovery, citizenship, and innovation opportunities to advance the institutional vision of being one of the world's top publicly funded institutions for the benefit of our students and the province.

Global Engagement

U of A programs enhance perspectives on challenging global issues and promote cross-cultural understanding and communication skills. These experiences equip students with the necessary knowledge and skills to be successful in an increasingly global environment. Our student-centred initiatives, which promote global engagement, include:

- enhanced experiential, internship, and co-op experiences in international settings (including the e3 program in Berlin, Brazil, and Washington, as well as other educational and research abroad programs in more than 60 countries)
- increased opportunities for U of A students to participate in shorter-duration international experiences, either as an integral component of academic courses or independently (including the Alternative Reading Week program in the Faculty of Agricultural, Life and Environmental Sciences)
- multiple formal joint and double degree programs with partner institutions from around the world

Research

The university is a research-intensive institution with output that is recognized globally in diverse disciplines. Through active, collaborative research with teams from all over the world, professors advance knowledge, education, and pedagogy in their respective disciplines. Global research engagement has many benefits to the U of A and the province, including leveraging funding resources and expertise from other parts of the globe to address challenges that affect everyone, including Albertans. The U of A continues to engage in high-quality, multidisciplinary, multinational research projects in many parts of the globe, including:

- strengthening existing strategic international partnerships with India, China, Germany, the United States, and Brazil
- fostering new, multidisciplinary, multinational research projects in diverse disciplines with partner institutions from other countries
- leveraging international funding agencies to secure resources to tackle emerging problems in regions of interest

Diversity

The presence of international students and foreign-trained experts broadens the perspective, impact, and relevance of the U of A's teaching, research, creative activities, and community service work. International students who are educated at the U of A and remain in Alberta provide the province with additional highly skilled, innovative, and entrepreneurial professionals. They also bring cultural diversity together with global connections, insights, and alternative perspectives on issues and challenges that better position the university, businesses, and the province. Recruitment of exceptional undergraduate and graduate students from targeted highly ranked foreign institutions advances the university's academic enterprise and objectives. In 2014-15, approximately 14 per cent of our undergraduate population and 39 per cent of our graduate population were international students.

Offshore Program Delivery

The following table reports core metrics for offshore program delivery, per the provincial Guidelines for Off-Shore Delivery of Alberta Post-Secondary Programs and Training.

Though this table includes all credential programs offered outside of Canada and joint/dual degree programs with students currently registered, it under-represents the full scope of the university's international educational activities. First, it does not include stand-alone courses or international co-op and experiential components of domestic programs. Second, it does not fully reflect joint degree programs. In certain joint degree programs, students based at a foreign home university may spend time at the U of A as visiting students during the course of their program, often working with a U of A faculty mentor, but may petition for joint degree status only as they prepare to graduate. These students are not captured in the program enrolment data reported below.

TABLE 3. INTERNATIONAL SHARED CREDENTIALS (DUAL/JOINT DEGREE) PROGRAMS³

GRADUATE PROGRAMS							
UAlberta Faculty	Country	Field of Study	Courses Offered (i.e., UAlberta courses offered abroad)	Level of Study	Qualification Offered (full or partial)	Type of operation and principal mode of delivery	Institution
Alberta School of Business	France	Business	N/A	Master's	MBA from U of A and MSc from EDHEC	dual degree; in person	EDHEC Business School
Alberta School of Business	Japan	Business	N/A	Master's	MBA from each institution	dual degree; in person	Nagoya University of Commerce and Business (NUCB)
ALES	Germany, UK, Finland	Forestry, Forest Conservation, Environmental Science, Conservation Biology	N/A	Master's	MSc or Master of Forestry from U of A; degrees from other institutions vary	dual degree; in person	Albert-Ludwigs-University (Freiburg) Bangor University (Wales) University of Eastern Finland
Faculty of Arts	Germany	Arts, Education, Science	N/A	Doctoral	PhD from home institution with notation on parchment	joint degree; in person	Ludwig-Maximilians-Universität München (LMU)
Faculty of Education							
Faculty of Science							
Faculty of Engineering	France	Engineering	N/A	Master's	MSc from UAlberta and Dipl. of Ing. degree from INPL	dual degree; in person	University of Lorraine

Source: University of Alberta International

Notes: 2015-16 data include spring semester 2015

³ In addition to the programs listed in this table, the university offers the following programs which have no students currently enrolled:

- Dual degree bachelor of arts, offered in partnership with Ritsumeikan University (Japan), course-based, delivered in person
- Dual degree MBA from U of A and MBA or MSc from WHU – Otto Beisheim School of Management (Germany), course-based, delivered in person
- Dual degree master's or doctorate in education from U of A and Seoul National University (South Korea), course- and research-based, delivered in person
- Dual degree doctorate in science from U of A and Universiti Putra Malaysia (Malaysia), research-based, delivered in person

Number of students for 2015/16* (UA students abroad)	Number of students for 2015/16* (UA students in programs a UA)	Number of students for 2015/16* (students from abroad currently at UA for program)	Type of activity (courses, re-search, or possibility of both)	Other notes
0	0	5 in spring 2015; 5 in fall 2015/ winter 2016	courses	
0	0	1	courses	
0	2	1	both courses and research	Master's programs leading to dual degrees in Forestry and Environmental Management (TRANSFORM-M). Students spend one year in Europe, one year at UAlberta.
0	1	0		
1	0	1		
0	1	0	both courses and research	
0	0	0	both courses and research	
0	0	0	research	
N/A	N/A	6	both courses and research	agreement for incoming students only

TABLE 4. UNIVERSITY OF ALBERTA PROGRAMS DELIVERED OFFSHORE

MASTER OF FINANCIAL MANAGEMENT PROGRAM (ALBERTA SCHOOL OF BUSINESS)	
1. Country location	China
2. Field of study	Business
3. Courses offered (i.e., U of A courses offered abroad)	<ul style="list-style-type: none"> • Introduction to Financial Management • Investments • Corporate Finance • International Finance • Risk Management • Fixed Income • History of Finance • Trading and Financial Markets • Mergers and Acquisitions • Accounting for Managers • Tax • Financial Statement Analysis • Strategic Financial Management (Capstone)
4. Level of study	Master's
5. Qualification offered (full or partial)	Master of Financial Management
6. Type of operation and principal mode of delivery	U of A degree granted; Joint teaching with Xi'an Jiao Tong University, face to face (in person)
7. Name of international program partner	Xi'an Jiao Tong University
8. Number of students (heads and FLEs) for 2015-16	89

Source: University of Alberta International



INFORMATION TECHNOLOGY

Information technology at the University of Alberta is a critical support for teaching and learning, research, and administration. IT infrastructure – including hardware, networks, wireless services, and other specialized resources – is the foundation of the U of A's digital environment, supporting academic, research, and administrative requirements, and facilitating administrative efficiency and innovation.

The primary areas of focus for enhancement of IT infrastructure at the U of A are:

- Support for research: providing state-of-the-art systems to support innovative research, including for large-scale data storage. Core IT functionality for research includes data storage and server and app hosting.
- Support for access: offering enhanced systems and processes for undergraduate admissions and graduate student scholarships and awards, including enrolment management systems and an institutional data warehouse accessible by admissions personnel across faculties.
- Support for teaching and learning: increasing capacity to use digital technologies to enhance learning experiences on campus and for distance education, including support for alternative delivery programs (such as the Master of Arts in Communications and Technology), blended delivery, and other innovative delivery models (such as enabling satellite course sites for courses in rehabilitation medicine).
- Support for efficiency and sustainability: enhancing the efficiency of administrative systems, including performance reporting and data capture and monitoring of student progress.

