



Consolidated Financial Statements

University of Prince Edward Island

April 30, 2021



UNIVERSITY  
*of Prince Edward*  
ISLAND

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# Independent Auditor's Report

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To the Board of Governors of the

University of Prince Edward Island

## Opinion

We have audited the consolidated financial statements of the University of Prince Edward Island ("the Organization"), which comprise the consolidated statement of financial position as at April 30, 2021, and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Prince Edward Island as at April 30, 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## 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 Consolidated Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated 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

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements, which explains that certain comparative information for the year ended April 30, 2020 has been restated.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the University of Prince Edward Island taken as a whole. The supplementary information included on the schedule on Page 23 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Organization'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 Organization'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 consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Charlottetown, Canada

September 14, 2021

*Grant Thornton LLP*

Chartered Professional Accountants

# University of Prince Edward Island Consolidated Statement of Operations

Year ended April 30, 2021

Restated

(Note 3)

						2021	2020
	Operating	Research	Post-retirement benefits	Capital assets	Endowment	Total	Total
<b>Revenues</b>							
Grants and contracts (Note 18)	\$ 65,996,122	\$ 9,826,728	\$ -	\$ 751,630	\$ -	<b>\$ 76,574,480</b>	76,344,833
Amortization of deferred revenue				3,478,940		<b>3,478,940</b>	3,503,557
Student fees	35,426,843					<b>35,426,843</b>	34,135,527
International fees	15,337,248					<b>15,337,248</b>	14,527,448
Ancillaries	4,249,619					<b>4,249,619</b>	8,404,323
Sales and other revenues	13,642,760					<b>13,642,760</b>	12,985,032
Investment income	2,018,611		2,294,676			<b>4,313,287</b>	2,353,371
Change in fair value of derivatives (Note 12)				6,271,576		<b>6,271,576</b>	-
Donations	2,479,034					<b>2,479,034</b>	2,501,465
	<u>139,150,237</u>	<u>9,826,728</u>	<u>2,294,676</u>	<u>10,502,146</u>	<u>-</u>	<b><u>161,773,787</u></b>	<u>154,755,556</u>
<b>Expenditures</b>							
Salaries and benefits	84,525,231	5,470,066				<b>89,995,297</b>	88,865,679
Supplies	8,229,231	2,108,053				<b>10,337,284</b>	11,905,121
Depreciation	9,255,795					<b>9,255,795</b>	9,155,651
Other	2,714,577					<b>2,714,577</b>	3,301,468
Utilities	5,501,243					<b>5,501,243</b>	6,067,273
Travel	247,809	123,894				<b>371,703</b>	2,383,951
Repairs and maintenance	2,757,202					<b>2,757,202</b>	3,222,935
Library subscriptions	1,574,671					<b>1,574,671</b>	1,607,662
Post-retirement benefits (Note 10)			7,973,737			<b>7,973,737</b>	6,677,415
Externally contracted services and memberships	3,678,297	818,698				<b>4,496,995</b>	5,192,891
Scholarships and bursaries (Note 18)	10,005,572	61,208				<b>10,066,780</b>	9,301,522
Change in fair value of derivatives (Note 12)						-	1,912,477
Interest				1,288,436		<b>1,288,436</b>	1,529,704
	<u>128,489,628</u>	<u>8,581,919</u>	<u>7,973,737</u>	<u>1,288,436</u>	<u>-</u>	<b><u>146,333,720</u></b>	<u>151,123,749</u>
<b>Excess of revenues over expenditures before inter-fund transfers</b>	<b><u>\$10,660,609</u></b>	<b><u>\$ 1,244,809</u></b>	<b><u>\$ (5,679,061)</u></b>	<b><u>\$ 9,213,710</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,440,067</u></b>	<b><u>\$ 3,631,807</u></b>

See accompanying notes to the consolidated financial statements.

# University of Prince Edward Island

## Consolidated Statement of Changes in Fund Balances

Year ended April 30, 2021

Restated

(Note 3)

2020

	<u>Operating</u>	<u>Research</u>	<u>Post- retirement benefits</u>	<u>Capital assets</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
Fund balances, beginning of year, as previously stated	\$ 6,409,751	\$ 2,090,275	\$ (14,021,316)	\$ 71,501,791	\$ 45,833,144	<b>\$ 111,813,645</b>	\$102,298,551
Prior period adjustment (Note 3)	-	-	-	( 5,245,429)	-	<b>(5,245,429)</b>	(3,332,952)
Fund balances, beginning of year as restated	6,409,751	2,090,275	(14,021,316)	66,256,362	45,833,144	<b>106,568,216</b>	98,965,599
Excess revenues (expenditures) before Inter-fund transfers	10,660,609	1,244,809	( 5,679,061)	9,213,710	-	<b>15,440,067</b>	3,631,807
Re-measurement and other adjustments (Note 10)	-	-	(459,058)	-	-	<b>(459,058)</b>	(1,291,044)
Endowment additions	-	-	-	-	4,282,625	<b>4,282,625</b>	5,261,854
Inter-fund transfers (Note 17)	(10,003,132)	(1,480,253)	8,237,755	3,245,630	-	-	-
Fund balances, end of year	<u>\$ 7,067,228</u>	<u>\$ 1,854,831</u>	<u>\$ (11,921,680)</u>	<u>\$ 78,715,702</u>	<u>\$ 50,115,769</u>	<b><u>\$125,831,850</u></b>	<u>\$106,568,216</u>

(Note 15)

See accompanying notes to the consolidated financial statements.

