



University
of Victoria

SUBMISSION TO THE UVIC BOARD OF GOVERNORS

May 23, 2023

FOR DECISION

To: Audit Committee

**From: Kristi Simpson
Vice-President Finance and Operations**

A handwritten signature in black ink, appearing to read 'K. Simpson', located to the right of the 'From:' field.

cc: President and Vice-Chancellor

Board Date: May 30, 2023

Title: 2022/23 Financial Statements

Basis for Jurisdiction:

- University Act 27 (1)

Strategic Relevance:

Strategy 5.2 - Review and renew our approach to sustainability in every domain (research, education, community engagement and campus operations) to move toward a comprehensive and integrated approach.

Strategy 5.5 - Ensure the financial sustainability of the university and our ability to pursue excellence by optimizing existing resources through careful planning, earning public support, attracting partnerships, and pursuing a revitalized program to grow and diversify resources through philanthropic and other means.

Recommendation:

THAT the Audit Committee recommend to the Board of Governors that the Board of Governors approve the 2022/23 Audited Financial Statements and the appropriations as set out in the attached schedule; and

THAT the Chair of the Board of Governors and the Vice-President Finance and Operations be authorized to sign the statements on behalf of the Board of Governors.

Attachments:

Appendix 1 – Draft Audited Financial Statements 2022-2023

Appendix 2 – Management Discussion and Analysis

Consolidated Financial Statements of

UNIVERSITY OF VICTORIA

And Independent Auditor's Report Thereon

Year ended March 31, 2023



University
of Victoria



STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and Treasury Board direction outlined in Note 2(a). This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting measurement of transactions in which objective judgment is required. In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University's management has developed and maintains a system of internal controls designed to provide reasonable assurance that the University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The system of internal controls is monitored by the University's management.

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

The consolidated financial statements have been examined by KPMG LLP, an independent firm of Chartered Professional Accountants. The Independent Auditor's Report outlines the nature of the examination and the opinion on the consolidated financial statements of the University for the year ended March 31, 2023.

On behalf of the University:

_____ Chair, Board of Governors

_____ Vice-President Finance and Operations



**University
of Victoria**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the University of Victoria, and
To the Minister of the Ministry of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the consolidated financial statements of the University of Victoria (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2023 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Financial Reporting Framework

We draw attention to note 2 to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to note 3 to the financial statements which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. Other information comprises:

- Information, other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Management Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Victoria, Canada
[DATE]

UNIVERSITY OF VICTORIA
Consolidated Statement of Financial Position

As at March 31, 2023
(in thousands of dollars)

		2023	2022 Restated (Note 3)
Financial Assets			
Cash and cash equivalents	(Note 4)	\$ 146,757	\$ 162,900
Accounts receivable	(Note 5)	15,693	13,918
Due from governments	(Note 6)	32,272	19,284
Inventories for resale		1,275	1,364
Portfolio investments	(Note 7)	209,869	258,551
Derivatives	(Note 7)	4,893	25,808
Loans receivable	(Note 8)	33,594	24,495
Employee future benefits	(Note 9)	32,738	24,303
Investments in government business enterprises	(Note 10)	3,370	8,536
		480,461	539,159
Liabilities			
Accounts payable and accrued liabilities	(Note 12)	58,737	54,744
Due to governments		8,120	7,540
Deferred revenue		22,866	24,571
Deferred contributions	(Note 13)	239,460	256,792
Deferred capital contributions	(Note 14)	494,607	436,373
Debt	(Note 15)	132,914	164,272
Asset retirement obligations	(Note 16)	48,829	47,347
		1,005,533	991,639
Net debt		(525,072)	(452,480)
Non-financial Assets			
Tangible capital assets	(Note 17)	976,296	918,146
Restricted endowment investments	(Note 7)	436,144	418,237
Inventories held for use		3,151	2,809
Prepaid expenses		21,849	17,225
		1,437,440	1,356,417
Accumulated surplus	(Note 19)	\$ 912,368	\$ 903,937
Accumulated surplus is comprised of:			
Endowments	(Note 20)	\$ 436,144	\$ 418,237
Invested in tangible capital assets		318,977	289,661
Internally restricted		111,705	140,897
Unrestricted		39,346	28,964
Accumulated operating surplus		906,172	877,759
Accumulated remeasurement gains		6,196	26,178
Accumulated surplus		\$ 912,368	\$ 903,937

Contractual rights (Note 21) Contractual obligations (Note 22) Contingent liabilities (Note 23)

On behalf of the Board:

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



UNIVERSITY OF VICTORIA

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2023

(in thousands of dollars)

	Budget	2023	2022
	<i>(Note 2(p))</i>		Restated <i>(Note 3)</i>
Revenue:			
Province of British Columbia grants	\$ 252,032	\$ 215,756	\$ 229,860
Government of Canada grants	75,000	87,877	77,860
Other government grants	19,300	17,715	18,653
Student tuition - credit courses	160,112	164,224	171,021
Student tuition - non-credit courses	13,200	22,610	16,985
Donations, non-government grants and contracts	19,300	26,375	13,590
Sales of services and products	61,747	70,552	54,618
Investment income	26,000	59,969	26,237
Income/(loss) from government business enterprises <i>(Note 10)</i>	-	(48)	524
Other revenue	5,000	9,060	6,571
Revenue recognized from deferred capital contributions <i>(Note 14)</i>	26,776	27,015	27,802
Loss on disposal of capital assets	-	-	(1,003)
	658,467	701,105	642,718
Expenses: <i>(Note 24)</i>			
Instruction and non-sponsored research	275,242	283,714	267,791
Academic and student support	161,053	166,675	156,693
Administrative support and general expenses	28,174	28,801	27,411
Facility operations and maintenance	57,449	63,651	57,648
Sponsored research	120,553	129,051	117,289
External engagement	15,502	18,707	15,082
	657,973	690,599	641,914
Annual operating surplus	494	10,506	804
Restricted endowment contributions			
Endowment principal donations <i>(Note 20)</i>	8,000	5,469	12,056
Donations capitalized <i>(Note 20)</i>	8,000	12,438	13,406
	16,000	17,907	25,462
Annual surplus	16,494	28,413	26,266
Accumulated operating surplus, beginning of year	877,759	877,759	891,082
Adjustment on adoption asset retirement obligations standard <i>(Note 3)</i>	-	-	(39,589)
Accumulated operating surplus, beginning of year, as restated	877,759	877,759	851,493
Accumulated operating surplus, end of year	\$894,253	\$ 906,172	\$ 877,759

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

UNIVERSITY OF VICTORIA

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2023

(in thousands of dollars)

	Budget <i>(Note 2(p))</i>	2023	2022 Restated <i>(Note 3)</i>
Annual surplus	\$ 16,494	\$ 28,413	\$ 26,266
Acquisition of tangible capital assets	(140,693)	(109,820)	(135,843)
Transfer of tangible capital assets to investment in government business enterprise	-	3,948	-
Amortization of tangible capital assets	47,055	47,722	47,770
Loss on disposal of capital assets	-	-	1,003
	(93,638)	(58,150)	(87,070)
Increase in restricted endowment investments	-	(17,907)	(25,462)
Acquisition of inventories held for use	-	(1,400)	(1,524)
Acquisition of prepaid expense	-	(21,028)	(15,948)
Consumption of inventories held for use	-	1,058	1,099
Use of prepaid expense	-	16,404	18,574
	-	(22,873)	(23,261)
Net remeasurement losses	-	(19,982)	(2,079)
Increase in net debt	(77,144)	(72,592)	(86,144)
Net debt, beginning of year	(452,480)	(452,480)	(320,426)
Adjustment on adoption of asset retirement obligations standard <i>(Note 3)</i>	-	-	(45,910)
Net debt, beginning of year, as restated	(452,480)	(452,480)	(366,336)
Net debt, end of year	\$ (529,624)	\$ (525,072)	\$ (452,480)

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



UNIVERSITY OF VICTORIA

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2023

(in thousands of dollars)

	2023	2022
Accumulated remeasurement gains, beginning	\$ 26,178	\$ 28,257
Unrealized gains (losses) attributed to:		
Portfolio investments	205	(8,742)
Derivatives	13,747	6,314
Foreign currency translation	728	349
Realized gains reclassified to the Consolidated Statement of Operations, attributed to:		
Derivatives	(34,662)	-
Net remeasurement losses for the year	(19,982)	(2,079)
Accumulated remeasurement gains, end of year	\$ 6,196	\$ 26,178

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



UNIVERSITY OF VICTORIA
Consolidated Statement of Cash Flows
Year ended March 31, 2023
(in thousands of dollars)

	2023	2022 Restated <i>(Note 3)</i>
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 28,413	\$ 26,266
Items not involving cash		
Amortization of tangible capital assets	47,722	47,770
Revenue recognized from deferred capital contributions	(27,015)	(27,802)
Change in employee future benefits	(8,435)	(8,597)
Change in investments in government business enterprises	5,166	85
Unrealized remeasurement gains on foreign exchange	728	349
Loss on disposal of capital assets	-	1,003
Transfer of tangible capital assets to investment in government business enterprises	3,948	-
Accretion expense	1,482	1,437
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(1,775)	3,209
(Increase) decrease in loans receivable	(9,099)	55
Increase in inventories	(253)	(403)
(Increase) decrease in prepaid expenses	(4,624)	2,626
Increase in accounts payable and accrued liabilities	3,993	7,034
Increase in due to/from government organizations	(12,408)	(6,455)
(Decrease) increase in deferred revenue	(1,705)	5,283
(Decrease) increase in deferred contributions	(17,332)	14,849
Net change from operating activities	8,806	66,709
Capital activities:		
Acquisition of tangible capital assets	(109,820)	(135,843)
Net change from capital activities	(109,820)	(135,843)
Investing activities:		
Net sale of portfolio investments	48,887	24,095
Net acquisition of restricted endowment investments	(17,907)	(25,462)
Net change from investing activities	30,980	(1,367)
Financing activities:		
Proceeds of debt	75,326	35,355
Repayment of debt	(106,684)	(2,266)
Receipt of deferred capital contributions	85,249	33,176
Net change from financing activities	53,891	66,265
Net change in cash and cash equivalents	(16,143)	(4,236)
Cash and cash equivalents, beginning of year	162,900	167,136
Cash and cash equivalents, end of year	\$ 146,757	\$ 162,900



UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

1. Authority and purpose

The University of Victoria (the “University”) operates under the authority of the *University Act* of British Columbia. The University is a not-for-profit entity governed by a 15 member Board of Governors, eight of whom are appointed by the government of British Columbia including two on the recommendation of the Alumni Association. The University is a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

2. Summary of significant accounting policies

The consolidated financial statements of the University are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the University are as follows:

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The *Budget Transparency and Accountability Act* requires that the consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all taxpayer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections related to not-for-profit accounting standards.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds as follows:

- Contributions for the purposes of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.
- Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the period in which the stipulation or restriction on the contributions have been met.