In support of these priorities, the university delivered the following major IT enhancements in 2015-16:

- successful deployment of a new graduate admissions system to three early-adopter departments, with full rollout now underway
- implementation of a new financial system for Olds College, enabling more timely and accurate year-end reporting and responding to concerns identified by the college and the provincial auditor
- launch of the online university calendar
- performance enhancements for the Electronic Documents and Records Management System, allowing the system to handle about 9,000 transcripts per day from the Alberta Post-Secondary Application System (up from 800)
- implementation of changes to the PeopleSoft system to enable new registrar initiatives
- enabling of anonymous IDs for publisher websites, allowing instructors to use assigned evaluation materials on publisher websites while preserving student privacy
- support for Peter Lougheed Leadership College to deploy BlackBoard communities (an online venue for hosting teaching and instructional materials) in the college's first course offerings
- transition of the U of A PeopleSoft environment to the IBM cloud, providing improved resilience and availability at the same cost
- migration of the U of A Moodle from the Kelowna RackForce data centre to the U of A/ University of Calgary shared data centre, with live failover tested successfully
- migration of classroom booking software, Ad Astra, to the Ad Astra private cloud, reducing infrastructure and support costs

Other major projects were initiated in 2015-16 and will be completed in 2016:

- substantial upgrades to the PeopleSoft system supporting HR processes
- implementation of a system for purchasing to be used across the university
- implementation of a system for planning and budgeting to be used across the university



CAPITAL PLAN

The University of Alberta's Capital Plan endeavours to take a balanced approach in identifying the university's planning, engineering, and construction needs.

The university's highest project priorities support and are strategically linked to Comprehensive Institutional Plan goals, and have been identified as requiring additional funding support from the Alberta government. Critical projects are further refined to the following groups:

- new (or replacement) projects
- expansion projects
- preservation projects (> \$5 million)
- minor preservation projects (< \$5 million)
- IT deferred maintenance
- health and safety
- building system renewals

Four Areas of Focus

1. Functional renewal and reduction in deferred maintenance liability: preserve existing physical assets by addressing deferred maintenance and functional renewal that acknowledges the changes in research and teaching requirements.
2. Envelope funding for pre-design services: target planning dollars for priority projects, thereby ensuring well-defined project scope and budget accuracy.
3. Student housing: provide purpose-built, supportive student housing for up to 25 per cent of full-time enrolment.
4. New space: strategically plan and construct critical new facilities, respecting the varied needs of the university's five distinct campuses.

The following tables identify current capital priorities that address these areas of focus, presented in order of priority within each category (New, Expansion, and Preservation).

TABLE 5. FUNDED PROJECTS IN PROGRESS

TYPE	DESCRIPTION	STATUS	EXPECTED COMPLETION DATE	PROGRESS MADE IN LAST 12 MONTHS
Residence/ academic space	Peter Lougheed Hall (institutionally funded)	Construction in progress	June 2017	Progressed from construction startup to 40% completion
Residence	East Campus Village 9 (institutionally funded)	Design in progress	Sept. 2018	Progressed from business case development to near construction-ready; borrowing order-in-council (OIC) submitted for approval
Residence	Lister Hall Tower 5 (institutionally funded)	Design in progress	Sept. 2018	Progressed from business case development to near construction-ready; borrowing OIC submitted for approval
Records repository	Research and Collection Resource Facility (institutionally funded)	Construction in progress	Sept. 2017	Progressed from concept development to construction startup
Infrastructure additions and improvements	Devonian Garden Infrastructure (government funded)	Final design phase	2018	Design concept completed, consultants retained for construction documentation
Nine-acre garden development	Devonian Islamic Garden (institutionally and government funded)	Phased delivery (road construction underway; garden design 50% complete)	May 2018	Funding solidified, completion of schematic and design development phase, and construction design has progressed to 50% completion

TABLE 6. FUTURE PRIORITY PROJECTS

TYPE	DESCRIPTION	STATUS	EXPECTED COMPLETION DATE	PROGRESS MADE IN LAST 12 MONTHS
New	Edmonton Downtown Academic and Cultural Centre – Galleria	Funding requested	2019	Concept development completed, phased development
New	Maskwa House of Learning	Funding requested	2018	Progressed from concept development to design development phase
New	Translations Lab – The Edmonton Clinic Diagnostic Centre	Funding requested	2020	Siting option determination in review, programming completed
New	South Campus Arena	Fund development	2019	Business case, concept development, cost planning, schedule planning, and soils investigation completed
New	South Campus Basic Infrastructure	Funding requested	2018	Scope confirmation completed
New	South Campus – Utilities/ District Energy Plant	Funding requested	2021	Concept development completed, some preliminary engineering has been started
New	Student Residence – Academic Support Spaces	Funding requested	2018	Area determination and costing plan completed
Expansion	Augustana Science Building – Phase 1 and Phase 2	Funding requested	2019	General space programming completed
Expansion	Campus Saint-Jean Science Building – Expansion	Funding requested	2018	Project schematic design completed
Expansion	Engineering Backfill #1 NREF	Funding requested	2018	Concept development completed
Expansion	Engineering Backfill – Various	Funding requested	2020	Programming and concept development completed
Expansion	Science Backfill	Funding requested	2019	Condition assessments and concept development completed
Preservation	Heating Plant – Turbine Generator #3	Funding requested	2020	Business case development completed
Preservation	Dentistry/Pharmacy Building – Functional Review Phase 1	Funding requested	2019	Design development completed
Preservation	Universiade Pavilion Building Envelope Upgrade	Funding requested	2017	Budget development and concepts completed
Preservation	Augustana Science Building – Lab Renewal	Funding requested	2018	General space program and concept development completed
Preservation	Chemistry West & East Building Renewal and Modernization	Funding requested	2017**	Scope definition and validation completed
Preservation	Medical Sciences Building Renewal	Funding requested	2018	Condition report completed
Preservation	Clinical Sciences Renewal	Funding requested	2018	Condition report completed
Preservation	Chemical Materials Engineering Building Renewal – Envelope and Elevators	Funding requested	2020	Condition report completed, phased implementation required
Preservation	Cameron Library – Envelope Renewal	Funding requested	2017	Renewal investigations completed
Preservation	Elevator Upgrades	Funding requested	2019	Scope and budget validation completed, phased implementation
Preservation	Agriculture/Forestry – Lab Renewal	Funding requested	2016	Scope and budget validation completed

*For projects at the “Funding requested” stage, completion dates are estimates only.

**Completion date for highest-priority project components

PUBLIC INTEREST DISCLOSURE ACTIVITY

The University of Alberta provides avenues for the safe disclosure of concerns related to discrimination and harassment, fraud and misconduct, financial irregularity, noncompliance in research, and other related issues. Of 89 disclosures received during the 2015-16 fiscal year, one qualified as a public interest disclosure under the Public Interest Disclosure (Whistleblower Protection) Act. A formal investigation was conducted and found insufficient support for a finding of wrongdoing. Moreover, some issues were not within the university's purview to investigate. The disclosing individual was referred to the appropriate federal body.