# University of Prince Edward Island

## Consolidated Statement of Financial Position

April 30, 2021

Restated

(Note 3)

2021

2020

	Operating	Research	Post-retirement benefits	Capital assets	Endowment	Total	Total
<b>Assets</b>							
Current - Cash and cash equivalents	\$ 24,414,131	\$ -	\$ -	\$ -	\$ -	\$ 24,414,131	\$ 18,292,644
- Receivables (Note 4)	3,897,882	1,390,737		3,249,980		8,538,599	8,650,582
- Inventory and other	2,063,864	-		-		2,063,864	2,858,916
	<u>30,375,877</u>	<u>1,390,737</u>		<u>3,249,980</u>		<u>35,016,594</u>	<u>29,802,142</u>
Investments (Note 5)	38,442,197		29,325,410	9,252,841	50,115,769	127,136,217	120,819,276
Due from (to) other funds	(9,416,043)	10,816,622	-	(1,400,579)	-	-	-
Derivative instruments (Note 12)				4,003,042		4,003,042	-
Capital assets (Note 6)				219,172,490		219,172,490	199,102,724
Intangible assets (Note 7)				3,736,287		3,736,287	4,250,831
	<u>\$ 59,402,031</u>	<u>\$ 12,207,359</u>	<u>\$ 29,325,410</u>	<u>\$ 238,014,061</u>	<u>\$ 50,115,769</u>	<u>\$ 389,064,630</u>	<u>\$ 353,974,973</u>
<b>Liabilities</b>							
Current - Payables and accruals (Note 8)	\$ 12,860,617	\$ 168,779	\$ -	\$ 4,653,935	\$ -	\$ 17,683,331	\$ 15,112,767
- Current portion of long term debt				3,328,346		3,328,346	3,861,718
- Deferred revenue (Note 9)	15,108,966					15,108,966	12,569,768
	<u>27,969,583</u>	<u>168,779</u>		<u>7,982,281</u>		<u>36,120,643</u>	<u>31,544,253</u>
Defined benefit liabilities (Note 10)			41,247,090			41,247,090	39,596,470
Derivative instruments (Note 12)				2,976,895		2,976,895	5,245,429
Long term obligations (Note 11)				23,143,019		23,143,019	26,471,366
	<u>27,969,583</u>	<u>168,779</u>	<u>41,247,090</u>	<u>34,102,195</u>	<u>-</u>	<u>103,487,647</u>	<u>102,857,518</u>
<b>Deferred revenue</b>							
Research contracts		10,183,749				10,183,749	7,135,179
Capital assets (Note 13)				125,196,164		125,196,164	120,850,670
Other (Note 14)	24,365,220					24,365,220	16,563,390
	<u>52,334,803</u>	<u>10,352,528</u>	<u>41,247,090</u>	<u>159,298,359</u>	<u>-</u>	<u>263,232,780</u>	<u>247,406,757</u>
<b>Fund balances</b>							
Invested in capital assets				69,462,861		69,462,861	51,671,867
Internally restricted - post-retirement benefit			(11,921,680)			(11,921,680)	(14,021,316)
Externally restricted - endowments					42,721,767	42,721,767	38,663,954
Internally restricted (Note 15)		1,854,831		9,252,841	7,394,002	18,501,674	23,843,960
Unrestricted	7,067,228					7,067,228	6,409,751
	<u>7,067,228</u>	<u>1,854,831</u>	<u>(11,921,680)</u>	<u>78,715,702</u>	<u>50,115,769</u>	<u>125,831,850</u>	<u>106,568,216</u>
	<u>\$ 59,402,031</u>	<u>\$ 12,207,359</u>	<u>\$ 29,325,410</u>	<u>\$ 238,014,061</u>	<u>\$ 50,115,769</u>	<u>\$ 389,064,630</u>	<u>\$ 353,974,973</u>

COVID-19 (Note 20)  
Commitments (Note 21)

(Note 16)

On behalf of the Board of Governors

Chairman

Finance and Audit Chair

See accompanying notes to the consolidated financial statements.

# University of Prince Edward Island

## Consolidated Statement of Cash Flows

Restated

(Note 3)

Year Ended April 30, 2021

2021

2020

### Operating

Excess of revenue over expenditure before inter-fund transfer	<b>\$ 15,440,067</b>	\$ 3,631,807
Amortization of deferred contributions	<b>(3,478,940)</b>	(3,503,557)
Re-measurement and other adjustments	<b>(459,058)</b>	(1,291,044)
Change in financial derivative instruments	<b>(6,271,576)</b>	1,912,477
Depreciation of capital and intangible assets	<b>9,255,795</b>	9,155,651
Change in employee future benefit obligation	<b>2,109,678</b>	1,289,284
Changes in non-cash operating working capital		
Receivables	<b>111,983</b>	(1,000,375)
Inventory and other	<b>795,052</b>	(612,053)
Payables and accruals	<b>(1,837,079)</b>	1,701,660
Contributions related to operating	<b>2,539,199</b>	2,613,045
Contributions related for research	<b><u>3,048,570</u></b>	<u>1,100,369</u>
Net cash generated through operating activities	<b><u>21,253,690</u></b>	<u>14,997,264</u>

### Financing

Contributions related to special purpose funds and endowments, including capitalized investment returns	<b>5,226,458</b>	6,332,365
Contributions related to capital assets	<b>7,824,434</b>	5,217,559
Excess (loss) of investment returns over endowment and special purpose funds	<b>7,928,508</b>	(2,148,408)
Principal repayments on long term obligations	<b><u>(3,861,719)</u></b>	<u>(3,953,701)</u>
Net cash generated through financing activities	<b><u>17,117,681</u></b>	<u>5,177,815</u>

### Investing

Purchase of capital and intangible assets	<b>(24,527,133)</b>	(11,142,118)
Net increase in investments	<b><u>(7,722,751)</u></b>	<u>(15,453,830)</u>
Net cash used in financing activities	<b><u>(32,249,884)</u></b>	<u>(26,595,948)</u>
Net increase (decrease) in cash and cash equivalents	<b>6,121,487</b>	(6,420,869)
Cash and cash equivalents, beginning of year	<b><u>18,292,644</u></b>	<u>24,713,513</u>
Cash and cash equivalents, end of year	<b><u>\$ 24,414,131</u></b>	<u>\$ 18,292,644</u>

See accompanying notes to the consolidated financial statements.