For British Columbia taxpayer supported organizations, these contributions include government transfers and externally restricted contributions.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(a) Basis of accounting (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Basis of consolidation

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. Controlled organizations are consolidated except for government business enterprises which are accounted for by the modified equity method. Inter-organizational transactions, balances, and activities have been eliminated on consolidation.

The following organizations are controlled by the University and fully consolidated in these financial statements:

- UVic Industry Partnerships (formerly University of Victoria Innovation and Development Corporation) which facilitates research partnerships between the private sector and the University.
- University of Victoria Properties Investments Inc. which manages the University's real estate holdings including the Vancouver Island Technology Park Trust.
- Ocean Networks Canada Society which manages the University's VENUS and NEPTUNE ocean observatories.
- Pacific Climate Impacts Consortium which stimulates collaboration to produce climate information for education, policy and decision making.



UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(i) Consolidated entities (continued)

- University of Victoria Foundation, the Foundation for the University of Victoria, and the U.S. Foundation for the University of Victoria which encourage the financial support of the University and administer the University's endowment funds.
- Byron Price & Associates Ltd. which holds land in North Saanich.

(ii) Investment in government business enterprises

Government business enterprises are accounted for by the modified equity method. Under this method, the University's investment in the business enterprise and its net income and other changes in equity are recorded. No adjustment is made to conform the accounting policies of the government business enterprise to those of the University other than if other comprehensive income exists, it is accounted for as an adjustment to accumulated surplus (deficit). Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions between entities of assets that remain within the entities controlled by the University.

The following organizations are controlled by the University and consolidated in these financial statements using the modified equity basis:

- Heritage Realty Properties Ltd. which manages the property rental and downtown hotel and brew-pub operation donated by the late Michael C. Williams.
- Vancouver Island Technology Park Trust which provides leased space to high-technology companies on Vancouver Island.
- GSB Executive Education Inc. provides executive training and other non-credit education.

(iii) Investment in government partnerships

Government partnerships that are business partnerships are accounted for by the modified equity method. Accounting policies of the business partnership are not conformed to those of the partners before the equity pick-up. The University is not party to any government business partnerships.

Government partnerships that are not wholly controlled business partnerships are accounted for under the proportionate consolidation method. The University accounts for its share of the partnership on a line by line basis on the financial statements and eliminates any inter-organizational transactions and balances. Accounting policies of the partnership, which is not a business partnership, are conformed to those of the University before it is proportionately consolidated.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(iii) Investment in government partnerships (continued)

The following organization is a government partnerships and is proportionately consolidated in these financial statements:

- Western Canadian Universities Marine Sciences Society (WCUMSS) which operates a marine research facility at Bamfield on the west coast of Vancouver Island. These financial statements include the University's 20% interest.

(iv) Trusts under administration

Trusts administered by the University are not consolidated in the financial statements as the assets are not held for the benefit of the University.

(v) Funds held in trust

Funds held in trust by the University as directed by agreement or statute for certain beneficiaries are not included in the University's consolidated financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are held for the purpose of meeting short-term cash commitments rather than investing.

(d) Loans receivable

Loans receivable are recorded at amortized cost. Interest is accrued on loans receivable to the extent it is deemed collectable.

(e) Financial instruments

Financial instruments are classified into two categories: fair value or cost.

(i) Fair value category

Portfolio instruments that are quoted in an active market and derivative instruments are reflected at fair value as at the reporting date. Other financial instruments designated to be recorded at fair value are endowment and portfolio investments. Transaction costs related to the acquisition of investments are recorded as an expense. Sales and purchases of investments are recorded at trade date.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Fair value category (continued)

Unrealized gains and losses on financial assets are recognized in the consolidated statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the consolidated statement of operations and accumulated surplus and related balances reversed from the consolidated statement of remeasurement gains and losses. Unrealized gains and losses in endowment investments, where earnings are restricted as to use, are recorded as deferred contributions and recognized in revenue when disposed and when related expenses are incurred. Restricted unrealized gains spent to meet current year endowment expenses or capitalization transfers are recorded in the consolidated statement of remeasurement gains and losses. Canadian public sector accounting standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in an active market for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in active markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(ii) Cost category

Gains and losses are recognized in the consolidated statement of operations and accumulated surplus when the financial asset is derecognized due to disposal or impairment and the gains and losses are recognized at amortized cost using the effective interest method; accounts payable and accrued liabilities and debt are measured at amortized cost using the effective interest method.

The underwriting discount along with consulting fees relating to the debenture issuances are capitalized and amortized to match the term of the long-term debenture. Amortization is calculated based on the effective interest rate method.

(f) Short-term investments

Short-term investments are comprised of money market securities and other investments with maturities that are capable of prompt liquidation. Short-term investments are cashable on demand and are recorded at cost based on the transaction price on the trade date. All interest income, gains and losses are recognized in the period in which they arise.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(g) Inventories for resale

Inventories held for resale, including books, merchandise and food are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated selling price less any costs to sell.

(h) Asset retirement obligations

An asset retirement obligation (“ARO”) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset
- The past transaction or event giving rise to the liability has occurred
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made

Certain buildings owned by the University contain asbestos and other hazardous materials. The ARO liability for the removal of asbestos and other hazardous materials in buildings owned by the University has been recognized based on the estimated future expenses to remediate the buildings.

Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised annually. When the amount and timing of future cash flows of a remediation or demolition of a project are known, the liability is discounted using a present value calculation, and adjusted yearly for accretion expense up to the time the project commences.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. The increase in building assets is being amortized in accordance with the amortization accounting policy outlined in Note 2(i)(i).

(i) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest is capitalized during construction whenever external debt is issued to finance the construction of tangible capital assets.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(i) Non-financial assets (continued)

(i) Tangible capital assets (continued)

The cost, less residual value of the tangible capital assets, are amortized on a straight line basis over their estimated useful lives. Land is not amortized as it is deemed to have a permanent value.

Asset	Straight line Rate
Buildings - Concrete	50 years
Buildings - Woodframe	30 years
Buildings - Heritage	35 years
Site Improvements	30 years
Equipment - Computing	3 years
Equipment - Other	8 years
Information Systems	8 years
Furnishings	8 years
Library Holdings	10 years
Ships/Vessels	25 years

Donated assets are recorded at fair value at the date of donation. In unusual circumstances where fair value cannot be reasonably determined, the tangible capital asset would be recorded at a nominal value.

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

(ii) Works of art and historic assets

Works of art and historic assets are not recorded as assets in these financial statements.

(iii) Leased capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.



UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(i) Non-financial assets (continued)

(iv) Inventories held for use

Inventories held for use are recorded at the lower of cost and replacement cost.

(j) Employee future benefits

The costs of pension and other future employee benefits are recognized on an accrual basis over the working lives of employees as detailed in Note 9.

(k) Revenue recognition

Tuition and student fees and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as restricted endowment contributions in the statement of operations and accumulated surplus for the portion to be held in perpetuity and as deferred contributions for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and writedowns on investments where the loss in value is determined to be other-than-temporary.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

(l) Pledges, gifts-in-kind and contributed services

Pledges from donors are recorded when payment is received by the University or the transfer of property is completed since their ultimate collection cannot be reasonably assured until that time. Gifts-in-kind include securities and equipment which are recorded in the financial statements at their fair market value at the time of donation. The value of contributed services is not determinable and is not recorded in the financial statements.

(m) Use of estimates

Preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the amortization period of tangible capital assets, asset retirement obligations, valuation allowances for receivables and inventories, the valuation of financial instruments and assets and obligations related to employee future benefits. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(n) Foreign currency translation

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the statement of financial position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the consolidated statement of remeasurement gains and losses. In the period of settlement, any exchange gain or loss is reversed out of the consolidated statement of remeasurement gains and losses, and reflected in the consolidated statement of operations and accumulated surplus.

(o) Functional classification of expenses

Expenses on the consolidated statement of operations and accumulated surplus have been classified based on functional lines of service provided by the University. The outline of services provided by each function is as follows:

- (i) Instruction and non-sponsored research - This function includes expenses related to all direct educational delivery within the institution. This would include credit and non-credit courses, diploma, certificate and degree granting programs; continuing education; developmental education and on-line delivery. Costs associated with this function include the Deans, Directors and Chairs; instructional administration; and support staff and support costs related to these activities. Non-sponsored research is research activity funded by the university and includes faculty research start-ups; the Office of the Vice President of Research and Innovation and associated research projects; and research centres.



UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

2. Summary of significant accounting policies (continued)

- (o) Functional classification of expenses (continued)
 - (ii) Academic and student support - This function includes activities that directly support the academic functions of the University as well as centralized functions that support individual students or groups of students. These include: libraries; records and admissions; scheduling; student service administration; student recruitment; co-op programing; counseling and career services; financial aid administration; scholarships and bursaries; student social development and recreation; Office of Indigenous Affairs; student computer labs. Also included are costs associated with Ancillary Operations (including interest and amortization) such as the bookstore and regalia; residence housing, food, conference and child care services.
 - (iii) Administrative support and general expenses - This function includes activities that support the institution as a whole such as the Office of the President; the University Secretary and the Board of Governors; finance and financial operations; internal audit; budget and planning; human resources; general counsel; institutional research; and a portion of informational technology and telecommunications.
 - (iv) Facility operations and maintenance - This function includes the operations and maintenance of the physical plant and plant equipment for all institutional activities; capital asset amortization expense for building, site and plant equipment; accretion expense on asset retirement obligations; utilities; facilities administration; custodial services; landscaping and grounds keeping; major repairs and renovations; security services and capital-related interest. This function also includes the ancillary operations of parking services and the University of Victoria Broad St. properties; Heritage Realty Properties Ltd.; and University of Victoria Properties Investments Inc.
 - (v) Sponsored research - This function includes research activities specifically funded by contracts with and/or grants from external organizations and undertaken within the institution to produce research outcomes. Also included are joint ventures such as WCUMSS and subsidiaries such as the Pacific Climate Impacts Consortium and Ocean Networks Canada Society, solely incorporated for sponsored research.
 - (vi) External engagement - This function includes all activities provided in support of ongoing external relations. These activities include advancement and development (fundraising); alumni relations; community and government relations; corporate relations; marketing and communications; ceremonies; and art galleries.
- (p) Budget figures

Budget figures have been provided for comparative purposes. The budget was approved by the Board of Governors of the University on October 4, 2022 and provided to the Province. The budget is reflected in the statement of operations and accumulated surplus and the statement of changes in net debt.



UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

3. Adoption of new accounting standard

On April 1, 2021, the University adopted Canadian Public Sector Accounting Standard PS 3280, *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption.

On April 1, 2021, the University recognized asset retirement obligations relating to buildings owned by the University containing asbestos and other hazardous materials. The buildings have been built or acquired over time, dating as far back as 1940. The ARO liabilities have been estimated using the expected date of retirement of each building, discounted back to the date the standard was adopted. Many of the University's buildings are still in productive use despite being past their estimated useful lives for accounting purposes. When the timing of future remediation and associated costs are known, the ARO liability is adjusted accordingly by escalating and discounting the future cost of approved remediation projects.

In accordance with the provisions of the new standard, the University reflected the following adjustments as at and for the year ended March 31, 2022 as follows:

	As previously stated	Adjustment	As restated
Consolidated Statement of Financial Position			
Asset retirement obligations	\$ -	\$ 47,347	\$ 47,347
Tangible capital assets	912,142	6,004	918,146
Accumulated surplus - Invested in tangible capital assets	331,004	(41,343)	289,661
Consolidated Statement of Operations and Accumulated Surplus			
Expenses - Facility operations and maintenance	55,894	1,754	57,648
Annual operating surplus	2,558	(1,754)	804
Accumulated operating surplus, beginning of year	891,082	(39,589)	851,493
Accumulated operating surplus, end of year	919,102	(41,343)	877,759
Consolidated Statement of Changes in Net Debt			
Annual surplus	28,020	(1,754)	26,266
Amortization of tangible capital assets	47,453	317	47,770
Net debt, beginning of year	(320,426)	(45,910)	(366,336)
Net debt, end of year	(405,133)	(47,347)	(452,480)
Consolidated Statement of Cash Flows			
Annual surplus	28,020	(1,754)	26,266
Amortization of tangible capital assets	47,453	317	47,770
Accretion expense	-	1,437	1,437



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

3. Adoption of new accounting standard (continued)

	As previously stated	Adjustment	As restated
Note 17 –Tangible Capital Assets			
Cost – Buildings	1,061,195	16,580	1,077,775
Accumulated amortization – Buildings	308,775	10,576	319,351
Net book value – Buildings	752,420	6,004	758,424
Note 19 – Accumulated Surplus			
Invested in tangible capital assets	331,004	(41,343)	289,661
Note 24 – Expenses by object			
Supplies and services	84,024	1,437	85,461
Amortization expense	47,453	317	47,770



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

4. Cash and cash equivalents

	2023	2022
Cash	\$ 10,144	\$ 16,736
Short-term investments	136,613	146,164
	\$ 146,757	\$ 162,900

5. Accounts receivable

	2023	2022
Revenues receivable	\$ 19,270	\$ 17,701
Accrued interest receivable	642	665
Less: provision for doubtful accounts	(4,219)	(4,448)
	\$ 15,693	\$ 13,918

6. Due from governments

	2023	2022
Federal government	\$ 17,817	\$ 16,831
Provincial government	14,266	2,186
Other	189	267
	\$ 32,272	\$ 19,284



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

7. Financial instruments

Financial assets and liabilities recorded at fair value are comprised of the following:

(a) Portfolio investments

	Fair Value Hierarchy	2023	2022
Portfolio investments carried at fair value:			
Various pooled bond and mortgage funds	Level 1	\$ 131,741	\$ 173,818
Canadian equities	Level 1	1,867	1,982
Global equities	Level 1	51,078	58,160
Bonds	Level 2	-	2,936
Infrastructure, real estate and private equity	Level 3	24,206	20,697
		208,892	257,593
Portfolio investments at cost which approximates fair value:			
Cash		767	581
Other		210	377
Total portfolio investments		\$ 209,869	\$ 258,551

(b) Restricted endowment investments

	Fair Value Hierarchy	2023	2022
Restricted endowment investments carried at fair value:			
Various pooled bond and mortgage funds	Level 1	\$ 104,915	\$ 111,706
Global equities	Level 1	235,945	227,172
Infrastructure and real estate	Level 3	91,829	77,173
		432,689	416,051
Restricted endowment investments at cost which approximates fair value:			
Cash		3,455	2,186
Total restricted endowment investments		\$ 436,144	\$ 418,237



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

7. Financial instruments (continued)

(c) Derivatives (See note 15 for breakdown of debt related to derivatives):

	Fair Value Hierarchy	2023	2022
Derivatives - interest rate swaps on debt quoted at fair value:			
Province of BC floating interest rate fixed at 1.86%, settled in 2023, unsecured	Level 2	\$ -	\$ 22,235
Province of BC floating interest rate fixed at 1.90%, commencing 2024 through 2054, unsecured	Level 2	4,960	3,783
Royal Bank of Canada floating interest rate fixed at 5.38%, through an interest rate swap due in 2025, unsecured	Level 2	(15)	(141)
BC Immigrant Investment Fund floating interest rate fixed at 3.56%, commencing 2024 through 2034, unsecured	Level 2	(52)	(69)
Total derivatives		\$ 4,893	\$ 25,808

8. Loans receivable

	2023	2022
Various employees		
Electric bike loans to employees, interest free for 1-2 years, no renewal option, unsecured	\$ 128	\$ -
Various faculty and senior administrators		
Home relocation loans, interest free for 5 years with option for further renewal unless employment ceases, secured by second mortgages	5,745	4,464
Heritage Realty Properties Ltd.		
Promissory note receivable, interest at Royal Bank Prime + 2.0%, due March 31, 2026, secured by an unregistered equitable mortgage	10,634	10,634
Vancouver Island Technology Park Trust loans receivable		
Promissory note, secured by an unregistered equitable mortgage	8,648	-
Interest at 5.13%, due April 2030, unsecured	6,741	7,510
Interest at 6.13%, due April 2030, unsecured	1,698	1,887
	\$ 33,594	\$ 24,495



UNIVERSITY OF VICTORIA

Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

9. Employee future benefits

Employee future benefits arise in connection with the University's group life insurance and accumulated sick leave plans. The University also maintains pension plans, and other retirement and supplementary benefit arrangements for substantially all of its continuing employees.

Summary of employee future benefit assets:

		2023	2022
Staff pension plan	(Note 9(a)(ii))	\$ (44,751)	\$ (37,049)
Supplemental pension obligations	(Note 9(a)(i))	8,547	9,043
Special accumulated sick leave	(Note 9(b))	2,565	2,806
Basic group life insurance plan		901	897
		\$ (32,738)	\$ (24,303)

(a) Pension benefits

(i) Combination plan

The pension fund for full-time continuing faculty and administrative and academic professional staff is referred to as the Combination Plan. The plan's benefits are derived primarily from defined contributions with a defined benefit minimum. The plan has been accounted for as a defined contribution plan. The employees make contributions equal to 4.00% of salary up to the year's maximum pensionable earnings ("YMPE") plus 6.00% of salary in excess of the YMPE. The University makes contributions equal to 6.37% of salary up to the YMPE plus 8.00% of salary in excess of the YMPE. The university also contributes 4.00% of salary to fund the defined benefit minimum. The latest actuarial valuation for funding purposes as at December 31, 2021 showed that the accrued formula pension benefit liabilities of the Combination Plan were fully funded. The next valuation will be as at December 31, 2024 and is expected to be completed in September 2025. A solely defined contribution plan is available for part-time faculty and administrative and academic professional staff who meet certain eligibility criteria. The University has made contributions to these two plans during the year of \$26,769,000 (2022 - \$25,885,000) and recorded them as a pension expense.

The University provides supplemental pensions in excess of those provided under registered plans. They are fully funded out of the general assets of the University. The accrued liabilities of these arrangements total \$8,547,000 as at March 31, 2023 (2022 - \$9,043,000). The University paid supplemental benefits of \$171,000 in the year (2022 - \$397,000) and recorded employee benefit expense of \$406,000 (2022 - \$324,000).



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

9. Employee future benefits (continued)

(a) Pension benefits (continued)

(ii) Staff plan

The Staff Pension Plan (the "Plan") is a contributory defined benefit pension plan made available to regular staff employees that are eligible to join the Plan. The Plan provides pensions based on credited service and final average salary. Based on membership data as at the last actuarial valuation as at December 31, 2019, the average age of the 1,190 active employees covered by the Plan is 48.1. In addition, there are 618 former employees who are entitled to deferred pension benefits averaging \$279 per month. At December 31, 2019, there were 857 pensioners receiving an average monthly pension of \$1,000. The employees make contributions equal to 4.86% of salary that does not exceed the YMPE plus 6.61% of salary in excess of the YMPE. A separate pension fund is maintained. The University makes contributions to the plan in line with recommendations contained in the actuarial valuation. Though the University and the employees both contribute to the pension fund, the University retains the full risk of the accrued benefit obligation. The pension fund assets are invested primarily in Universe bonds and equities.

The University has made contributions to the Plan during the year of \$6,110,000 (2022 – \$6,350,000). The Plan paid benefits in the year of \$15,776,000 (2022 – \$14,204,000).

The pension asset at March 31 includes the following components:

	2023	2022
Accrued benefit obligation	\$ 273,303	\$ 266,223
Pension fund assets	(315,459)	(324,743)
	(42,156)	(58,520)
Unamortized actuarial (gains)/losses	(2,595)	21,471
Net asset	\$ (44,751)	\$ (37,049)

Actuarial valuations are performed triennially using the projected benefit prorated method. The latest triennial actuarial valuation completed as at December 31, 2019 reported a going concern surplus and a solvency deficiency (i.e. if the plan were to be wound up on that date) of \$87,417,000. The next required valuation will be as at December 31, 2022, which will be completed in the summer of 2023. The *Pension Benefits Standards Act* of British Columbia requires minimum annual contributions or the use of letters of credit to fund a portion of the solvency deficiency. The University has chosen to arrange a letter of credit in the amount of \$30.0 million at March 31, 2023 (2022 – \$29.2 million) to satisfy the contribution requirements through 2023.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

9. Employee future benefits (continued)

(a) Pension benefits (continued)

(ii) Staff plan (continued)

This letter of credit will be reassessed in conjunction with the next plan valuation and updated solvency funding level. The accrued benefit obligation shown for 2023 is based on an extrapolation of that 2019 valuation. There is an unamortized gain to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (9 years).

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the University's best estimates. The expected inflation rate is 2%. The discount rate used to determine the accrued benefit obligation is 5.7%. Pension fund assets are valued at market value as at March 31, 2023.