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The University of Alberta's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the Annual Report including the financial statements, performance results and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the Fiscal Planning and Transparency Act and the Post-Secondary Learning Act.

The Auditor General of Alberta, the institution's external auditor appointed under the Auditor General Act, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

Original signed by David H. Turpin

President and Vice Chancellor

Original signed by Phyllis Clark

Vice President (Finance & Administration)
and Chief Financial Officer



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

STATEMENT OF MANAGEMENT RESPONSIBILITY YEAR ENDED MARCH 31, 2016

The consolidated financial statements of the University of Alberta have been prepared by management in accordance with Canadian Public Sector Accounting Standards, and in regards to the net financial assets (net debt) indicator, as directed by the Controller of the Province of Alberta. In that framework, the consolidated financial statements present fairly the financial position of the university as at March 31, 2016 and the results of its operations for the year then ended. The presentation of net financial assets (net debt) includes portfolio investments that are restricted for endowments which cannot be used to pay for liabilities or future expenditures.

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

The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee. With the exception of the President, all members of the Audit Committee are not employees of the university. The Audit Committee meets with management and the external auditors and internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have full access to the Audit Committee, with and without the presence of management.

These consolidated financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the Post-secondary Learning Act. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.

Original signed by David H. Turpin

President

Original signed by Phyllis Clark

Vice-President (Finance & Administration)
Chief Financial Officer



Independent Auditor's Report

To the Board of Governors of the University of Alberta

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the University of Alberta, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, change in net financial assets, remeasurement gains and losses, and cash flows for the year then ended, 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 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 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 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 Alberta as at March 31, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

May 30, 2016

Edmonton, Alberta

**UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**
(thousands of dollars)

	Note	2016	2015
			(note 3)
Financial assets			
Cash and cash equivalents	4	\$ 13,091	\$ 57,963
Portfolio investments - non-endowment	5	808,612	800,803
Portfolio investments - restricted for endowments	5	1,149,716	1,181,493
Accounts receivable		131,563	142,499
Inventory		3,325	3,617
		2,106,307	2,186,375
Liabilities			
Accounts payable and accrued liabilities		174,971	222,726
Employee future benefit liabilities	7	259,100	253,389
Debt	8	246,812	224,384
Deferred revenue	9	509,728	526,830
		1,190,611	1,227,329
Net financial assets		915,696	959,046
Non-financial assets			
Tangible capital assets	11	2,745,552	2,770,078
Prepaid expenses		8,517	9,876
		2,754,069	2,779,954
Net assets before spent deferred capital contributions		3,669,765	3,739,000
Spent deferred capital contributions	10	1,992,440	2,050,263
Net assets	12	\$ 1,677,325	\$ 1,688,737
Net assets is comprised of:			
Accumulated surplus		\$ 1,540,519	\$ 1,478,158
Accumulated remeasurement gains		136,806	210,579
		\$ 1,677,325	\$ 1,688,737

Contingent liabilities and contractual obligations (note 13 and 14)

**UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2016**

(thousands of dollars)

	Note	Budget	2016	2015
				(note 3)
Revenue				
Government of Alberta grants	16	\$ 940,491	\$ 958,157	\$ 897,033
Federal and other government grants		188,997	173,483	179,567
Student tuition and fees		333,053	316,795	316,223
Sales of services and products		179,292	196,649	186,557
Donations and other grants		107,278	132,209	149,195
Investment income		73,879	62,678	102,199
		1,822,990	1,839,971	1,830,774
Expense				
Learning		1,098,912	1,124,541	1,101,173
Research		470,096	438,550	428,983
Facility operations and maintenance		126,795	147,282	126,623
Ancillary services		104,013	96,536	98,708
		1,799,816	1,806,909	1,755,487
Annual operating surplus		23,174	33,062	75,287
Endowment contributions		-	20,885	79,683
Endowment capitalized investment income		-	8,414	26,950
		-	29,299	106,633
Annual surplus		23,174	62,361	181,920
Accumulated surplus, beginning of year		1,478,158	1,478,158	1,296,238
Accumulated surplus, end of year	12	\$ 1,501,332	\$ 1,540,519	\$ 1,478,158

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

**UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2016**

(thousands of dollars)

	Budget	2016	2015
			(note 3)
Annual surplus	\$ 23,174	\$ 62,361	\$ 181,920
Acquisition of tangible capital assets	(220,698)	(149,906)	(200,702)
Amortization of tangible capital assets	179,841	173,301	169,186
Loss on disposal of tangible capital assets	707	1,131	986
	(40,150)	24,526	(30,530)
Change in prepaid expenses	1,000	1,359	1,896
Change in spent deferred capital contributions	(31,933)	(57,823)	(10,333)
Change in remeasurement gains and losses	-	(73,773)	69,771
(Decrease) increase in net financial assets	(47,909)	(43,350)	212,724
Net financial assets, beginning of year	959,046	959,046	746,322
Net financial assets, end of year	\$ 911,137	\$ 915,696	\$ 959,046

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

UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31, 2016
(thousands of dollars)

	Note	2016	2015
			(note 3)
Accumulated remeasurement gains, beginning of year		\$ 210,579	\$ 140,808
Unrealized (losses) gains attributable to:			
Portfolio investments - non-endowment		(10,696)	36,000
Portfolio investments - restricted for endowments		(27,901)	117,972
Amounts reclassified to consolidated statement of operations:			
Portfolio investments - non-endowment		(1,160)	(44,850)
Portfolio investments - restricted for endowments		(34,016)	(39,351)
Net change for the year		(73,773)	69,771
Accumulated remeasurement gains, end of year	12	\$ 136,806	\$ 210,579
Accumulated remeasurement gains is comprised of:			
Portfolio investments - non-endowment		\$ 18,191	\$ 30,047
Portfolio investments - restricted for endowments		118,615	180,532
		\$ 136,806	\$ 210,579

**UNIVERSITY OF ALBERTA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2016**

(thousands of dollars)

	2016	2015
		(note 3)
Operating transactions		
Annual surplus	\$ 62,361	\$ 181,920
Add (deduct) non-cash items:		
Amortization of tangible capital assets	173,301	169,186
Expended capital recognized as revenue	(117,027)	(113,379)
Loss on disposal of tangible capital assets	1,131	986
Increase in employee future benefit liabilities	5,711	3,086
Change in non-cash items	63,116	59,879
Decrease (increase) in accounts receivable	10,936	(32,038)
Decrease in inventory	292	436
Decrease in accounts payable and accrued liabilities	(47,755)	(28,403)
Decrease in deferred revenue	(17,102)	(46,352)
Decrease in prepaid expenses	1,359	1,896
Increase in spent deferred capital contributions, less in kind donations	41,094	83,958
Cash provided by operating transactions	114,301	221,296
Capital transactions		
Acquisition of tangible capital assets, net of proceeds on disposals	(131,796)	(181,614)
Cash applied to capital transactions	(131,796)	(181,614)
Investing transactions		
Purchases of portfolio investments	(378,371)	(886,793)
Proceeds on sale of portfolio investments	328,566	857,525
Cash applied to investing transactions	(49,805)	(29,268)
Financing transactions		
Debt repayment	(13,072)	(12,639)
Debt - new financing	35,500	35,000
Cash provided by financing transactions	22,428	22,361
(Decrease) increase in cash and cash equivalents	(44,872)	32,775
Cash and cash equivalents, beginning of year	57,963	25,188
Cash and cash equivalents, end of year	\$ 13,091	\$ 57,963

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

UNIVERSITY OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016
(thousands of dollars)

1. Authority and purpose

The Governors of The University of Alberta is a corporation that manages and operates the University of Alberta (the university) under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the 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.