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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 1. Purpose of the organization

The University of Prince Edward Island is incorporated as an income tax exempt not-for-profit organization with the following mission statement:

The University, founded on the tradition of liberal education, exists to encourage and assist people to acquire the skills, knowledge and understanding necessary for critical and creative thinking, and thus prepare them to contribute to their own betterment and that of society through the development of their full potential.

To accomplish these ends, the University is a community of scholars whose primary tasks are to teach and to learn, to engage in scholarship and research, and to offer service for the benefit of our Island and beyond.

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### 2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

#### Principles of consolidation

The consolidated financial statements of the University include the accounts of the Synapse Applied Research and Industry Services Inc., a member corporation, and the University of Prince Edward Island Foundation, (U.S.) Inc. Synapse Applied Research and Industry Services Inc. operates a research support division. The University of Prince Edward Island Foundation, (U.S.) Inc. is an income tax exempt foundation for charitable, scientific, literary or educational purposes.

#### Fund accounting

The University follows the deferral method of accounting for contributions.

Revenue and expenditure related to program delivery and administrative activities are reported in the operating fund.

Revenue and expenditure related to research activities are reported in the research fund.

Revenue and expenditure related to employee future benefits are reported in the post-retirement benefits fund.

Assets, liabilities, revenue and expenditure, except for depreciation, related to the University's capital assets are reported in capital assets fund.

Endowment donations are reported in the Endowment fund as an increase to the fund balance. The Endowment fund reflects the total resources which have been endowed, either by terms imposed by the benefactors or by the University. Investment income earned on resources of the Endowment fund are reported in the operating fund as deferred revenue and recognized as income in the year in which expenditures are incurred. Principal donations are held in perpetuity and the investment income is used for the purpose specified by the donors.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions, net of bank overdrafts. Temporary short term borrowings are considered to be financing activities.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 2. Summary of significant accounting policies (cont'd)

#### Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

#### Revenue recognition

Restricted donations are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred or related capital asset depreciated. Unrestricted contributions are recognized as revenue of the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred.

Profits from contracts are recognized on the percentage of completion basis. The percentage of completion is determined by relating the actual cost of work performed to date to the current estimated total cost of each contract. Any projected loss is recognized immediately for accounting purposes.

Revenues received without restrictions include tuition fees and sales of services and goods. These amounts are reported as revenue at the same time the services are provided, or the goods are sold. Operating grants from governments are also considered unrestricted and are recorded in the period to which the operating funds relate.

#### Employee benefit plans

The University maintains a defined benefit plan providing pension and other retirement benefits to a number of its employees and faculty. The University's benefit obligation and current service costs are determined based on the employee benefit plans going concern obligation and current service costs as determined based on the last funding valuations and extrapolated to the fiscal year end date. The measurement date of the defined benefit obligations coincides with the University's fiscal year end date and is determined by independent actuaries. Employee benefit plan assets are recorded at their fair values.

The components of the total cost of the University's employee benefit plans include the current service cost (or actuarial present value of benefits attributed to employee services rendered during the period, less employee contributions), finance cost (or net interest on the defined benefit liability), and re-measurements and other items. Re-measurements and other items are recognized directly into net assets in the Consolidated Statement of Changes in Fund Balances, and included the following: actuarial gains and losses, valuation allowances, past service costs, gains and losses on settlements and curtailments, and the difference between the actual returns on plan assets and the return calculated using the discount rate used to determine the defined benefit obligation.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 2. Summary of significant accounting policies (cont'd)

#### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Rates and bases of depreciation applied to write-off the cost of the capital assets over their estimated lives are as follows:

Site improvements	4%, declining balance
Buildings	2.5%, declining balance
Furniture and equipment	10%, declining balance
Computer equipment and motor vehicles	30%, declining balance
Library materials	10%, declining balance

Facilities under construction are not depreciated until they are available for use.

Capital asset deferred revenue is amortized at the same rate of depreciation as the assets it was used to purchase.

An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value; it is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

#### Intangible assets

Computer software development expenditure is capitalized only if the directly related costs (both internal and external) can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the University has the intention and sufficient resources to complete development and to use the asset. Computer software assets are derecognized when these factors no longer exist. The capitalized expenditures include the direct cost of materials and labour, but not administrative costs, including training. Other development expenditures are expensed as incurred if they do not meet the prescribed capitalization criteria. Similarly, costs associated with maintaining computer software programs in a functional condition, as originally intended, are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent periods.

Rates and bases of depreciation applied to write-off the cost of the intangible assets over their estimated lives are as follows:

Computer software	25%, declining balance
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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 2. Summary of significant accounting policies (cont'd)

#### Financial instruments

The University considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The University accounts for the following as financial instruments:

- Cash and cash equivalents
- Receivables
- Investments – actively traded
- Investments – not actively traded
- Payables and accruals
- Long term debt

A financial asset or liability is recognized when the University becomes a party to contractual provisions of the instrument.

The University initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs directly attributable to its origination, issuance, or assumption.

Financial assets and financial liabilities are subsequently measured according to the following methods:

<b>Financial instrument</b>	<b>Subsequent measurement</b>
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Investments – actively traded	Fair value
Investments – not actively traded	Fair value; amortized cost
Payables and accruals	Amortized cost
Derivative instruments	Fair value
Long term debt	Amortized cost

#### Derivative financial instruments

The University has entered into several interest rate swap agreements with two chartered banks to reduce interest rate exposure associated with certain long-term debt obligations. The agreements have the effect of converting the floating rate of interest on certain debt to a fixed rate. It is the University's policy not to use derivative financial instruments for trading or speculative purposes.

As a result, these derivative financial instruments are adjusted to their fair value at the end of each year to be recorded on the consolidated statement of position and the change in value recorded in the consolidated statement of operations. See Note 12 for further disclosure.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 2. Summary of significant accounting policies (cont'd)

#### Donations and pledges

Unrestricted donations are recorded as revenue in the fiscal period in which they are received. Restricted donations are recorded as revenue in the fiscal period in which they are spent. Gifts in kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

Pledges of donations to be received in future years are not recorded in the consolidated financial statements.