The expected rate of return on pension fund assets is 5.7%. The actual rate of return on Plan assets in 2023 was a loss of 0.9%. The total expenses related to pensions for the fiscal year ending, include the following components:

	2023	2022
Current period benefit cost	\$ 8,395	\$ 8,647
Amortization of actuarial gains	(3,572)	(4,838)
	4,823	3,809
Less: Employee contributions	(2,367)	(2,437)
Pension benefit expense	2,456	1,372
Interest cost on the average accrued benefit obligation	15,117	14,642
Expected return on average pension plan assets	(18,308)	(18,233)
Pension interest income	(3,191)	(3,591)
Total pension income	\$ (735)	\$ (2,219)

The Supplementary Retirement Benefit Account is a separate fund available to provide pensioners over the age of 65 with supplemental indexing against inflation beyond that provided by the basic plan above. It is accounted for as a defined contribution plan, with University contributions during the year of \$124,000 (2022 – \$129,000).



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

9. Employee future benefits (continued)

(b) Special accumulated sick leave benefit liability

Certain unionized employees of the University are entitled to a special vested sick leave benefit in accordance with the terms and conditions of their collective agreements. Employees who accumulate and maintain a minimum balance of regular sick leave may opt to transfer sick days into this special accumulating and vested benefit. The University recognizes a liability and an expense as days are transferred into this benefit. At March 31, 2023 the balance of this special accumulated sick leave was \$2,565,000 (2022 – \$2,806,000).

(c) Other long-term disability plan

An insured long-term disability plan funded entirely by the University was commenced for other staff on July 1, 2000. The University contribution for the year ending March 31, 2023 was \$1,291,000 (2022 – \$1,308,000).

10. Investments in government business enterprises

The University controls three profit-oriented subsidiaries which are recorded using the modified equity method of accounting. The three entities are Heritage Realty Properties Ltd., Vancouver Island Technology Park Trust and GSB Executive Education Inc.

Change in equity in government business enterprises:

	2023	2022
Equity at beginning of year	\$ 1,087	\$ 1,565
Dividends/distributions paid	(396)	(1,002)
Net earnings (loss)	(48)	524
Equity at end of year	643	1,087
Dividends/distributions payable	7,360	7,449
Eliminate gain on property transfer	(4,633)	-
Investment in government business enterprises	\$ 3,370	\$ 8,536

Condensed financial information of these government business enterprises are as follows:

Consolidated Statement of Financial Position

	2023	2022
Assets	\$ 44,008	\$ 36,298
Liabilities	(43,365)	(35,211)
Equity	\$ 643	\$ 1,087



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

10. Investments in government business enterprises (continued)

Consolidated Statement of Operations

	2023	2022
Revenue	\$ 15,392	\$ 17,833
Expenses	(15,440)	(17,309)
Surplus (deficit) for the year	\$ (48)	\$ 524

11. Investments in government partnerships

The University is one of five university members of the Western Canadian Universities Marine Sciences Society (WCUMSS) for marine field research. The University provided a grant to the Society in 2023 of \$273,400 (2022 – \$273,400). WCUMSS financial results are proportionately consolidated with those of the University based upon the University's share of its total contributions of 20% (2022 – 20%).

The proportionate amounts included in these consolidated financial statements are as follows:

Consolidated Statement of Financial Position

	2023	2022
Financial assets	\$ 268	\$ 359
Liabilities	(354)	(375)
Net assets	(86)	(16)
Non-financial assets	1,312	1,320
Accumulated surplus	\$ 1,226	\$ 1,304

Consolidated Statement of Operations

	2023	2022
Revenue	\$ 722	\$ 301
Expenses	(867)	(2,002)
Deficit for the year	\$ (145)	\$ (1,701)



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

12. Accounts payable and accrued liabilities

	2023	2022
Accounts payable and accrued liabilities	\$ 28,755	\$ 35,237
Salaries and benefits payable	17,088	6,496
Accrued vacation pay	12,894	13,011
	\$ 58,737	\$ 54,744



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

13. Deferred contributions

Deferred contributions are comprised of funds restricted for the following purposes:

	2023	2022
Specific purpose (including endowment earnings)	\$ 127,868	\$ 140,217
Research	109,241	103,790
Capital	2,351	12,785
	\$ 239,460	\$ 256,792

	2023			Total	2022
	Specific Purpose	Research	Capital		
Balance, beginning of year	\$ 140,217	\$ 103,790	\$ 12,785	\$ 256,792	\$ 241,943
Contributions and endowment investment income	34,567	118,538	884	153,989	156,323
Revenue recognized from deferred contributions	(46,916)	(113,087)	(702)	(160,705)	(141,474)
Transfer to deferred capital contributions	-	-	(10,616)	(10,616)	-
Balance, end of year	\$ 127,868	\$ 109,241	\$ 2,351	\$ 239,460	\$ 256,792

The balance shown under specific purpose includes accumulated unrealized gains of \$58,633,000 (2022 – \$51,083,000) from endowment investments.

14. Deferred capital contributions

Contributions that are restricted for capital are referred to as deferred capital contributions. Amounts are recognized into revenue at the same rate that amortization of the related tangible capital asset is recorded.

Treasury Board provided direction on accounting treatment as disclosed in Note 2(a). Changes in the deferred capital contributions balance are as follows:

	2023	2022
Balance, beginning of year	\$ 436,373	\$ 430,999
Contributions received during the year	74,633	33,176
Transfers from deferred contributions	10,616	-
Revenue from amortization of deferred capital contributions	(27,015)	(27,802)
Balance, end of year	\$ 494,607	\$ 436,373



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

15. Debt

Debt reported on the consolidated statement of financial position is comprised of the following (see note 7 (c) for related derivative information):

	2023	2022
Province of British Columbia Commercial paper financing for Student Housing and Dining project converted in 2023 and 2024 to term loans due in 2053 and 2054, unsecured (<i>Note 15(c)</i>)	\$ 17,965	\$ 122,470
Province of British Columbia 4.43% bond due 2054, unsecured, with annual sinking fund payments of \$1,565,000 (<i>Note 15(c)</i>)	104,000	-
Royal Bank of Canada 5.38% term loan due 2025, unsecured	2,350	3,443
Province of British Columbia 2.28% bond due 2024, unsecured	3,785	3,822
British Columbia Immigrant Investment Fund 2.48% term loan due 2024, unsecured	5,741	6,227
Province of British Columbia 4.82% bond due 2028, unsecured, with annual sinking fund payments of \$327,000	10,800	10,800
Province of British Columbia 4.74% bond due 2039, unsecured, with annual sinking fund payments of \$302,000	10,000	10,000
Great West Life Insurance Company 5.13% term loan due 2030, unsecured	6,741	7,510
Total debt issued	\$ 161,382	\$ 164,272
Unamortized debt discounts (<i>Note 15(c)</i>)	(28,468)	-
Debt	\$ 132,914	\$ 164,272



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

15. Debt (continued)

(a) Principal repayments

Anticipated annual principal repayments, including sinking fund instalments and maturities, due over the next five years and thereafter are as follows:

	Sinking Fund	Other	Total
2024	\$ 2,194	\$ 6,444	\$ 8,638
2025	2,194	2,998	5,192
2026	2,194	1,866	4,060
2027	2,194	1,940	4,134
2028	2,194	2,018	4,212
Thereafter	40,057	21,316	61,373
	\$ 51,027	\$ 36,582	\$ 87,609

(b) Sinking Fund Investments

Sinking fund investments are held and invested by the Province of British Columbia. These funds totaling \$12,290,000 (2022 – \$11,997,000) will provide for the retirement at maturity of \$124,800,000 of debt issued to the Province. The amount forms part of the portfolio investments balance shown on the Consolidated Statement of Financial Position.

(c) Student Housing and Dining project financing

The University is authorized by the Province of British Columbia to borrow \$122,654,000 in order to finance a portion of the construction costs of the Student Housing and Dining (SHD) project. The debt related to the SHD project is \$121,965,000 as at March 31, 2023 (2022 – \$122,470,000). During the year, short term commercial paper loans were converted to a 30 year bond with a face value of \$104,000,000 and an unamortized debt discount of \$28,468,000. The remaining short term commercial paper loan will be converted to a 30 year term loan at completion of the SHD project in 2024. As at March 31, 2023, the University holds a commercial paper loan with a balance of \$17,965,000 and interest rate of 4.33% (2022 – two commercial paper loans with balances of \$65,000,000 and \$57,470,000 and interest rates of 0.14% and 0.79%, respectively).



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

16. Asset Retirement Obligations

The University owns and operates buildings that are known to contain asbestos and other hazardous materials, which represents a health hazard when undergoing certain repairs and maintenance work and upon demolition of the building. As there is a legal obligation to remove hazardous materials, the University has recognized a liability relating to the removal and post-removal care of the asbestos and other hazardous materials in these buildings, as estimated at April 1, 2022. Such estimated costs have been discounted to the present value using a discount rate of 3.13% per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings assets and the restatement of prior year figures (see Note 3).

Changes to the asset retirement obligations in the year are as follows:

	2023	2022 Restated <i>(Note 3)</i>
Balance, beginning of year	\$ 47,347	\$ 45,910
Accretion expense	1,482	1,437
Balance, end of year	\$ 48,829	\$ 47,347



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

17. Tangible capital assets

Cost	Balance as at March 31, 2022 Restated (Note 3)	Additions	Disposals	Balance as at March 31, 2023
Land	\$ 22,582	\$ -	\$ (2,218)	\$ 20,364
Site improvements	51,691	7,229		58,920
Buildings	1,077,775	73,744	(3,328)	1,148,191
Equipment and furnishings	199,003	23,976	(18,786)	204,193
Information systems	18,441			18,441
Computer equipment	15,168	2,923	(4,549)	13,542
Library holdings	32,148	1,948	(3,079)	31,017
Total	\$ 1,416,808	\$ 109,820	\$ (31,960)	\$ 1,494,668

Accumulated amortization	Balance as at March 31, 2022 Restated (Note 3)	Disposals	Amortization	Balance as at March 31, 2023
Site improvements	\$ 25,040	\$ -	\$ 1,573	\$ 26,613
Buildings	319,351	(1,598)	20,302	338,055
Equipment and furnishings	105,960	(18,786)	19,634	106,808
Information systems	18,441			18,441
Computer equipment	10,385	(4,549)	3,406	9,242
Library holdings	19,485	(3,079)	2,807	19,213
Total	\$ 498,662	\$ (28,012)	\$ 47,722	\$ 518,372

Net book value	March 31, 2023	March 31, 2022 Restated (Note 3)
Land	\$ 20,364	\$ 22,582
Site improvements	32,307	26,651
Buildings	810,136	758,424
Equipment and furnishings	97,385	93,043
Computer equipment	4,300	4,783
Library holdings	11,804	12,663
Total	\$ 976,296	\$ 918,146



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

17. Tangible capital assets (continued)

(a) Contributed tangible capital assets:

Additions to equipment and furnishings and computers include the following contributed tangible capital assets:

	2023	2022
Equipment and furnishings	\$ 20	\$ 224

(b) Assets under construction

Assets under construction comprised of buildings having a value of \$99,147,000 (2022 – \$163,640,000) and equipment having a value of \$19,738,000 (2022 – \$17,209,000) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(c) De-recognition of tangible capital assets

The de-recognition of tangible capital assets during the year had an original cost of \$26,414,000 (2022 – \$20,003,000) and related to fully amortized assets with a net book value of \$nil (2022 – \$nil). The de-recognition of capital assets from the transfer of land and existing buildings on the site of Broad Street had an original cost of \$5,546,000 related to assets with a net book value of \$3,948,000.