2. Summary of significant accounting policies and reporting practices

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

These consolidated financial statements have been prepared in accordance with PSAS. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. Employee future benefit liabilities and amortization of tangible capital assets 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 consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

(b) Valuation of financial assets and liabilities

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

Portfolio investments - fair value

Cash and cash equivalents, Accounts receivable, Accounts payable and accrued liabilities, Debt - amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of accumulated remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are 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. 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 liabilities that are measured at amortized cost and expensed when measured at fair value.

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 are not recognized as financial assets or liabilities.

(c) Revenue recognition

All revenue is reported on an accrual basis. Cash received for which services and products 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 when the terms are met. If the grants and donations are used to acquire or construct tangible capital assets revenue will be recognized over the useful life of the tangible capital assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

(c) Revenue recognition (continued)

Government grants without terms for the use of the grant are recognized as revenue when the university is eligible to receive the funds. Non-government grants and donations with no restrictions 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 mission; such contributed services are not recognized in these consolidated financial 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 be reasonably determined, the in kind grant or donation is recorded at nominal value.

Endowment donations

Endowment donations are recognized as revenue in the consolidated statement of operations in the year in which they are received, and are required by donors to be maintained intact in perpetuity.

Investment income

Investment income includes dividends, interest income and realized gains and losses on the sale of portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as revenue when the terms of the grant or donation are met.

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for use by the endowment create a liability. Investment income earned by endowments in excess of this amount is recognized as revenue in the consolidated statement of operations (realized income) and the consolidated statement of remeasurement gains and losses (unrealized gains and losses), and is capitalized and maintained intact in perpetuity.

(d) Endowments

Endowments consist of:

- Externally restricted donations received by the university and internal allocations by the university's Board of Governors, the principal of which is required to be maintained intact in perpetuity.
- Investment income earned by the endowments in excess of the amount required for spending allocation is capitalized to maintain and grow the real value of the endowments. 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 by reinvesting unexpended income.

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

- Investment income earned by the endowments to be withheld from distribution to avoid fluctuations in the amounts distributed, 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 investment 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.

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 endowments without sufficient cumulative capitalized income, endowment principal is used in that year and is expected to be recovered by future investment income.

(e) Inventory

Inventory for resale is valued at the lower of cost and expected net realizable value and is determined using the weighted average method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

(f) Tangible capital assets

Tangible capital asset acquisitions are recorded at cost, which includes amounts that are directly related, such as 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 tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

Buildings and utilities	10 - 40 years
Equipment, furnishings and systems	3 - 10 years
Learning resources	10 years

Tangible capital asset 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 tangible capital assets are less than their net book value. 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 participating employer based on their respective percentage of employer contributions. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

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, along with investment income, to provide the plan's future benefits.

Long-term disability

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the university's long-term disability plan is charged to expense in full when the event occurs which obligates the university to provide the benefits. The cost of this benefit is actuarially determined using the accumulated benefit method, a discount rate based on the university's cost of borrowing and management's best estimate of the retirement ages of employees, expected health care costs and the period of employee disability. Actuarial gains and losses on the accrued benefit obligation are amortized over the average expected period the benefit will be paid.

Early retirement

The cost of providing accumulating post-employment benefits under the university's early retirement plans is charged to expense over the period of service provided by the employee. The cost of these benefits is actuarially determined using the projected benefit method prorated on services, a discount rate based on the university's cost of borrowing and management's best estimate of expected health care, dental care, life insurance costs and the period of benefit coverage. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

Supplementary retirement plans

The university provides non-contributory defined benefit supplementary retirement benefits to executive based on years of service and earnings. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

The university provides non-contributory defined contribution supplementary retirement benefits to eligible executive and academic staff based on years of service and earnings. The expense for these plans is the employer's current year contribution to the plan as calculated in accordance with the plan rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

(g) Employee future benefits (continued)

Administrative/professional leave

The university provides for certain executive to accrue a paid leave of absence at the end of their executive appointment. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains and losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

General illness

The cost of providing non-vesting and non-accumulating compensated absences to a maximum of 26 weeks (academic staff) or 120 days (support staff) under the university's general illness plan is charged to expense in full when the event occurs which obligates the university to provide the benefit. The cost of this benefit is actuarially determined using the accumulated benefit method and management's best estimate of the period of employee disability.

(h) Investment in government partnerships

Proportionate consolidation is used to record the university's share of the following government partnerships:

- Northern Alberta Clinical Trials and Research Centre (50% interest) - a joint venture with Alberta Health Services to support the shared missions of Alberta Health Services and the university for collaborative clinical research.
- TEC Edmonton (50% interest) - a joint venture with Edmonton Economic Development Corporation to stimulate entrepreneurialism, advance corporate development and accelerate commercialization of new ideas and technologies that benefit society.
- Tri-University Meson Facility (TRIUMF) (8.33% interest) - a joint venture with eleven other universities to operate a sub-atomic physics research facility.
- Western Canadian Universities Marine Sciences Society (20% interest) - provides research infrastructure in the marine sciences for member universities and the world-wide scientific community.

These government partnerships are not material to the university's consolidated financial statements; therefore, separate condensed financial information is not presented.

(i) Investment in government business enterprises

Effective March 11, 2015, the university established a wholly owned government business enterprise, University of Alberta Properties Trust Inc. Government business enterprises are included in the consolidated financial statements using the modified equity method. Since inception, this entity has no transactions.

(j) Expense by function

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

Learning

Expenses relating to support for the academic functions of the university both directly and indirectly. This function includes expenses incurred by faculties for their scholarly activities and learning administrative services. Other expenses associated with this function include expenses for student awards and bursaries and other programs involving teaching and learning, and community service specifically funded by restricted grants and donations.

Research

Expenses for research activities funded by externally sponsored research funds intended for specific research purposes as well as internal funds designated for research related spending. Other expenses associated with this function include costs such as research administration and research related amortization.

Facility operations and maintenance

Expenses relating to maintenance and renewal of facilities that house the teaching, research and administrative activities within the university. These include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, as well as major repairs and renovations.

Ancillary services

Expenses relating to services and products provided to the university community and to external individuals and organizations. Services include the university bookstore, parking services, utilities and student residences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

(k) Future accounting changes

In March 2015, the Public Sector Accounting Board issued PS 2200 Related party disclosures and PS 3420 Inter-entity transactions. In June 2015, the Public Sector Accounting Board issued PS 3210 Assets, PS 3320 Contingent assets, PS 3380 Contractual rights, and PS 3430 Restructuring transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017, with the exception of PS 3430, which is effective for fiscal years starting on or after April 1, 2018.

- PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.
- PS 3210 - Assets provides guidance for applying the definition of assets set out in PS 1000, Financial statement concepts, and establishes general disclosure standards for assets.
- PS 3320 - Contingent assets defines and establishes disclosure standards for contingent assets.
- PS 3380 - Contractual rights defines and establishes disclosure standards on contractual rights.
- PS 3430 - Restructuring transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

Management is currently assessing the impact of these new standards on the consolidated financial statements. The university discloses transactions and balances related to the Government of Alberta in note 16.

3. Change in accounting policy and comparative figures

a) Change in accounting policy

Effective April 1, 2015, endowment contributions and associated investment income capitalized are recognized in the consolidated statement of operations in the year in which they are received. In prior years, such transactions were recognized as direct increases to endowment net assets in the year they were received. Unrealized gains and losses are recognized in the consolidated statement of accumulated remeasurement gains and losses. This change in accounting policy is applied retroactively with restatement of comparatives.

	2015		Restated
	Previously recorded	Change in accounting policy	
Increase in consolidated statement of operations			
Endowment contributions	\$ -	\$ 79,863	\$ 79,863
Endowment capitalized investment income	-	26,950	26,950

b) Comparative figures

The net financial assets (net debt) model with reclassification of comparatives has been adopted for the presentation of the March 31, 2016 consolidated financial statements. In addition, certain other 2015 comparative figures have been reclassified to conform to the 2016 presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

4. Cash and cash equivalents

	2016	2015
Cash	\$ 7,097	\$ 26,569
Money market funds	5,994	31,394
	\$ 13,091	\$ 57,963

Money market funds also include short-term notes and treasury bills with a maturity less than three months from the date of acquisition.

5. Portfolio investments

	2016	2015
Portfolio investments - non-endowment	\$ 808,612	\$ 800,803
Portfolio investments - restricted for endowments	1,149,716	1,181,493
	\$ 1,958,328	\$ 1,982,296

The categorization of portfolio investments measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable is as follows:

	2016				2015			
	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 24,562	\$ 540,179	\$ -	\$ 564,741	\$ 12,888	\$ 538,213	\$ -	\$ 551,101
Floating rate notes	-	-	5,636	5,636	-	-	6,982	6,982
Canadian government and corporate bonds	-	204,620	-	204,620	-	214,477	-	214,477
Canadian equity	320,449	-	11,367	331,816	330,825	-	9,047	339,872
Foreign equity	691,047	-	8,749	699,796	712,541	-	6,174	718,715
Pooled hedge funds	-	70,819	-	70,819	-	74,641	-	74,641
Real estate funds	-	-	74,155	74,155	2,274	-	67,816	70,090
	1,036,058	815,618	99,907	1,951,583	1,058,528	827,331	90,019	1,975,878
Other at amortized cost				6,745				6,418
	\$ 1,036,058	\$ 815,618	\$ 99,907	\$ 1,958,328	\$ 1,058,528	\$ 827,331	\$ 90,019	\$ 1,982,296

The fair value measurements are those derived from:

- (1) Quoted prices in active markets for identical assets.
- (2) Inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (3) Valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

As at March 31, 2016, the average effective yields and the terms to maturity are as follows:

- Money market funds: 0.84% (2015 - 1.11%); term to maturity: less than one year.
- Canadian government and corporate bonds: 0.76% (2015 - 0.75%); terms to maturity: range from less than one year to more than 10 years.

The changes in fair value of level 3 portfolio investments are as follows:

	2016	2015
Balance, beginning of year	\$ 90,019	\$ 68,910
Unrealized gains	4,362	10,813
Purchases	11,151	11,031
Proceeds on sale	(5,625)	(735)
	\$ 99,907	\$ 90,019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

6. Financial risk management

The university is exposed to the following risks:

Market price risk

Market risk is 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 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 the delegated authority for oversight of the university's portfolio investments. The university's management of this risk has not changed from prior year.

The university assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total Unitized Endowment Pool over a four year period as determined by the BNY Mellon Asset Servicing Global Risk Solutions consulting report. At March 31, 2016, if market prices had a 6.0% (2015 - 7.0%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses for the year would be \$68,983 (2015 - \$82,705).

Foreign exchange risk

The university is exposed to foreign exchange risk on portfolio investments that are denominated in foreign currencies, specifically U.S. dollars. The university does not hedge its foreign currency exposure with currency forward contracts or any other type of derivative financial instruments.

Credit risk

The university is exposed to credit risk on portfolio investments arising from the potential failure of a counterparty, debtor or issuer to honor its contractual obligations. To manage this risk, the university has established an investment policy with required minimum credit quality standards and issuer limits. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The distribution of money market funds by risk rating area is as follows:

- Money market funds: R-1(high) 66.9% (2015 - 76.0%); R-1(mid) 33.1% (2015 - 24.0%).
- Bonds: AAA 95.4% (2015 - 95.4%); AA 3.0% (2015 - 2.9%); not rated 1.6% (2015 - 1.7%).

Liquidity risk

The university maintains a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements. The university maintains a short-term line of credit to ensure that funds are available to meet current and forecasted financial requirements. In 2016, the line of credit was not drawn upon.

Interest rate risk

Interest rate risk is the risk to the university's earnings that will be affected by the fluctuation and degree of volatility in interest rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income instruments that the university holds. Interest rate risk on the university's debt is managed through fixed rate agreements with Alberta Capital Finance Authority (note 8).

The maturity and effective market yield of interest bearing investments are as follows:

	< 1 year	1 - 5 years	> 5 years	Average effective market yield
	%	%	%	%
Money market funds	100.0	-	-	0.8
Canadian government and corporate bonds	-	66.4	33.6	0.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

7. Employee future benefit liabilities

	2016			2015		
	Academic staff	Support staff	Total	Academic staff	Support staff	Total
Universities Academic Pension Plan	\$ 170,670	\$ -	\$ 170,670	\$ 167,833	\$ -	\$ 167,833
Long-term disability	6,048	21,559	27,607	7,708	19,529	27,237
Early retirement	-	25,964	25,964	-	25,265	25,265
SRP (defined contribution)	18,271	-	18,271	16,526	-	16,526
SRP (defined benefit)	10,380	-	10,380	9,259	-	9,259
Administrative/professional leave	4,795	-	4,795	4,792	-	4,792
General illness	737	676	1,413	1,577	900	2,477
	\$ 210,901	\$ 48,199	\$ 259,100	\$ 207,695	\$ 45,694	\$ 253,389

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

Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2014 and was then extrapolated to March 31, 2016, resulting in a UAPP deficit of \$868,735 (2015 - \$1,129,894) consisting of a pre-1992 deficit (\$817,638) and a post-1991 deficit (\$51,097). The university's portion of the UAPP deficit has been allocated based on its percentage of the plan's total employer contributions for the year.

The unfunded deficit for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2015 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.54% (2015 - 2.87%) of salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions is \$280,477 at March 31, 2016. The unfunded deficiency for service after December 31, 1991 is financed by special payments of 4.93% (2015 - 5.79%) of pensionable earnings until December 31, 2021, 1.71% (2015 - 1.71%) of pensionable earnings for 2022 and 2023, 0.70% (2015 - 0.70%) of pensionable earnings for 2024 and 2025, and 0.25% (2015 - 0.25%) of pensionable earnings for 2026 and 2027, all shared equally between employees and employers.