#### Foreign currency translation

Foreign currency transactions are recorded at the exchange rate in effect at the time of the transaction. Monetary assets and liabilities denominated in foreign currency reported on the Consolidated Statement of Financial Position are recorded at the exchange rate in effect on the consolidated financial statement date. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate in effect on the transaction date. The market value of long-term investments denominated in foreign currency is disclosed in the notes to the consolidated financial statements at the exchange rate in effect on the consolidated financial statement date.

#### Use of estimates and measurement uncertainty

In preparing the University's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Significant estimates and assumptions are involved with the calculation of the allowance for doubtful accounts, useful life of capital assets, and accrued liabilities for employee future benefits. Actual results could differ from these estimates. Estimates are regularly reviewed by management and adjusted as required.

Measurement uncertainty exists when there is a variance between the recognized amount and another reasonable amount. Some accounting measurements require management's best estimate, based on assumptions as at the financial statement date that reflect the most probable set of economic conditions and planned course of action.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

### 3. Prior period adjustment

During the year, it was determined that the University did not qualify for hedge accounting relating to the interest rate swap contracts that were entered into in previous years. Therefore, the fair values of these interest rate swap contracts and the changes in fair value for each fiscal year were not previously recorded in the consolidated statement of financial position or through the consolidated statement of operations and changes in net assets.

As a result of the correction, the following financial statement items for the year ended April 30, 2020 have been increased (decreased) as follows:

	<u>Previously Reported</u>	<u>Adjustments</u>	<u>Restated</u>
Consolidated statement of operations and changes			
In fund balances – capital asset fund			
Fund balance, beginning of year	\$102,298,551	(3,332,952)	98,965,599
Change in fair value of derivative instruments	-	1,912,477	1,912,477
Excess of revenues over expenditures before inter fund transfers	5,544,284	(1,912,477)	3,631,807
Fund balance, end of year	111,813,645	(5,245,429)	106,568,216
Consolidated statement of financial position			
Fair value of derivative liability	-	5,245,429	5,245,429
Fund balance, end of year	111,813,645	(5,245,429)	106,568,216
Consolidated statement of cash flows			
Excess revenues over expenditures before inter fund transfers	5,544,284	(1,912,477)	3,631,807
Change in fair value of derivative instrument	-	1,912,477	1,912,477

### 4. Receivables

	<u>2021</u>	<u>2020</u>
Operating fund		
Provincial grants	\$ 127,122	\$ 202,863
Sales and services		
Student accounts	474,610	931,800
Student union	889,790	1,789,562
Other	217,553	297,362
	<u>2,188,807</u>	<u>3,165,558</u>
	3,897,882	6,387,145
Capital asset fund	3,249,980	167,907
Research fund	<u>1,390,737</u>	<u>2,095,530</u>
	<u>\$ 8,538,599</u>	<u>\$ 8,650,582</u>

# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

5. Investments	<u>2021</u>	<u>2020</u>
Operating fund	<u>\$ 38,442,197</u>	<u>\$ 34,821,514</u>
Post-retirement benefits fund		
Health benefit plan	<u>24,376,973</u>	21,060,143
Retirement allowances	<u>4,067,299</u>	3,656,108
Supplementary retirement benefits	<u>881,138</u>	<u>863,872</u>
	<u>29,325,410</u>	<u>25,580,123</u>
Capital asset fund	<u>9,252,841</u>	<u>14,584,495</u>
Endowment fund	<u>50,115,769</u>	<u>45,833,144</u>
	<u>\$ 127,136,217</u>	<u>\$ 120,819,276</u>

Investments summary	<u>2021</u>		2020	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equities	<u>\$88,202,576</u>	<u>\$103,972,643</u>	\$ 82,327,435	\$ 87,741,420
Fixed – amortized cost	<u>111,574</u>	<u>111,574</u>	110,158	103,856
Fixed – fair market value	<u>23,052,000</u>	<u>23,052,000</u>	32,974,000	32,974,000
Total	<u>\$111,366,150</u>	<u>\$127,136,217</u>	<u>\$115,411,593</u>	<u>\$120,819,276</u>

6. Capital assets			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 1,047,442	\$ -	\$ 1,047,442	\$ 986,407
Site improvements	16,670,228	6,924,512	9,745,716	8,588,994
Buildings	260,703,972	86,235,666	174,468,306	156,074,452
Furniture, equipment and vehicles	61,909,213	30,606,177	31,303,036	30,594,790
Library materials	<u>11,530,904</u>	<u>8,922,914</u>	<u>2,607,990</u>	<u>2,858,081</u>
	<u>\$ 351,861,759</u>	<u>\$132,689,269</u>	<u>\$ 219,172,490</u>	<u>\$ 199,102,724</u>

Facilities under construction as of April 30, 2021 are \$20,320,832 (2020 - \$746,169) at cost. See further disclosure in Note 20 Commitments.

7. Intangible assets			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Computer software	<u>\$ 9,102,986</u>	<u>\$ 5,366,699</u>	<u>\$ 3,736,287</u>	<u>\$ 4,250,831</u>

Computer software expenditures under development as of April 30, 2021 are \$9,018,840 (2020 - \$8,392,368) at cost.

# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

8. Payables and accruals	<u>2021</u>	<u>2020</u>
Operating fund		
Trade	\$ 4,763,357	\$ 4,925,420
Accrued payroll	363,976	2,931,351
Accrued vacation and other leaves	5,609,328	5,202,999
Faculty development allowance	970,278	769,250
Government remittances	<u>1,153,678</u>	<u>1,022,369</u>
	<u>12,860,617</u>	<u>14,851,389</u>
Capital asset fund		
Accrued interest	93,122	93,516
Construction holdbacks and payables	<u>4,560,813</u>	<u>123,759</u>
	<u>4,653,935</u>	<u>217,275</u>
Research fund		
Accrued payroll	<u>168,779</u>	<u>44,103</u>
	<u>\$ 17,683,331</u>	<u>\$ 15,112,767</u>

### 9. Deferred revenue, operating

Operating deferred revenue represents resources for operating purposes received in the current period which relate to a subsequent period. Changes in the deferred revenue balance are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 12,569,768	\$ 9,956,723
Resources received	11,138,974	15,458,831
Recognized as revenue	<u>(8,599,776)</u>	<u>(12,845,786)</u>
Ending balance	<u>\$ 15,108,966</u>	<u>\$ 12,569,768</u>

### 10. Pension plan and other employee post-retirement benefits

The University maintains a contributory defined benefit best average pension plan and provides post employment benefits which cover substantially all of its employees.

Annual funding requirements for the pension plan, future retirement allowance, and a health benefit plan are determined by Eckler Ltd. The last actuarial valuations completed for the future retirement allowance and the health benefit plan was April 30, 2021 and for the pension plan was April 30, 2020. Funding of supplementary retirement obligations is determined in accordance with conditions of specific agreements.

	<u>2021</u>	<u>2020</u>
Net expense for the University's benefit plans is as follows:		
Pension	<u>\$ 4,747,800</u>	<u>\$ 3,870,100</u>
Other benefit plans		
Health benefits	2,384,997	2,261,870
Retirement allowances	<u>840,940</u>	<u>545,445</u>
	<u>3,225,937</u>	<u>2,807,315</u>
Expense per statement of operations	<u>\$ 7,973,737</u>	<u>\$ 6,677,415</u>



# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

### 10. Pension plan and other employee post-retirement benefits (cont'd)

The actuarial present value of benefit obligations and fair value of plan assets recognized in the accompanying statements of financial position as at April 30, 2021 and April 30, 2020 were as follows:

	Pension plan		Post-retirement benefit plans	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Funded status and amounts recognized, end of year				
Fair value of plan net assets	<b>\$ 324,851,700</b>	\$ 285,103,063	\$ -	\$ -
Benefit obligation	<b>(305,669,500)</b>	(292,684,472)	<b>(35,722,090)</b>	(33,704,470)
Valuation allowance	<b>(24,707,200)</b>	-	-	-
Shared risk funding agreement	-	1,689,409	-	-
Funded status, end of year	<b><u>\$ (5,525,000)</u></b>	<u>\$ (5,892,000)</u>	<b><u>\$ (35,722,090)</u></b>	<u>\$ (33,704,470)</u>
			<b><u>2021</u></b>	<u>2020</u>
Accrued benefit liability				
Pension plan			<b>\$ (5,525,000)</b>	\$ (5,892,000)
Other benefit plans			<b>(35,722,090)</b>	(33,704,470)
Liability per statement of financial position			<b><u>\$ (41,247,090)</u></b>	<u>\$ (39,596,470)</u>
			<b><u>2021</u></b>	<u>2020</u>
Re-measurement and other adjustments				
Actuarial gain (loss) on assets			<b>\$ 616,963</b>	\$ 1,494,133
Actuarial loss on liabilities			<b>(1,076,021)</b>	(2,785,177)
			<b><u>\$ (459,058)</u></b>	<u>\$ (1,291,044)</u>

### Shared risk funding agreement pension plan

Effective October 1, 2016, the University entered into an agreement with the faculty association and unions of the University to adopt a shared risk model relating to the pension plan obligation. At September 30, 2016, the deficit in the pension plan was actuarially determined to be \$10,039,000 which would be funded by both the University and the faculty association and unions. The University's portion of this deficit at September 30, 2016, was determined to be \$6,475,000 and would be funded over 15 years through employer contributions to the plan.

The Sponsor Board will determine the funding of pension plan deficits or the use of fund surpluses. The Sponsor Board is made up of representatives from the University, faculty association and the unions. The employees and the University will have one vote each with no provision for a tie breaker, with all decisions required to be unanimous.

If in the future, the pension plan reports a surplus, the Sponsor Board can decide to reinstate benefits, reduce special deficit contributions, increase benefits or reduce plan risk. In the situations of future deficits, the sponsor board can reduce benefits or fund the deficits on a 50/50 basis between employees and the University.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 10. Pension plan and other employee post-retirement benefits (cont'd)

#### Post-retirement obligations

The pension plan assets are held in trust and are not available for operating purposes of the University. Separate audited financial statements are prepared for the pension plan. The percentage of the fair value of the pension plan's total assets is held in investments as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	1%	2%
Government and corporate bonds	22%	30%
Mortgages	5%	5%
Real estate fund	9%	6%
Infrastructure fund	6%	6%
Equities and mutual funds	57%	51%

The significant actuarial assumptions adopted in measuring the University's defined benefit obligations for the pension plan is a discount rate of 5.75% (2020 – 5.75%) and for the future retirement allowances is a discount rate of 5.75% (2020 – 5.75%), expected long term rate of return on plan assets of 5.75% (2020 – 5.75%), and a rate of compensation increase of 3.5% per annum. For the health benefits plan a 5.75% (2020 – 5.75%) discount rate and 3.5% (2020 – 3.5%) rate of compensation increase were assumed. Extended health and drug claims were assumed to increase 6.0% per annum in 2018 grading down to 4.0% per annum over 10 years and dental claims were assumed to increase at 4.0% per annum.

Other information about the University's pension plan is as follows:

	<u>2021</u>	<u>2020</u>
Employer contributions	\$ 5,528,644	\$ 5,349,254
Employee contributions and transfers in	5,434,563	5,505,366
Benefits paid and transfers out	14,563,875	13,990,330

The health benefit plan liability has been estimated to equal \$30,785,392 (2020 - \$29,187,872) based on the last actuarial valuation as of April 30, 2021. In 2021, \$24,376,972 (2020 - \$21,060,143) of investments have been internally allocated to fund this liability.