18. Financial risk management

The University has exposure to the following risks from its use of financial instruments: credit risk, price risk and liquidity risk. The Board of Governors ensures that the University has identified major risks and management monitors and controls them.

(a) Credit risk

Credit risk is the risk of financial loss to the University if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from the amounts receivable and from fixed income assets held by the University.

The University manages amounts receivable by using a specific bad debt provision when management considers that the expected recovery is less than the account receivable.

The entity is exposed to credit risk through its accounts receivable from students. This risk is managed by limiting the extent of credit granted to students and by monitoring the collection of receivables.

The University limits the risk in the event of non-performance related to fixed income holdings by dealing principally with counter-parties that have a credit rating of A or higher as rated by the Dominion Bond Rating Service or equivalent. The credit risk of the University investments at March 31, 2023 is \$359,106,000 (2022 – \$419,041,000).



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

18. Financial risk management (continued)

(a) Credit risk (continued)

The following shows the percentage of fixed income holdings in the portfolio by credit rating:

Credit Rating	%
AAA	9.6%
AA	10.5%
A	7.4%
BBB	7.4%
BB and below	2.4%
Mortgages	19.6%
Foreign exchange	0.3%
Cash and short-term	
R1 high	27.5%
R1 mid	1.2%
R1 low	14.1%
	100.0%

(b) Price risk

Price risk includes market risk and interest rate risk.

Market risk relates to the possibility that the investments will change in value due to fluctuations in market prices. The objective of market risk management is to mitigate market risk exposures within acceptable parameters while optimizing the return on risk. This risk is mitigated by the investment policies for the respective asset mixes to be followed by the investment managers, the requirements for diversification of investments within each asset class and credit quality constraints on fixed income investments. Market risk can be measured in terms of volatility, i.e., the standard deviation of change in the value of a financial instrument within a specific time horizon.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

18. Financial risk management (continued)

(b) Price risk (continued)

Based on the volatility of the University's current asset class holdings, the net impact on market value of each asset class is shown below.

Asset Class		Estimated Volatility (% change)
Bonds	+/-	5.8%
Canadian equities	+/-	20.0%
Global equities	+/-	18.0%
Real estate	+/-	12.5%
Infrastructure	+/-	12.5%
Private equity	+/-	21.0%
Benchmark for Investments		Net Impact on Market Value
FTSE Canada Universe Bond index	+/-	\$ 13,091
S&P/TSX Composite index	+/-	373
MSCI All Country World Index	+/-	51,642
Canadian Consumer Price Index (Real Estate)	+/-	7,443
Canadian Consumer Price Index (Infrastructure)	+/-	6,936
Canadian Consumer Price Index (Private Equity)	+/-	165

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The value of fixed-income and debt securities, such as bonds, debentures, mortgages or other income-producing securities is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

It is management's opinion that the University is exposed to market or interest rate risk arising from its financial instruments. Duration is an appropriate measure of interest rate risk for fixed income funds as a rise (fall) in interest rates will cause a decrease (increase) in bond prices; the longer the duration, the greater the effect. Duration is managed by the investment manager at the fund level. At March 31, 2023, the modified duration of all fixed income in aggregate was 3.4 years. Therefore, if interest rates were to increase by 1% across all maturities, the value of the bond portfolio would drop by 3.4%; contrarily, if interest rates were to decrease by 1% across all maturities, the value of the bond portfolio would increase by 3.4%.

The University's debt is fixed rate; accordingly, changes in interest rates do not impact interest payments but may impact the fair value of such debt and the fair value of related derivatives (interest rate swaps on debt). The University uses interest rate swaps to lock in interest rates on future debt issues to protect against rising interest rates.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

18. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due. The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

19. Accumulated surplus

Accumulated surplus is comprised of the following:

	2023	2022 Restated <i>(Note 3)</i>
Endowments	\$ 436,144	\$ 418,237
Invested in tangible capital assets	318,977	289,661
Internally restricted	111,705	140,897
Unrestricted	39,346	28,964
Accumulated remeasurement gains	6,196	26,178
	\$912,368	\$ 903,937

Endowments consist of restricted donations and capitalized investment income to be held in perpetuity.

Invested in capital assets consist of unrestricted funds previously spent on capital assets, debt repayment, and asset retirement obligations.

Internally restricted funds consist of balances set aside or appropriated by the Board of Governors for equipment replacement, capital improvements and other non-recurring expenditures.

Unrestricted funds consist primarily of balances arising from the University's ancillary and specific purpose funds, and consolidated entities.



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

20. Endowments

Changes to the endowment principal balances, not including remeasurement gains/losses, (see note 12 for accumulated unrealized gains/ losses on restricted endowment investments) are as follows:

	2023	2022
Balance, beginning of year	\$ 418,237	\$ 392,775
Contributions received during the year	5,469	12,056
Invested income and donations capitalized	12,438	13,406
Balance, end of year	\$ 436,144	\$ 418,237

The balance shown does not include endowment principal with fair value of \$7,953,000 (2022 – \$8,300,000) and book value of \$4,820,000 (2022 – \$4,820,000) held by the Vancouver Foundation. The excluded principal is not owned or controlled by the University, but income from it is paid to the University to be used for specific purposes.

21. Contractual rights

The University may, from time to time, enter into contracts or agreements in the normal course of operations that result in future assets or revenue. One example of such agreements is multi-year research funding agreements, whereby the University has the opportunity to earn revenue in future years by incurring qualified expenditures. These funding agreements do not abnormally impact the University's financial position and do not guarantee the university the right to future funding.

22. Contractual obligations

The nature of the University's activities can result in multiyear contracts and obligations whereby the University will be committed to make future payments. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2024	2025	2026	2027	2028
Construction contracts	\$ 67,319	\$ 19,043	\$ 630	\$ 100	-
Operating leases	347	320	195	109	20
Total	\$ 67,666	\$ 19,363	\$ 825	\$ 209	\$ 20



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

23. Contingent liabilities

The University may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. It is management's opinion that the aggregate amount of any potential liability is not expected to have a material adverse effect on the University's financial position or results.

The University is one of 58 Canadian university subscribers to CURIE, which has provided property and liability insurance coverage to most campuses other than Quebec and Prince Edward Island since 1988. The anticipated cost of claims based on actuarial projections is funded through member premiums. Subscribers to CURIE have exposure to premium retro-assessments should the premiums be insufficient to cover losses and expenses.

24. Expenses by object

The following is a summary of expenses by object:

	2023	2022 Restated <i>(Note 3)</i>
Salaries and wages	\$ 390,637	\$ 363,199
Employee benefits	64,440	60,399
Travel	13,276	4,134
Supplies and services	92,611	85,461
Equipment rental and maintenance	8,639	10,730
Utilities	8,358	8,353
Scholarships, fellowships and bursaries	51,070	50,953
Cost of goods sold	10,615	8,581
Interest on long-term debt	3,231	2,334
Amortization of tangible capital assets	47,722	47,770
	\$ 690,599	\$ 641,914

25. Trusts under administration

(a) University of Victoria Long-Term Disability Trust

The University administers an employee-funded long-term disability plan for faculty and administrative and academic professional staff. The University does not contribute to or control the plan. The long-term disability plan's assets and liabilities have not been included in the consolidated statement of financial position. The plan's operations have not been included in the consolidated statement of operations and accumulated surplus



UNIVERSITY OF VICTORIA
Notes to Consolidated Financial Statements

Year ended March 31, 2023

(tabular figures in thousands of dollars)

25. Trusts under administration (continued)

- (a) University of Victoria Long-Term Disability Trust (continued)

As of March 31, 2023, the balances of the long-term disability plan are as follows:

	2023	2022
Assets	\$21,216	\$ 20,703
Accrued benefit obligation	(27,835)	(28,935)
	\$ (6,619)	\$ (8,232)

- (b) Funds held in trust

Funds held in trust are funds held on behalf of autonomous organizations, agencies, and student societies having a close relationship with the University. These funds are not reported on the University's consolidated statement of financial position (2023 – \$4,113,000; 2022 – \$4,238,000).

26. Supplemental cash flow information

	2023	2022
Cash paid for interest	\$ 2,274	\$ 1,865

27. Related party transactions

The University is related through common control to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount. The university accounts for its controlled entities, government business enterprises and government partnerships as outlined in Note 2(b). During the year ended March 31, 2023, there have been no material transactions between the university and its key management personnel or their close family members.



University of Victoria
2023 Management Discussion and Analysis
(Unaudited)



University
of Victoria



Introduction to Management Discussion and Analysis

The attached financial statements present the financial results of the university for the year ended March 31, 2023, in accordance with Public Sector Accounting Standards, supplemented by directives set out by the Province of British Columbia and consistent with Section 23.1 of the *Budget Transparency and Accountability Act* (BTAA) of the Province of British Columbia. These statements are the consolidation of all university operations, including the results of general operations, ancillary operations, capital projects, endowment returns and spending, research grants and expenditures, etc. As required by Public Sector Accounting Standards, they also include the financial results of each of the university's 12 external entities as well as the staff pension plan. While these entities are required to be included in the financial statements, their assets are restricted for specific purposes (e.g., pension) and therefore are not available to support general operations of the university.

The objective of this Management Discussion and Analysis (MD&A) document is to assist readers of the university's financial statements to better understand the financial position and operating activities of the university for fiscal year March 31, 2023, as presented in accordance with the above reporting framework. This discussion should be read in conjunction with the annual audited financial statements and accompanying notes.

The operations of the university have been guided by our teaching and research priorities and institutional plans, such as Aspiration 2030: Research and Creative Works Plan, Equity Action Plan, Indigenous Plan, Campus Plan and the Climate and Sustainability Action Plan. The university's draft Strategic Plan articulates our revised vision, pledge and guiding principles that underpin our approach and priorities as a community and a university, which will guide our decision making in the coming years.

The university annually develops a Planning and Budget Framework (P&BF), which is informed by these institutional plans. The P&BF and associated financial models are developed within the context of a three-year planning cycle that provides a more realistic time frame for the development of university initiatives and allows for greater flexibility than permitted within an annual process.