Long-term disability (LTD) and general illness (GI)

The university provides long-term disability and general illness defined benefits to its academic and support staff. The most recent actuarial valuation for these benefits was as at March 31, 2016. The long-term disability plan provides pension and non-pension benefits after employment, but before the employee's normal retirement date. The general illness plan provides similar benefits but for a maximum of 26 weeks (academic staff) or 120 days (support staff).

Early retirement

The early retirement benefits for support staff include a bridge benefit (2016 - \$19,153; 2015 - \$18,726) and a retirement allowance (2016 - \$6,811; 2015 - \$6,539). The most recent actuarial valuation for these benefits was at March 31, 2016. The bridge benefit allows eligible employees who retire early to continue participating in several staff benefit programs between the date of early retirement and the end of the month in which the employee turns 65. Benefits include group life insurance, employee family assistance program, supplementary health care and dental care. The support staff retirement allowance provides eligible employees (those with 20 years of pensionable service at retirement date) one week's base pay per full year of employment to a maximum 25 days pay.

Supplementary retirement plan (SRP)

The university provides a non-contributory defined benefit supplementary retirement benefit to executive. The SRP obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries. An actuarial valuation of this benefit was carried out as at March 31, 2016. The SRP was closed to new members effective June 30, 2014, as part of the approval of the new defined contribution SRP for executives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

7. Employee future benefit liabilities (continued)

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

Administrative/professional leave (leave)

The university provides for certain executive to accrue a paid leave at the end of their executive appointment. Upon completing their term of service, the individual's salary and benefits in effect at the end of the service are paid for the duration of the leave. The leave obligation is calculated based on assumptions, including inflation, which are prescribed each month by the Canadian Institute of Actuaries. An actuarial valuation of these benefits was carried out as at March 31, 2016.

The expense and liability of these defined benefit plans are as follows:

	2016				2015			
	UAPP	LTD, GI ⁽¹⁾	Early retirement ⁽¹⁾	SRP, leave ⁽¹⁾	UAPP	LTD, GI ⁽¹⁾	Early Retirement ⁽¹⁾	SRP, leave ⁽¹⁾
Expense								
Current service cost	\$ 41,758	\$ 12,747	\$ 1,092	\$ 1,139	\$ 37,272	\$ 11,830	\$ 1,094	\$ 1,326
Interest cost	13,169	1,671	1,108	684	12,940	1,842	1,169	587
Past service cost	-	-	-	175	-	-	-	-
Amortization of actuarial (gains) losses	3,139	59	(250)	(266)	1,830	554	(192)	(485)
	\$ 58,066	\$ 14,477	\$ 1,950	\$ 1,732	\$ 52,042	\$ 14,226	\$ 2,071	\$ 1,428
Liability								
Accrued benefit obligation								
Balance, beginning of year	\$ 1,076,035	\$ 29,634	\$ 22,628	\$ 13,415	\$ 962,719	\$ 31,019	\$ 22,468	\$ 10,422
Current service cost	41,758	12,747	1,092	1,140	37,272	11,830	1,094	1,326
Interest cost	66,708	1,671	1,108	684	64,556	1,842	1,169	587
Past service cost	-	-	-	175	-	-	-	-
Benefits paid	(48,447)	(15,171)	(1,251)	(608)	(43,752)	(13,496)	(1,291)	(244)
Actuarial (gains) losses	(64,083)	1,436	(478)	(480)	55,240	(1,561)	(812)	1,324
Balance, end of year	1,071,971	30,317	23,099	14,326	1,076,035	29,634	22,628	13,415
Plan assets	(929,474)	-	-	-	(874,302)	-	-	-
Plan deficit	142,497	30,317	23,099	14,326	201,733	29,634	22,628	13,415
Unamortized actuarial gains (losses)	28,173	(1,297)	2,865	849	(33,900)	80	2,637	636
	\$ 170,670	\$ 29,020	\$ 25,964	\$ 15,175	\$ 167,833	\$ 29,714	\$ 25,265	\$ 14,051

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

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

	2016			2015		
	UAPP	SRP, leave	LTD, GI, early retirement	UAPP	SRP, leave	LTD, GI, early retirement
	%	%	%	%	%	%
Accrued benefit obligation						
Discount rate	6.0	4.5	4.5	6.1	4.8	4.8
Long-term average compensation increase	3.0	2.0	3.0	3.5	0.0	3.0
Benefit cost						
Discount rate	6.1	4.8	4.5	6.6	5.1	4.8
Long-term average compensation increase	3.5	2.0	3.0	3.5	2.0	3.0
Alberta inflation (long-term)	2.0	1.8	2.0	2.25	2.2	2.5
Estimated average remaining services life	10.8 yrs	Note ⁽¹⁾	3-11 yrs	8.6 yrs	Note ⁽¹⁾	4 - 11 yrs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

7. Employee future benefit liabilities (continued)

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

Public Service Pension Plan (PSPP)

The 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 consolidated financial statements is \$32,342 (2015 - \$32,186).

An actuarial valuation of the PSPP was carried out as at December 31, 2014 and was then extrapolated to December 31, 2015. At December 31, 2015, the PSPP reported an actuarial deficit of \$133,188 (2014 - \$803,299). For the year ended December 31, 2015 PSPP reported employer contributions of \$347,759 (2014 - \$326,134). For the 2015 calendar year, the university's employer contributions were \$32,342 (2014 calendar year - \$31,968). PSPP's deficit is being discharged through additional contributions from both employees and employers until 2026 (2014 - 2026). Other than the requirement to make increased contributions, the university does not bear any risk related to the PSPP deficit.

(c) Defined contribution plans

Supplementary retirement plans (SRP)

The university provides non-contributory defined contribution supplementary retirement benefits to eligible executive and academic staff members. The expense recorded in these statements is \$1,745 (2015 - \$2,863).

8. Debt

The following debt is with Alberta Capital Finance Authority and measured at amortized cost:

	Maturity Date	Interest rate %	2016	2015
Collateral				
Title to land, building	August 2024 - June 2045	3.273 - 6.000	\$ 116,184	\$ 89,356
Cash flows from facility	June 2017 - December 2047	4.814 - 6.250	53,186	56,215
General Security Agreement	December 2028 - June 2034	2.459 - 3.623	53,350	50,395
None	March 2016 - September 2036	2.599 - 8.750	24,092	28,418
			\$ 246,812	\$ 224,384

Interest expense on debt recorded in these consolidated financial statements is \$10,137 (2015 - \$10,283).

Principal and interest payments are as follows:

	Principal	Interest	Total
2017	\$ 13,749	\$ 10,832	\$ 24,581
2018	12,851	10,167	23,018
2019	11,105	9,594	20,699
2020	11,199	9,077	20,276
2021	11,729	8,548	20,277
Thereafter	186,179	77,020	263,199
	\$ 246,812	\$ 125,238	\$ 372,050

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**
(thousands of dollars)
9. Deferred revenue

	2016			2015
	Unspent externally restricted grants and donations	Student tuition and other revenue	Total	Total
Balance, beginning of year	\$ 506,271	\$ 20,559	\$ 526,830	\$ 573,182
Net change for the year				
Grants, donations, endowment spending allocation and tuition	542,453	323,247	865,700	934,584
Transfers to spent deferred capital contributions	(59,204)	-	(59,204)	(103,046)
Recognized as revenue	(502,285)	(321,313)	(823,598)	(877,890)
Net change for the year	(19,036)	1,934	(17,102)	(46,352)
	\$ 487,235	\$ 22,493	\$ 509,728	\$ 526,830

10. Spent deferred capital contributions

Spent deferred capital contributions is comprised of externally restricted grants and donations spent on tangible capital assets, less amortization recognized as revenue.