The University has an obligation to pay lump sum retirement allowances to non-faculty employees who retire after reaching the age of 55 years. The allowances are to a maximum of six month's salary. The total liability has been estimated to equal \$4,067,300 as of April 30, 2021, (2020 - \$3,656,108) based on actuarial valuation and the rates of funding required for future service as determined by the actuary at that time. Investment assets equal to the full amount of the liability have been internally allocated to fund this liability.

Supplementary retirement obligations amount to \$881,140 (2020 - \$863,872) and relate to the retirement obligations payable to senior administrators for their terms at the University. Upon termination of the retirement obligations, per the conditions of the agreements, any surplus funds become assets of the University. Investment assets equal to the full amount of the liability have been internally allocated to fund this liability.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

11. Long term obligations	<u>2021</u>	<u>2020</u>
Long term obligations funded by the Province of Prince Edward Island:		
7.625% CMHC loan payable \$95,597 annually including interest amortized to and maturing in September 2023. As security, a mortgage has been provided on Blanchard Hall. The carrying value of Blanchard Hall is \$2,518,100.	\$ 213,911	\$ 288,883
CDOR plus 0.25%, hedged at 5.35% Bank of Montreal long term loan on the Don and Marion McDougall Hall, payable \$96,667 quarterly principal plus interest, amortized to 2022 and maturing in 2022.	290,000	676,666
CDOR plus 0.25%, hedged at 5.55%, Bank of Montreal long term loan on the AVC Expansion, payable \$33,333 quarterly principal plus interest, amortized to 2023 and maturing in 2023.	233,334	366,667
CDOR plus 0.25%, hedged at 5.63%, Bank of Montreal long term loan on core renewal projects payable \$103,333 quarterly principal plus interest, amortized to 2023 and maturing in 2023.	826,667	1,240,000
CDOR plus 0.75%, hedged at 4.53%, Bank of Montreal long term loan on the Nursing and Applied Human Sciences Building, payable in \$179,000 quarterly principal plus interest, amortized to and maturing in 2022.	723,000	1,439,000
CDOR plus 0.83%, hedged at 3.06%, Royal Bank long term loan on the Faculty of Sustainable Design Engineering Building, payable in quarterly installments of approximately \$246,000 including principal and interest, amortized and maturing in 2036.	11,425,000	11,953,000
CDOR plus 0.85%, hedged at 2.68% Royal Bank long term loan on the Artificial Turf Field and Strategic Initiative Fund Projects, payable in \$48,583 average quarterly principal payments plus interest over the life of the loan, amortized and maturing in 2038.	3,485,000	3,670,000
Other long term obligations:		
CDOR plus 0.25%, hedged at 4.69%, Bank of Montreal long term loan on Blanchard Hall and Bernadine Hall renovations, payable in \$54,517 quarterly payments including principal and interest, amortized to 2032 and maturing in 2032, funded by residence operations.	1,773,342	1,879,370

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 11. Long term obligations (cont'd)

	<u>2021</u>	<u>2020</u>
CDOR plus 0.25%, hedged at 5.42%, Bank of Montreal long term loan on Bill and Denise Andrew Hall, payable in \$208,000 quarterly payments including principal and interest, amortized to 2031 and maturing in 2026, funded by residence operations.	6,073,111	6,534,232
Bank of Montreal long term loan on the AVC Phase III Expansion, hedged at 3.03%, payable in \$88,000 quarterly payments including principal plus interest, amortized and maturing in 2025.	1,428,000	1,780,000
Loans repaid during the year	-	505,266
	<b>26,471,365</b>	30,333,084
Less: current portion	<b><u>3,328,346</u></b>	<b><u>3,861,718</u></b>
	<b><u>\$ 23,143,019</u></b>	<b><u>\$ 26,471,366</u></b>

Annual principal repayments in each of the next five years are due as follows: 2022 - \$3,328,346; 2023 - \$2,346,803; 2024 - \$1,857,817; 2025 - \$1,895,149; 2026 - \$1,590,610.

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### 12. Interest rate swap agreements

The University has entered into interest rate swap agreements with two chartered banks to manage interest rate exposure associated with certain long-term debt obligations. The agreements have the effect of converting the floating rate of interest on certain debt to a fixed rate.

The notional underlying principal value of the interest rate swaps related to debt outstanding at April 30, 2021 was \$75,257,455 (2020 - \$30,044,201). The University has no plans to sell or terminate the interest rate swap agreements prior to maturity. The fair value of these interest rate swap contracts is determined by RBC and BMO Capital Markets using the mark to market reports as of April 30th.

For April 30, 2021 there are two interest rate swap contracts in an asset position of \$4,003,042 and the nine interest rate swap contracts in a liability position of \$2,976,895 recorded in the consolidated statement of financial position, which result in an overall net asset position of \$1,026,147 (2020 liability of \$5,245,429).

The change in fair value of these interest rate swap agreements for the year ended April 30, 2021 resulted in a gain of \$6,271,576 and for the year ended April 30, 2020 resulted in a loss of \$1,912,477. These changes in their fair values have been recorded in the consolidated statement of operations.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

### 13. Deferred revenue, capital assets

Capital assets deferred revenue represents restricted contributions used to purchase buildings, equipment, and site improvements. Changes in the deferred revenue balance are as follows:

	<u>2021</u>	<u>2020</u>
General deferred revenue, capital assets		
Beginning balance	\$ 120,850,670	\$ 119,136,668
Capital grants and donations received	7,824,434	5,217,559
Capital grants and donations recognized, net	<u>(3,478,940)</u>	<u>(3,503,557)</u>
Ending balance	<u>\$ 125,196,164</u>	<u>\$ 120,850,670</u>