The MD&A provides an overview of the university's

- financial highlights,
- financial information,
- operating environment,
- financial reporting environment,
- risks and uncertainties, and
- related entities.

Along with many other post-secondary institutions in B.C. and Canada, the effects of the recent pandemic and other national and global factors continue to impact our enrolment levels and budget outlook. A potential shortfall of revenue over expenditures was initially projected during fiscal 2022/23, due to lower than budgeted tuition revenue. A shortfall was mitigated by the implementing cost containment measures such as a hiring hold and review process that was implemented in fall 2023.

Rebounding from the pandemic has had significant impacts on the university and its students, staff, faculty, and the broader community. The notable impacts, from a financial perspective, were to revenue generating areas such as housing, food, athletics and recreation, and continuing studies, whose services and programs rely heavily on face-to-face interactions. The return to more normal levels of campus activity resulted in increased revenue from sales and services for the period ended March 31, 2023, compared to the prior year. While overall tuition revenue decreased as international enrolment was lower than anticipated, non-credit tuition increased due to strong enrolment. Overall expenses increased year over year mostly due to salaries and associated benefits but also reflecting a return to pre-pandemic activity levels for certain expenses such as travel, supplies, utilities, and cost of goods sold. Overall, the university ended the year with a modest positive operating result which is slightly higher than the prior year. Through this challenging financial year we are grateful for work undertaken by our campus leaders to respond to the enrolment challenge and to the dedication, creativity, and resilience of our faculty, staff, and students.

Financial Highlights

Financial Statement Summary

The university ended the year with a modest consolidated operating surplus before donations and other adjustments related to the endowment of \$10.5 million (M) or 1.5% of total revenues, up from \$0.8 million (restated) in the prior year.

Consolidated revenue increased by 9% to \$701M. This increase reflects a \$33.7M increase in investment income mostly due to the settlement of an interest rate swap derivative on debt related to the student housing and dining (SHD) project. Sales, mainly within ancillary operations, increased by \$15.9M due to the return to pre-pandemic levels of activity on campus.

Consolidated Expenses increased by 8% to \$691M, reflecting increased salaries and benefits, supplies and services, travel, and costs of goods.

Consolidated assets total \$1.9 billion, consistent with prior year, mainly because of \$58.2M growth in tangible capital assets resulting from investments in new buildings and infrastructure renewal offset by a \$48.7M decrease in portfolio investments due to weak financial markets.

Debt decreased by \$31.4M as a result of converting \$104M of short-term commercial paper loans to a 30-year bond during the year. The bond has a face value of \$104M and a debt discount of \$28.5M that will be amortized over the life of the loan.

Each year the university is required to invest in capital expenditures to meet program requirements and/or address deferred

maintenance. While these expenditures are made each year, for accounting purposes the expenditures are not shown as an expense in the year made. Instead, the expenditure is expensed, or amortized, over the future life of the asset. The university received approval to restrict \$40M of provincial grants for capital expenditures to provide for better matching of revenues and amortization. This restriction only reflects a portion of total capital spending and therefore the year's operating surplus is higher as capital expenditures are not reflected in the operating surplus.

Government Grants

Revenue from the Government in the form of grants decreased by 1.5% over the previous year. Annual grants received from the Province for capital purposes including routine capital and specific project funding were \$20.8M.

Tuition and Enrolment

Overall, credit tuition decreased by 4.0% to \$164.2M. This increase reflects a decrease in international enrolment, offset by a 2% increase in domestic fees (Provincial Government policy limits annual domestic increases to 2%) and graduate international fees, and a 3.75% increase in undergraduate international fees. Non-credit tuition increased by 33.1% to \$22.6M due to increased enrolment as a result of the return to face-to-face non-credit instruction.

Adoption of Asset Retirement Obligation Standard

The university adopted the Canadian Public Sector Accounting Standard PS 3280, Asset Retirement Obligations (ARO). The new standard requires the university to recognize a liability when there is a legal obligation associated with the retirement of a tangible capital asset, such as

the removal of asbestos and other hazardous materials. The future costs of removing asbestos and other hazardous materials on certain buildings owned by the university were estimated using the expected date of removal and discounted back to the date of adoption. The ARO standard was adopted April 1, 2021, using the modified retrospective approach which resulted in the restatement of the 2021/22 financial statements. The effect of the restatement is detailed in Note 3 of the financial statements. The university's asset retirement obligation liability at March 31, 2023, is \$48.8M (2021/22 - \$47.3M).

Investments

Investment income is comprised of both returns on endowments and returns on short-term investments. The university's endowment investments are held in the University of Victoria Foundation and have a fair value of \$524M. The endowments had a return of 3.8% for the year (2021/22 – return of 1.1%) across its eight investment mandates. Working capital investments held within the university generated a return of 2.2% for the year (2021/22 – loss of 0.4%).

Major Capital Activity

In 2018/19, the university received approval from the Province to borrow \$123M to partially finance a 620 bed expansion as part of a student housing and dining project. Construction activity started in 2019/20 with the first building, Cheko'nien House, which opened in fall 2022. The second building, Sngequ House, is scheduled for completion in summer 2023. Cheko'nien House and Sngequ House are the first passive house buildings on campus, reflecting the university's commitment to sustainability and carbon reduction. They are also the first buildings to be gifted an Indigenous name by the

Songhees and Esquimalt Nations. The approved budget for the project is \$234M. As of March 31, 2023, total spending on the student housing and dining project is \$215M.

Financial Information

Financial Assets

Financial assets are defined as assets available to discharge existing liabilities or finance future operations. During the year, they decreased 10.9% to \$480M.

<i>In thousands of dollars</i>	2023	2022
Cash and cash equivalents	146,757	162,900
Accounts receivable	15,693	13,918
Due from governments	32,272	19,284
Inventories for resale	1,275	1,364
Portfolio investments	209,869	258,551
Derivatives	4,893	25,808
Loans receivable	33,594	24,495
Employee future benefits	32,738	24,303
Investments in gov't business enterprises	3,370	8,536
Total Financial Assets	480,461	539,159

Cash and cash equivalents decreased by \$16.1M, as a result of the SHD project. Accounts receivable decreased by \$1.8M and due from governments increased by \$13M, reflecting timing differences and year-end funding. Portfolio investments, which include the university's working capital, investments underlying endowment expendable funds, investments related to sinking funds held for provincial debt, and supplemental pension obligations, decreased by \$48.7M due largely to losses within the UVic Foundation's endowment investments and the university's working capital that were impacted by weak market performance. In 2020/21, the university entered into two interest rate swaps for the debt related

to the SHD project in order to reduce the risk of higher interest rates and subsequent higher debt payments. Interest rates have risen across 5-, 10- and 30-year terms and the swaps have performed as expected. During 2022/23, the university settled one interest rate swap derivative that resulted in a \$34.7M gain. As of March 31, 2023, the market value of the university's derivatives is \$4.9M (2022 - \$25.8M).

Employee future benefits represent a future asset for the Staff Pension Plan and liabilities for supplemental pension obligations, vested sick leave entitlements, and group life insurance plans. Investments in government business enterprises represent the equity held in controlled business operations of Heritage Realty Properties Ltd, the Vancouver Island Technology Park (VITP) Trust, and GSB Executive Education Inc.

Liabilities

Liabilities increased by 1.4% to \$1,005M.

<i>In thousands of dollars</i>	2023	2022 restated
Accounts payable	58,737	54,744
Due to governments	8,120	7,540
Deferred revenue	22,866	24,571
Deferred contributions	239,460	256,792
Deferred capital contributions	494,607	436,373
Debt	132,914	164,272
Asset retirement obligations	48,829	47,347
Total Liabilities	1,005,533	991,639

Deferred contributions are externally restricted revenue that is not recognized until related expenses are incurred (e.g., research grants). Deferred contributions decreased by \$17.3M. Deferred capital contributions are externally restricted contributions for investment in capital assets amortized over the life of the related

tangible capital assets. During the year, deferred capital contributions increased by a net \$58.2M resulting from contributions of \$74.6M and transfers of \$10.6M less amortization of \$27.0M. Debt decreased by \$31.3M resulting from the conversion of \$104M of short-term loans for the SHD project to a 30-year \$104M face value bond with a debt discount of \$28.5M (debt proceeds of \$75.3M). The debt discount is amortized over the term of the bond. Scheduled debt repayments were \$2.9M during the year. Asset retirement obligations related to buildings containing asbestos and other hazardous materials increased by \$1.5M due to accretion expense.

Non-financial Assets

Non-financial assets increased by 6.4% to \$1,437M.

<i>In thousands of dollars</i>	2023	2022 restated
Tangible capital assets	976,296	918,146
Restricted endowment investments	436,144	418,237
Inventories held for use	3,151	2,809
Prepaid expense	21,849	17,225
Total Non-Financial Assets	1,437,440	1,350,413

Tangible capital assets include land, buildings, site improvements, library holdings, computers, equipment, and furnishings but excludes \$11.8M of artwork and collections, as these are expensed under PSAS accounting. The net increase in tangible capital assets of \$58.2M is due to additions of \$109.8M less amortization of \$47.7M and the removal of Broad Street properties with a net book value of \$3.9M which were transferred to VITP during the year. The largest single capital asset addition was related to the SHD Project.

Restricted endowment investments represent the portion of endowment investments related to the restricted principal funds (i.e., original donations) plus capitalized inflation. During the year, they increased \$17.9M due to donations of \$5.5M and capitalized investment income of \$12.4M. In November 2022, the Foundation Board approved a new endowment spending policy to respond to high inflation and to preserve the intergenerational equity of endowed gifts. The new policy caps the annual inflation adjustment to endowment principal at 3% and introduces a new spending distribution rate of 3% for endowments with a market value of less than 100% of inflation adjusted principal. Restricted endowment assets are considered “non-financial,” as the funds have a restricted purpose and cannot be used to meet the liabilities of the university.

Accumulated surplus

Accumulated surplus represents the university’s residual interest in its assets after deducting liabilities (net assets). It increased by \$8.4M to \$912M.