	2016	2015
Balance, beginning of year	\$ 2,050,263	\$ 2,060,596
Net change for the year		
Transfers from deferred revenue	59,204	103,046
Expended capital recognized as revenue	(117,027)	(113,379)
Net change for the year	(57,823)	(10,333)
	\$ 1,992,440	\$ 2,050,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

(thousands of dollars)

11. Tangible capital assets

	2016					2015
	Buildings and utilities	Equipment, furnishings and systems	Learning resources	Land	Total	Total
Cost						
Beginning of year	\$ 3,347,593	\$ 1,282,188	\$ 380,068	\$ 88,783	\$ 5,098,632	\$ 4,907,092
Acquisitions	71,734	53,547	24,625	-	149,906	200,702
Disposals	-	(8,270)	-	-	(8,270)	(9,162)
	3,419,327	1,327,465	404,693	88,783	5,240,268	5,098,632
Accumulated amortization						
Beginning of year	1,092,816	956,605	279,133	-	2,328,554	2,167,544
Amortization expense	85,944	69,236	18,121	-	173,301	169,186
Disposals	-	(7,139)	-	-	(7,139)	(8,176)
	1,178,760	1,018,702	297,254	-	2,494,716	2,328,554
Net book value, March 31, 2016	\$ 2,240,567	\$ 308,763	\$ 107,439	\$ 88,783	\$ 2,745,552	\$ 2,770,078
Net book value, March 31, 2015	\$ 2,254,777	\$ 325,583	\$ 100,935	\$ 88,783	\$ 2,770,078	

Included in buildings and utilities is \$35,709 (2015 - \$150,572) recorded as construction in progress, which is not amortized as the assets are not in service.

Acquisitions include in kind donations in the amount of \$18,110 (2015 - \$19,088).

The university holds library permanent collections and other permanent collections which include works of art, museum specimens, archival materials and maps. These collections are expensed and therefore are not included in tangible capital assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

12. Net Assets

	2016				2015			
	Accumulated deficit from operations	Investment in tangible capital assets	Endowments	Total	Accumulated deficit from operations	Investment in tangible capital assets	Endowments	Total
Net assets, beginning of year	\$ (2,187)	\$ 509,431	\$ 1,181,493	\$ 1,688,737	\$ (50,276)	\$ 493,634	\$ 993,688	\$ 1,437,046
Annual operating surplus	33,062	-	-	33,062	75,287	-	-	75,287
Endowments								
New donations	-	-	20,885	20,885	-	-	79,683	79,683
Capitalized investment income	-	-	8,414	8,414	-	-	26,950	26,950
Transfer to endowments	(841)	-	841	-	(2,551)	-	2,551	-
Tangible Capital Assets								
Acquisitions	(91,917)	91,917	-	-	(98,655)	98,655	-	-
Debt repayment	(10,201)	10,201	-	-	(10,268)	10,268	-	-
Debt - new financing	3,884	(3,884)	-	-	37,319	(37,319)	-	-
Amortization	56,274	(56,274)	-	-	55,807	(55,807)	-	-
Change in accumulated remeasurement gains	(11,856)	-	(61,917)	(73,773)	(8,850)	-	78,621	69,771
Net assets, end of year	\$ (23,782)	\$ 551,391	\$ 1,149,716	\$ 1,677,325	\$ (2,187)	\$ 509,431	\$ 1,181,493	\$ 1,688,737
Net assets is comprised of:								
Accumulated surplus	\$ (41,973)	\$ 551,391	\$ 1,031,101	\$ 1,540,519	\$ (32,234)	\$ 509,431	\$ 1,000,961	\$ 1,478,158
Accumulated remeasurement gains	18,191	-	118,615	136,806	30,047	-	180,532	210,579
	\$ (23,782)	\$ 551,391	\$ 1,149,716	\$ 1,677,325	\$ (2,187)	\$ 509,431	\$ 1,181,493	\$ 1,688,737

13. Contingent liabilities

- (a) The university is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the university believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the university. Management has concluded that none of the claims meet the criteria for recording a liability.
- (b) The university has identified a potential liability 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 renovation or demolition project will proceed and there is sufficient information to estimate fair value of the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

14. Contractual Obligations

- (a) The university has contractual obligations that will result in liabilities in the future when the terms of the contracts 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
2017	\$ 76,500	\$ 61,766	\$ 6,072	\$ 144,338
2018	43,412	24,417	3,879	71,708
2019	32,755	3,144	2,328	38,227
2020	19,790	-	1,648	21,438
2021	4,423	-	1,245	5,668
Thereafter	83	-	3,464	3,547
	\$ 176,963	\$ 89,327	\$ 18,636	\$ 284,926

The significant service contracts are as follows:

- In order to manage its exposure to the volatility in the electrical industry, the university has entered into contracts to fix a portion of its electrical cost. The five contracts (2015 - six contracts) with expenditures totaling \$67,552 (2015 - \$88,101) expire over the next five years.
 - Effective August 1, 2015, the university entered into an agreement with an external party for dining and catering services. The agreement has four years remaining with a total estimated cost of \$45,067 (2015 - \$3,500).
 - Effective July 1, 2015, the university entered into an agreement for infrastructure management services. The agreement has four years remaining with a cost of \$14,809 (2015 - \$887). Effective July 1, 2015, the university entered into an agreement for application management services. The agreement has one year remaining with a cost of \$3,761 (2015 - \$687, three months remaining).
 - Effective August 1, 2014, the university entered into an agreement with an external party for custodial services. The agreement has one year remaining with a cost of \$9,911 (2015 - \$17,344).
- (b) The university is one of 61 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, 2015, CURIE had a surplus of \$69,679 (2014 - \$74,231), of which the university's pro rata share is approximately 7.19% (2015 - 7.18%). This surplus is not recorded in the consolidated financial statements.

15. Budget

The university's 2015-16 budget was approved by the Board of Governors and was presented to the Minister of Advanced Education as part of the university's submission of its 2015-16 Comprehensive Institutional Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

16. Government of Alberta grants

	2016	2015
Advanced Education - Campus Alberta grant	\$ 607,963	\$ 588,813
Advanced Education - Access to the Future Fund grant	-	58,714
Advanced Education - other grants	105,907	107,005
Health - Academic Alternative Relationship Plans	75,753	62,240
Health - other grants	65,439	59,816
Alberta Health Services	9,191	8,803
Other departments and agencies	15,200	13,120
	879,453	898,511
Expended capital recognized as revenue	86,482	91,476
Deferred revenue	(7,778)	(92,954)
	\$ 958,157	\$ 897,033

The net amount receivable is \$3,543 (2015 - \$17,387).

The university holds \$8,511 (2015 - \$11,395) on behalf of government agencies.