### 14. Deferred revenue, other

Other deferred revenue represents unexpended investment income on endowment funds and contributions for other specified purposes. The funds are recognized as revenue in the periods the related expenditures are incurred. Changes in the deferred revenue balance are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 16,563,390	\$ 20,660,400
Contributions received	943,833	1,070,511
Income earned	13,698,751	2,552,246
Expended or transferred	<u>(6,840,754)</u>	<u>(7,719,767)</u>
Ending balance	<u>\$ 24,365,220</u>	<u>\$ 16,563,390</u>
Representing:		
Unexpended investment income on endowment funds (Note 16)	\$ 15,226,213	\$ 8,017,456
Special purpose funds	<u>9,139,007</u>	<u>8,545,934</u>
	<u>\$ 24,365,220</u>	<u>\$ 16,563,390</u>

### 15. Internal restrictions on fund balances

The following amounts have been restricted by the Board of Governors for specific purposes:

	<u>2021</u>	<u>2020</u>
Capital		
Capital Renovations		
AVC	\$ 4,222,273	\$ 3,027,485
Canada Games Residence	-	6,500,000
Other projects	<u>1,050,132</u>	<u>2,409,625</u>
	<u>5,272,405</u>	11,937,110
Other Capital		
AVC equipment replacement fund	2,611,610	2,274,110
Technology infrastructure fund	<u>1,368,826</u>	<u>373,275</u>
	<u>3,980,436</u>	2,647,385
Total Capital	<u>9,252,841</u>	<u>14,584,495</u>
Endowment	7,394,002	7,169,190
Research	<u>1,854,831</u>	<u>2,090,275</u>
	<u>\$ 18,501,674</u>	<u>\$ 23,843,960</u>

# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

### 16. Restricted funds for scholarships, bursaries, and academic programs

Restricted funds available for scholarship and bursary purposes and for academic programs include both internally and externally restricted endowment fund balances and unexpended endowment investment income recorded as deferred revenue.

	<u>2021</u>	<u>2020</u>
Endowment fund		
Externally restricted	<b>\$ 42,721,767</b>	\$ 38,663,954
Internally restricted	<b><u>7,394,002</u></b>	<u>7,169,190</u>
	<b>50,115,769</b>	45,833,144
Operating fund		
Deferred revenue, unexpended investment income (Note 13)	<b><u>15,226,213</u></b>	<u>8,017,456</u>
	<b><u>\$ 65,341,982</u></b>	<b><u>\$ 53,850,600</u></b>

### 17. Inter-fund transfers

	Operating			Post-	
	Unrestricted	Unrestricted		retirement	Capital
	<u>Main Campus</u>	<u>AVC</u>	<u>Research</u>	<u>benefits</u>	<u>assets</u>
Depreciation	\$ 7,000,218	\$ 2,255,577	\$ -	\$ -	\$ (9,255,795)
Equipment additions	(413,079)	(38,767)	(971,674)		1,423,520
Library materials	(14,581)	(23,018)			37,599
Principal debt repayment	(642,119)	(352,000)			994,119
Internal financing	(6,772,706)	(2,736,676)			9,509,382
Research	345,668	162,911	(508,579)		
Interest repayment	(488,165)	(48,640)			536,805
Post-retirement health benefits	(1,829,498)	(538,999)		2,368,497	
Retirement allowance	(290,693)	(95,461)		386,154	
Pension plan	(4,020,097)	(1,463,007)	-	5,483,104	
	<b><u>\$ (7,125,052)</u></b>	<b><u>\$ (2,878,080)</u></b>	<b><u>\$ (1,480,253)</u></b>	<b><u>\$ 8,237,755</u></b>	<b><u>\$ 3,245,630</u></b>

Inter-fund transfers outline the movement of transactions from the fund balance in which they were paid or originally recognized to the fund balance where they are held for accounting purposes. The inter-fund transfers are consistent with the treatment adopted in prior years.

### 18. Scholarships

The University recognized restricted grants to fund scholarships and bursaries from the Province of Prince Edward Island including the George Coles Bursary and Island Student Awards. The total for the year was \$4,873,462 (2020 - \$4,500,739).

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 19. Financial assets and liabilities

The following sections describe the University's financial risk exposure and related mitigation strategies:

#### **Credit risk**

The University is exposed to credit risk through payment default on its accounts receivable. Exposure to credit risk on accounts receivable is managed through active monitoring and collection practices. A provision for uncollectible accounts has been determined in the amount of \$581,693 (2020 - \$976,585) based on respective aging of accounts, risk profile of certain accounts and collections subsequent to year end. Receivables written off during the year and adjustments to the allowance for doubtful receivables amount to \$394,892 (2020 - \$255,837).

#### **Liquidity risk**

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with financial liabilities. The University is exposed to liquidity risk arising primarily from trade payables. The University ensures that it has sufficient capital to meet its short and long term financial obligations after taking into account its operations and cash on hand. The University actively maintains a committed credit facility to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

#### **Market risk**

The University invests in publicly traded equities listed on domestic and foreign exchanges, and bonds traded over the counter through broker dealers. These securities are affected by fluctuations in market prices. Such market changes are subject to economic factors and other fluctuations in domestic and global capital markets, as well as risks to issuers, which may affect the market value of the individual securities. Policy guidelines have been established to ensure that the University's investments are diversified by issuer, industry and geographic location.

The University has certain investments denominated in foreign currencies. Currency risk is the risk that the value of these investments will fluctuate due to changes in foreign exchange rates. The University has diversified its foreign portfolio by investing in various foreign currencies.

Real estate is valued based on estimated fair values determined by using appropriate valuation techniques and best estimates by management, appraisers or both. Where external appraisers are engaged to perform the valuation, management ensures the appraisers are independent and compares the assumptions used by the appraisers with management's expectations based on current market conditions and industry practice to ensure the valuation captures the business and economic conditions specific to the investment.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or the future cash flows associated with a financial instrument will fluctuate due to changes in market interest rates. The University is exposed to interest rate risk on long term debt, which it manages through the use of fixed interest rates and use of interest rate swap agreements.

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# University of Prince Edward Island

## Notes to the Consolidated Financial Statements

April 30, 2021

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### 20. COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the University for future periods.