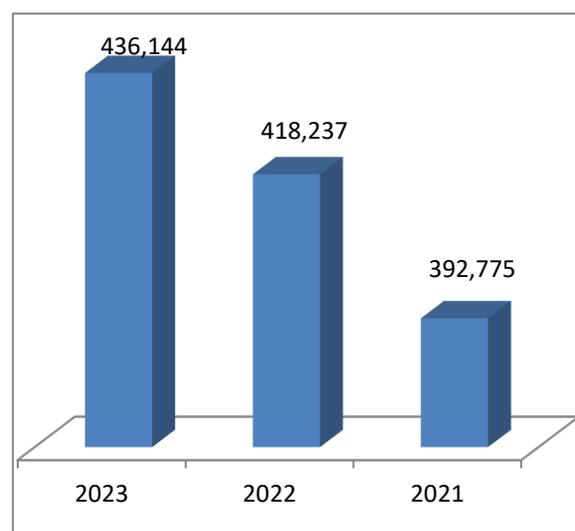
<i>In thousands of dollars</i>	2023	2022 restated
Endowments	436,144	418,237
Invested in capital assets	318,977	289,661
Internally restricted	111,705	140,897
Unrestricted	39,346	28,964
Remeasurement gains	6,196	26,178
Accumulated surplus	912,368	903,937

The majority of accumulated surplus is unavailable to fund operations as it is either restricted or has already been used to invest in buildings, equipment, and other capital assets. Endowment, invested in capital assets, and internally restricted are described in the following sections. Unrestricted surplus consists

primarily of balances arising from ancillary operations such as student housing and other entities that are consolidated in the Financial Statements (see related entities below). Remeasurement gains represent unrealized gains on university unrestricted or quasi endowment funds and the university’s working capital arising after April 1, 2012 (the effective date of the new Public Sector Accounting Standard financial instrument standard).

Accumulated Surplus – Endowment

Endowments increased by 4.3% to \$436M.



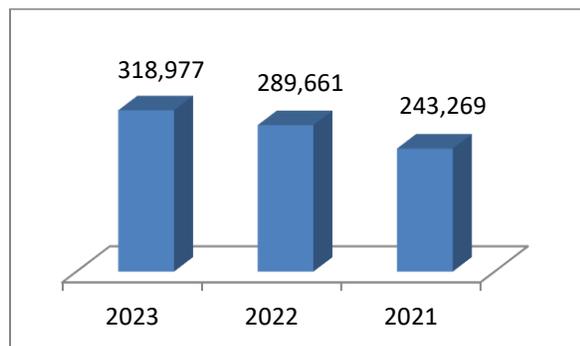
The university’s endowments are held by the UVic Foundation. Accumulated surplus-endowment consists of restricted donations and capitalized investment income, which is required to be maintained intact in perpetuity to support donor specified activities. The investment earnings generated from endowments must be used in accordance with the various purposes stipulated by the donors. At March 31, 2023, there were 1,565 individual endowment funds providing \$18.8M (2021/22 - \$17.6M) in annual funding.

Per donor wishes and UVic Foundation policies, the economic value of the endowments must be protected by restricting the amounts that can be expended and capitalizing a portion of investment income in order to maintain purchasing power against inflation.

Each endowment has an income stabilization account that is recorded as deferred contributions in order to provide a cushion against market fluctuations. At March 31, 2023, the stabilization account balance is \$78.5M (2021/22 - \$94.5M) or 18% of endowment principal.

Accumulated Surplus – Invested in Capital Assets (restated)

Accumulated surplus invested in capital assets increased by 10% to \$319M.



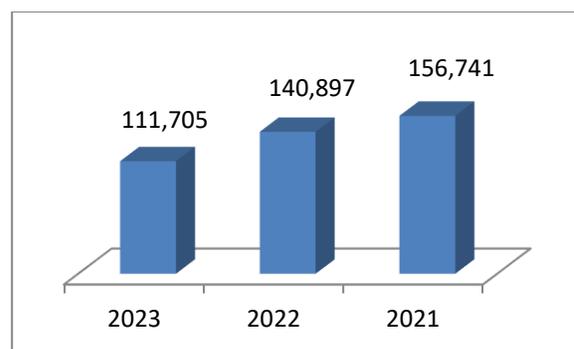
Accumulated surplus invested in capital assets is the amount of internal university funds used for the acquisition of capital assets less amortization of those capital assets and future asset retirement obligations. The following comprises the balance of accumulated surplus invested in capital assets:

<i>(in thousands of dollars)</i>	2023	2022 restated
Land	20,364	22,582
Site development	12,316	10,248
Buildings	411,610	410,475
Equipment	26,055	25,333
Computer equipment	2,080	2,844

Library acquisitions	9,264	10,291
Sinking funds	12,290	11,997
Less debt	(126,173)	(156,762)
Less asset retirement obligations	(48,829)	(47,347)
Invested in capital assets	318,977	289,661

Accumulated Surplus – Internally Restricted

Accumulated surplus – internally restricted decreased by 20.7% to \$112M.



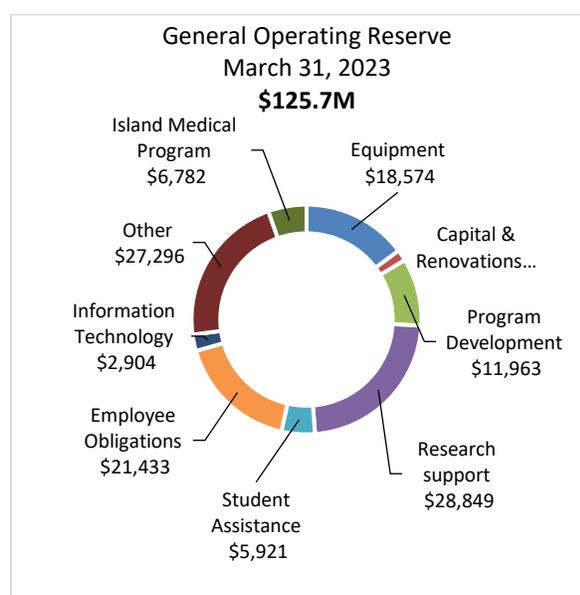
Accumulated surplus – internally restricted consists of balances appropriated by the university’s Board of Governors for employee commitments, equipment replacement, capital improvements, program development, research support, and other non-recurring expenditures. Due to Provincial Government restrictions on external borrowing by the university, these funds are used on a temporary basis to finance capital projects that will generate future revenues. The reserves are also offset by future liabilities for certain employee benefits. The overall decrease in accumulated surplus – internally restricted is a result of SHD project expenditures exceeding the external loan amount resulting in a decrease of \$48M in the capital fund. These decreases were offset by a \$8M positive actuarial valuation for the staff pension and an increase of \$5M in ancillary reserves.

Balances are made up as follows:

<i>(in thousands of dollars)</i>	2023	2022
General operating	125,703	119,793
Ancillary enterprises	21,956	17,402
Capital	(68,808)	(21,554)
Less: Vacation pay	(11,897)	(11,793)
Add: Staff pension	44,751	37,049
Total internally restricted	111,705	140,897

General operating reserves increased by 4.9% to \$125.7M.

General operating funds consist of:



Operating Surplus

The operating surplus was \$10.5M or 1.5% of total revenues (\$0.8M or 0.1% for the prior year). The main reasons for the surplus, with comparison to the prior year, are as follows:

<i>(in thousands of dollars)</i>	2023	2022 restated
<u>Designated Items</u>		
Staff Pension actuarial gain	7,702	8,860
Ancillary fund surplus	5,332	2,413
Invested in tangible capital assets	8,029	9,219
<u>Non-Designated Items</u>		
Operating fund (deficit)	(1,903)	(4,599)

Gain from settlement of derivative	34,662	-
Operating fund restriction for capital	(40,000)	(10,000)
Other	(5,219)	(5,089)
Operating surplus	10,506	2,558

Revenue

Revenue increased by 9.1% to \$701M.

<i>(in thousands of dollars)</i>	2023	2022
Government grants & contracts	321,348	326,373
Tuition & student fees	186,834	188,006
Donations, non-government grants & contracts	26,375	13,588
Sales of services & products	70,552	54,618
Investment income	59,959	26,237
Income/(loss) from business enterprises	(48)	524
Amortization of deferred capital contributions	27,015	27,802
Other revenue	9,060	6,571
Loss on disposal of assets	-	(1,003)
Total Revenue	701,105	642,716

Government grants and contracts revenue is received from the Province of B.C. (67%), the Government of Canada (27%), and other governments (6%). Revenue from the Province decreased by \$14.1M overall, due mainly to an increase in amount of operating grant restricted for capital purposes. This reduction was offset by increases in funding for program growth in several faculties and funding related to salary increases resulting from collective bargaining. Tuition and student fees decreased by \$1.2M, or 0.6%. Credit tuition decreased by \$6.8M mostly as a result of a 15% decrease in international enrolment. This decrease was offset by fee increases: 2% for domestic and graduate international and 3.75% for undergraduate

international. Non-credit tuition increased by \$5.6M and sales of services & products increased by \$15.9M due to increased on-campus activity.

Expenses

Expenses increased by 7.6% to \$690.6M. Expenses reported by object were as follows:

<i>(in thousands of dollars)</i>	2023	2022 restated
Salaries and benefits	455,077	423,598
Travel	13,276	4,134
Supplies and services	92,611	85,461
Utilities	8,358	8,353
Scholarships and bursaries	51,070	50,953
Cost of goods sold	10,615	8,581
Interest on long term debt	3,231	2,334
Amortization	47,722	47,770
Total Expenses	690,599	641,914

Salaries and benefits represent 66% of total expenses and increased by \$31.5M due to progression through the ranks, negotiated settlements, and hiring during the year. Travel, supplies and services, and cost of goods sold all increased as on-campus activities normalized.

Expenses reported by function were as follows:

<i>(in thousands of dollars)</i>	2023	2022 restated
Instruction and non-sponsored research	283,714	267,791
Academic and student support	166,675	156,693
Administrative support and general expenses	28,801	27,411
Facilities operations and maintenance	63,651	57,648
Sponsored Research	129,051	117,289
External engagement	18,707	15,082
Total Expenses	690,599	641,914

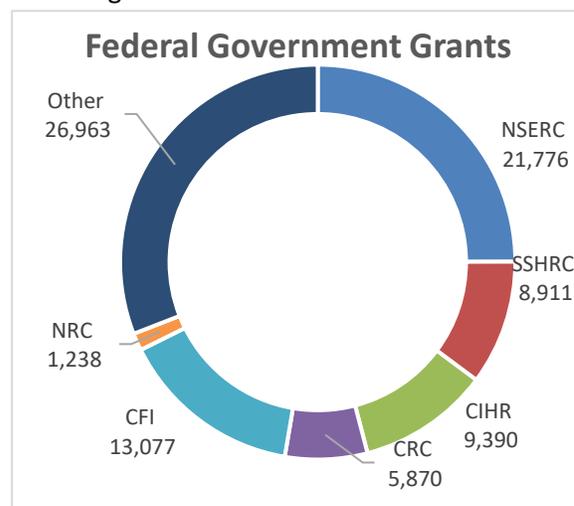
Sponsored Research Contributions

Sponsored research revenue increased by 12.2% to \$128.5M.