17. Expense by object

	2016 Budget	2016	2015
Salaries	\$ 915,941	\$ 900,113	\$ 878,666
Employee benefits	183,524	183,340	179,373
Materials, supplies and services	183,299	209,851	205,483
Maintenance and repairs	81,663	111,398	87,141
Cost of goods sold	109,021	95,743	101,376
Scholarships and bursaries	92,719	89,303	89,933
Utilities	53,808	43,860	44,329
Amortization of tangible capital assets	179,841	173,301	169,186
	\$ 1,799,816	\$ 1,806,909	\$ 1,755,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

18. Salaries and employee benefits

2016						
	Base salary ⁽⁵⁾	Non-cash benefits ⁽⁶⁾	Non-cash benefits (DB SRP) ⁽⁷⁾	Non-cash benefits (EDC SRP) ⁽⁸⁾	Non-cash benefits (leave) ⁽⁹⁾	Total
Governance ⁽¹⁾						
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Executive						
President ⁽²⁾	547	89	127	21	104	888
Provost and Vice-President (Academic) ⁽³⁾	402	37	-	18	-	457
Vice-President (Research)	506	42	109	-	125	782
Vice-President (Facilities and Operations)	479	41	156	-	92	768
Vice-President (Finance and Administration)	469	32	131	-	40	672
Vice-President (University Relations)	384	41	89	-	208	722
Vice-President (Advancement) ⁽⁴⁾	385	42	-	7	16	450
2015						
	Base salary ⁽⁵⁾	Non-cash benefits ⁽⁶⁾	Non-cash benefits (DB SRP) ⁽⁷⁾	Non-cash benefits (EDC SRP)	Non-cash benefits (leave) ⁽⁹⁾	Total
Governance ⁽¹⁾						
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Executive						
President	549	50	274	-	107	980
Provost and Vice-President (Academic) ⁽³⁾	450	39	43	-	76	608
Vice-President (Research)	504	95	76	-	93	768
Vice-President (Facilities and Operations)	477	42	115	-	72	706
Vice-President (Finance and Administration)	467	33	124	-	72	696
Vice-President (University Relations)	383	40	88	-	-	511
Vice-President (Advancement) ⁽⁴⁾	386	34	58	-	-	478

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

(2) In 2016, two individuals held this position.

(3) In 2016, two individuals held this position. The interim Provost and Vice-President (Academic) did not participate in any executive benefit programs. In 2015, two individuals held this position. The interim Provost and Vice-President (Academic) did not participate in any executive benefit programs.

(4) In 2016, two individuals held this position. The interim Vice President (Advancement) did not participate in any executive benefit programs. In 2015, two individuals held this position. The interim Vice President (Advancement) did not participate in any executive benefit programs.

(5) Base salary includes pensionable base pay for all executive, as well as a market supplement for some executives. Certain base salary amounts also include a car allowance, and a reduction for the optional personal leave program (days off without pay).

(6) 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 and family assistance program, critical illness, supplementary health care, short and long term disability plans, and dental plan. Benefits for some of the executive also include parking, supplemental life insurance, forgivable housing loans, mobile device allowances, and club dues. Additional non cash benefits for the former President include expenses related to the personal use portion of the residence which the former President rented from the university.

(7) Under the terms of the Defined Benefit Supplementary Retirement Plan (DB SRP), the executive may receive supplemental payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expenses for the rights to future compensation. Costs shown reflect the total estimated cost to provide supplementary retirement benefits. The DB SRP provides future 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 service, a market interest rate, and other assumptions included in the Canadian Institute of Actuaries' lump sum commuted value standard. Net actuarial gains and losses of the benefit obligations are amortized over the remaining terms of the participants' contracts. Current service cost is the actuarial present value of the benefits earned in the current year. The DB SRP was closed to new members effective June 30, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

18. Salaries and employee benefits (continued)

The DB SRP current service cost and accrued obligation is as follows:

	2015		2016			
	Years of eligible University of Alberta service	Accrued obligation	Service costs	Interest and other costs ^(7c)	Actuarial (gain) loss	Accrued obligation ^(7d)
President ^(7a)	0.8	\$ -	\$ 13	\$ -	\$ 5	\$ 18
Former President ^(7b)	10.0	3,006	77	37	-	3,120
Vice-President (Research)	8.8	672	87	22	31	812
Vice-President (Facilities and Operations) ^(7c)	13.7	1,052	122	34	52	1,260
Vice-President (Finance and Administration) ^(7c)	14.3	1,052	98	33	53	1,236
Vice-President (University Relations)	5.8	361	76	13	(7)	443

^(7a) The DB SRP was closed to new members effective June 30, 2014. However, a portion of the supplementary retirement benefit for the current President is calculated on a defined benefit basis, and the liability will be disclosed as such as service is provided.

^(7b) Includes service to June 30, 2015 and the accrued obligation shown is at June 30, 2015.

^(7c) Includes additional costs with respect to plan amendments.

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

⁽⁸⁾ Under the terms of the Executive Defined Contribution Supplementary Retirement Plan (EDC SRP), the executive may receive supplemental payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expenses for the rights to future compensation. Costs shown reflect the total cost to provide supplementary retirement benefits. The EDC SRP provides future benefits to participants based on the value of the contributions at the end of their service. The cost of these benefits is calculated based on pensionable salary multiplied by a factor based on age and service. The EDC SRP was introduced effective July 1, 2014, for all executives commencing employment on or after that date.

The EDC SRP current service cost and amount due is as follows:

	2015		2016		
	Years of eligible University of Alberta service	Amounts due to participants	Service costs	Interest and investment earnings ^(8a)	Amounts due to participants
President	0.8	\$ -	\$ 21	\$ -	\$ 21
Provost and Vice-President (Academic)	0.8	-	18	-	18
Vice-President (Advancement)	0.5	-	7	-	7

^(8a) Contributions are made on an annual basis at the end of the plan (calendar) year. Interest is paid in lieu of contributions being made every month. Investment earnings are distributed to each plan participant based on the overall return of the plan's investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2016

(thousands of dollars)

18. Salaries and employee benefits (continued)

⁽⁹⁾ The leave plan current service cost and accrued obligation is as follows:

	Years of eligible University of Alberta service	2015		2016		
		Accrued obligation	Service costs	Interest and other costs	Actuarial losses (gains)	Accrued obligation ^(9d)
President	0.8	\$ -	\$ 62	\$ 2	\$ 1	\$ 65
Former President ^(9a)	10.0	1,057	27	13	-	1,097
Vice-President (Research)	8.8	758	98	27	20	903
Vice-President (Facilities and Operations) ^(9b)	13.0	1,096	58	35	30	1,219
Vice-President (Finance and Administration) ^(9b)	13.0	1,142	6	34	29	1,211
Vice-President (University Relations) ^(9c)	5.8	-	201	7	2	210
Vice-President (Advancement)	0.5	-	15	1	-	16

^(9a) Includes service to June 30, 2015 and the accrued obligation shown is at June 30, 2015.

^(9b) Has accrued the maximum leave eligibility available.

^(9c) The terms of the contract renewal provided for the leave benefit effective the incumbent's start date.

^(9d) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in (note 7).

19. Approval of financial statements

The consolidated financial statements were approved by the Board of Governors.

“uplifting the whole people”

— HENRY MARSHALL TORY, FOUNDING PRESIDENT, 1908

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