The University continues to monitor the evolving COVID-19 situation while working with the PEI Chief Public Health Office to ensure the appropriate health measures are in place and being followed. The University plans to return to a mixture of in-person and online learning for the Fall 2021 and Winter/Spring 2022 Semesters in line with public health orders for the upcoming fiscal year.

The University has determined that these events have not had a material impact on the carrying value of assets and liabilities reported in these financial statements as at April 30, 2021. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial impact on the financial position and results of the University for future periods.

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### 21. Commitments

The University has committed to construct a new Canada Games Residence at an estimated total cost of \$60,000,000 with a planned completed date of Fall 2022. Financing for this project is provided by a debt financing grant from the Province of Prince Edward Island of up to \$29,600,000. The grant will be paid in annual installments of \$1,480,000 to support principal and interest payments over a maximum of 20 years. The University will fund the balance of the project through debt financing and internally restricted funds. The University has secured the debt financing with Royal Bank in two segments: \$27,600,000 over 25 years and \$21,400,000 over 17 years through a SWAP agreement.

The University has also committed to construct the Canadian Centre for Climate Change and Adaptation facility in St. Peter's Bay at an estimated total cost of \$14,800,000. Financing for this project will be funded by a grant of \$9,733,334 shared equally by the Government of Canada and the Province of Prince Edward Island. The University will fund the balance of the project.

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### 22. Comparative figures

Certain of the 2020 comparative figures have been restated to agree with the financial presentation for the current year.

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# University of Prince Edward Island Consolidated Schedule of Atlantic Veterinary College Operations and Changes in Fund Balance

Year ended April 30, 2021

2021

2020

Revenue		
Grants and contracts	\$ 22,672,782	\$ 22,672,253
Student fees	3,840,939	3,723,321
International fees	5,552,973	5,406,844
Sales and other revenues	10,986,909	9,824,940
Investment income	427,552	390,716
Donations	<u>317,883</u>	<u>365,330</u>
	<b><u>43,799,008</u></b>	<b><u>42,383,404</u></b>
Expenditure		
Salaries and benefits	28,384,738	26,879,910
Supplies	3,899,536	4,507,429
Depreciation	2,255,577	2,310,968
Other	840,267	1,343,177
Utilities	2,443,071	2,625,037
Travel	125,372	258,764
Repairs and maintenance	607,033	829,101
Library subscriptions	479,777	452,642
Externally contracted services and memberships	1,422,612	1,756,570
Scholarships and bursaries	<u>349,530</u>	<u>327,375</u>
	<b><u>40,807,513</u></b>	<b><u>41,290,973</u></b>
Excess of revenues over expenditures before inter-fund transfers	<b><u>\$ 2,991,495</u></b>	<b><u>\$ 1,092,431</u></b>
Fund balance, beginning of year	\$ 2,633,516	\$ 2,225,197
Excess of revenues over expenditures before inter-fund transfers	2,991,495	1,092,431
Inter-fund transfers (Note 17)	<u>(2,878,080)</u>	<u>(684,112)</u>
Fund balance, end of year	<b><u>\$ 2,746,931</u></b>	<b><u>\$ 2,633,516</u></b>

# University of Prince Edward Island

## Consolidated Schedule of Research Operations and Changes in Fund Balances

Year ended April 30, 2021

2021

2020

	Main Campus	AVC	Total	Total
<b>Revenues</b>				
Deferred revenue, beginning of year	\$ 4,630,380	\$ 2,504,814	<b>\$ 7,135,194</b>	\$ 6,034,810
Research funds received	9,646,304	3,228,979	<b>12,875,283</b>	10,987,147
Deferred revenue, end of year	<u>(7,446,020)</u>	<u>(2,737,729)</u>	<b><u>(10,183,749)</u></b>	<u>(7,135,179)</u>
	<u>6,830,664</u>	<u>2,996,064</u>	<b><u>9,826,728</u></b>	<u>9,886,778</u>
<b>Expenditures</b>				
Salaries and benefits	3,798,813	1,671,253	<b>5,470,066</b>	5,237,081
Supplies	1,451,637	656,416	<b>2,108,053</b>	1,539,171
Travel	69,839	54,055	<b>123,894</b>	802,229
Externally contracted services and memberships	421,839	396,859	<b>818,698</b>	799,562
Scholarships and bursaries	<u>3,579</u>	<u>57,629</u>	<b><u>61,208</u></b>	<u>74,964</u>
	<u>5,745,707</u>	<u>2,836,212</u>	<b><u>8,581,919</u></b>	<u>8,453,007</u>
Excess of revenues over expenditures before inter-fund transfers	<u>\$ 1,084,957</u>	<u>\$ 159,852</u>	<b><u>\$ 1,244,809</u></b>	<u>\$ 1,433,771</u>
<hr/>				
Fund balances, beginning of year	\$ 1,540,250	\$ 550,025	<b>\$ 2,090,275</b>	\$ 3,254,219
Excess of revenues over expenditures before inter-fund transfers	1,084,957	159,852	<b>1,244,809</b>	1,443,771
Inter-fund transfers (Note 17)	<u>(1,295,243)</u>	<u>(185,011)</u>	<b><u>(1,480,253)</u></b>	<u>(2,597,715)</u>
Fund balances, end of year	<u>\$ 1,329,964</u>	<u>\$ 524,867</u>	<b><u>\$ 1,854,831</u></b>	<u>\$ 2,090,275</u>
<hr/>				
<b>Unspent funds at year end</b>				
Fund balances	\$ 1,329,964	\$ 524,867	<b>\$ 1,854,831</b>	\$ 2,090,275
Deferred revenue	<u>7,446,020</u>	<u>2,737,729</u>	<b><u>10,183,749</u></b>	<u>7,135,179</u>
	<u>\$ 8,775,984</u>	<u>\$ 3,262,596</u>	<b><u>\$ 12,038,580</u></b>	<u>\$ 9,225,454</u>