<i>(in thousands of dollars)</i>	2023	2022
Province of B.C.	15,432	16,265
Federal government	87,215	90,800
Other governments	10,766	12,900
Gifts, grants & bequests	15,178	13,930
Sales of services	2,381	3,849
Other revenue	<u>1,658</u>	<u>1,970</u>
Total contributions	132,630	139,714
Transfer to deferred contributions	(4,075)	(25,562)
Sponsored research revenue	128,555	114,152

In addition to the above, the university also received Tri-council for research support funds, which is recorded in the general operating fund.

Federal government grants are comprised of the following:



Operating Environment

This year has been difficult from an enrolment perspective with both domestic and international undergraduate enrolments below

levels from the previous year. While we met targets as set out by the Ministry of Post-Secondary Education and Future Skills, during the year we were about 800 students below our budget level. International enrolment levels, always difficult to predict as they are impacted by world events, are particularly so this coming year due to study permit processing times, international government policy changes, economic conditions, and other geopolitical disruptions such as the war in Ukraine. This past year, undergraduate international enrolments decreased 15% due to these challenges.

A pragmatic enrolment target scenario was supported by the Board. With this approach, enrolments are projected to be higher than actual enrolment in 2022/23 by 3% overall but lower than were budgeted in 2022/23. Significant work has been put into recruitment for the coming year with a focus on international recruitment. While best efforts are being made to provide some protection in the continued enrolment risk environment, the 2023/24 budget includes a \$7.2M enrolment contingency. We are also carefully monitoring student enrolment levels throughout the year so we can respond to enrolment changes and minimize institutional impacts.

Ancillary operations largely returned to pre-pandemic results, with residence services, parking services, and childcare ending the 2022/23 year with modest surpluses while food services and the bookstore had small deficits which will be covered by existing reserves or future unappropriated funds.

UVic has completed bargaining with all employee unions save for CUPE 917. The province is funding the shared recovery mandate which runs into 2025. The current high inflation

environment will put additional pressure on budgets as there is no annual lift from the Province to meet other inflationary pressures.

UVic's physical infrastructure requires further renewal and enhancement. While the SDH project is nearing completion two other significant capital projects are just underway – the National Centre for Indigenous Laws (NCIL) and the Addition to the Engineering and Computer Science Building. Both projects will provide key space to support teaching and research capacity. Future capital priorities have been identified in the Capital Plan and include addressing deferred maintenance, increasing student housing, enhance or repurpose current spaces, and increase academic and research space for those areas with the greatest pressures. Government contributes towards these capital costs; however, fundraising and university resources are important funding sources for these infrastructure priorities.

A new Strategic Plan is anticipated to be approved in May 2023. The plan outlines a new vision for UVic - *Inspired by and honouring place, we are a community-minded, globally-engaged university where we transform ideas into meaningful impact*. It also includes for the first time a pledge to hold ourselves accountable to ʔetal nəwəl | ÁTOL,NEUEL | showing respect for the rights of one another and all things — and for upholding the rights of Indigenous Peoples. We will deliver on this vision and pledge through four strategic priorities of ʔetal nəwəl | ÁTOL,NEUEL | (showing respect for the rights of one another and all things); People, Place and Planet; Cultivating a Culture of Change & Transformation; and Partnering for a Shared Future. We look to all faculty, staff, and students

to engage with the plan and see how they can help us fulfill these commitments.

Financial Reporting Environment

The university is part of the Government Reporting Entity (GRE) of the Province of B.C. and, as such, is required to present its financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act supplemented by directives set out by the Province. The Province has directed that PSAS be adopted without the PS4200 not-for-profit elections and that all restricted contributions received for acquiring tangible capital assets be deferred as Deferred Capital Contributions and recognized in revenue at the same rate that the amortization of the related tangible capital asset is recorded. Some highlights of the reporting framework presentations are as follows:

The Statement of Financial Position reflects a “Net Debt model” that presents Net Debt as the difference between liabilities and financial assets and is intended to measure the university’s future revenue requirements or its ability to finance its activities. Net debt at March 31, 2023 is \$(525M) but includes \$494M of Deferred Capital Contribution liabilities that would likely never be repaid, thus bringing into question its relevance. The Statement of Financial Position also presents an Accumulated Surplus of \$912M, representing the university’s net assets. A breakdown of this balance is disclosed on the Statement of Financial Position and in the notes to communicate to readers of the financial statements that this figure mostly represents restricted, spent, or committed funds.

The Statement of Operations reports revenues, functional expenses, and budget figures for the university’s consolidated operations.

Endowment donations and investment income capitalized to endowment principal, that used to be recorded as direct increases in net assets, are recorded on the Statement of Operations as Restricted Endowment Contributions and included in Annual Operating Surplus, even though they are not available to fund operational expenses.

Remeasurement gains and losses, representing unrealized gains and losses on unrestricted investments, derivatives, and foreign currency, are reported on a separate statement and as a separate category of Accumulated Surplus rather than being included with the other components of investment income on the Statement of Operations. This effectively limits the ability to fund expenses from unrealized gains. Accumulated remeasurement gains commenced as of April 1, 2012, onward reflect the prospective implementation of the PSAS financial instrument standard.

A Statement of Changes in Net Debt summarizes the key changes in Net Debt and provides information on how Net Debt is impacted by expenditures for, and amortization of, capital assets, changes in other non-financial assets, net remeasurement gains/losses, and the annual surplus.

Risks and Uncertainties

The university operates in an increasingly more complex environment with many factors that are outside of the control of the university. The university uses an Enterprise Risk Management approach and develops risk mitigation strategies to reduce the impact where possible. The major risks that can affect the university from a financial perspective are as shown below. The university has institutional risk appetite

statements that help guide decision making across all areas of campus.

Student recruitment and retention

The top institutional risk continues to be enrolment management. Our priority as we rebuild enrolments is to ensure faculty, instructors, staff, and students are well supported. There are limited investments in the 2023/24 budget, and they are focused on meeting our student recruitment and retention goals. Our financial approach to managing the risk of revenue loss due to an enrolment decline (as noted above) is an enrolment contingency budget of \$7.2M. We have developed enrolment plans to rebuild international enrolments and we will continue to carefully monitor student enrolment throughout the year so we can respond to enrolment changes, minimize institutional impacts, and allocate the enrolment contingency if enrolments exceed the budgeted levels.

Provincial funding

Provincial Government grants are a significant component of revenue in the university's operating budget. Funding for this source is not guaranteed year to year and provincial policy changes can significantly affect institutional budgets. Examples in the past include Provincial policy to cap domestic tuition, unexpected grants reductions, and the introduction of the employer health tax in 2018. As operating grants are provided and approved for one year only, there is uncertainty year to year with respect to the university's operating funding.

Inflation

The pandemic stressed global supply chains and the war in Ukraine has further exacerbated existing issues. As a result, inflation in Canada is at its highest level since 1991 and is affecting

countries globally with many countries experiencing inflations significantly in excess of central bank target rates. This is driving up costs of goods and services that has resulted in further escalation in operating and capital costs. This is being closely monitored for institutional impacts. The most significant inflation risk is with respect to increasing costs of capital and the impact that could have on the National Centre for Indigenous Laws and the Engineering expansion projects.

Pensions and Employee Future Benefits

The university has two pension plans for its faculty, Professional Employee Association members, management exempt and executive (Combination Plan and Money Purchase Plan) and one plan for members of CUPE and exempt clerical staff (Staff Plan). The actuarial valuation of the Combination Plan, with an effective date of December 31, 2021, shows that the Plan is fully funded. The last valuation for the Staff Pension Plan was December 31, 2019, which resulted in a going concern surplus funded ratio of 117% of liabilities but a solvency funded ratio of 78%. The Pension Benefits Standards Regulation was amended effective December 31, 2019, introducing new going concern and funding methodologies. The solvency funding target is now 85%, and a letter of credit may be secured in lieu of making payments. The university has arranged a letter of credit to secure the solvency deficiency payment. Rising interest rates are negatively affecting fixed income investment returns. However, rates are to a greater extent reducing the present value of the pension payment liabilities, which will improve the solvency ratio.

While many other post-secondary institutions in B.C. and other provinces are not required to meet a solvency test, this requirement for the

university resulted in a cost of \$693,000 for 2022/23 (2021/22 - \$663,000). The next valuation date is December 31, 2022, with a filing requirement of September 2023.

Deferred Maintenance

As the university ages, the risk related to deferred maintenance increases. Priority projects to address deferred maintenance include renewal and seismic upgrading of some of our older buildings. Some priority deferred maintenance projects are addressed annually, but these budgets are limited. Significant major capital renewal funding is needed as outlined in the university's 5-year capital plan.

Related Entities

The university's consolidated financial statements include the following related entities:

University Foundations

The University of Victoria Foundation, Foundation for the University of Victoria, and U.S. Foundation for the University of Victoria receive and manage the university's endowment funds. The Foundations are tax exempt as a registered charity, agent of the Crown, or charitable organization, respectively. They are consolidated in the university's financial statements.

WCUMSS

The Western Canadian Universities Marine Sciences Society (WCUMSS) operates a marine research facility located at Bamfield, B.C. The university is one of five members. The university's interest in this government partnership is proportionately consolidated in the university's financial statements.

Heritage Realty Properties and VITP Trust

The university controls three taxable business enterprises. Heritage Realty Properties Ltd. manages the rental properties, hotel, and brew-pub operation donated by the late Michael C. Williams. The Vancouver Island Technology Park Trust (VITP) provides leased space to high-technology companies on Vancouver Island. Both enterprises are accounted for in the university's financial statements on the modified equity basis.

GSB Executive Education Inc.

This taxable business enterprise was created to deliver executive education services by the UVic Gustavson School of Business. It is accounted for in the university's financial statements on the modified equity basis.

UVic Properties Investments Inc.

University of Victoria Properties Investments Inc. manages the university's real estate holdings, including the Marine Technology Centre and the Queenswood Campus, and acts as trustee for the Vancouver Island Technology Park Trust. UVic Properties is consolidated in the university's financial statements.

UVic Industry Partnerships

UVic Industry Partnerships is a taxable corporation that facilitates research partnerships between the private sector and the university by assisting with intellectual property management and commercialization of research discoveries. It is consolidated in the university's financial statements.

Oceans Network Canada Society

Oceans Network Canada Society is a non-profit society that manages the university's two ocean observatories VENUS and NEPTUNE. It is consolidated in the university's financial statements.

Pacific Climate Impacts Consortium

The Pacific Climate Impacts Consortium is a non-profit organization that furthers the understanding of the climate system, its variability and potential for change, and the application of that understanding to decision making in both the public and private sectors. It is consolidated in the university's financial statements.

Byron Price & Associates Ltd.

Byron Price and Associates Ltd. is a taxable business enterprise donated to the university, which holds land located in North Saanich. It is consolidated in the university's financial statements.