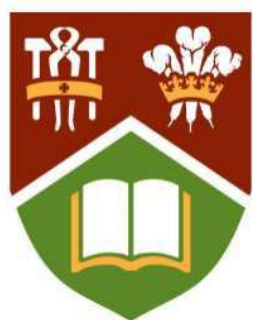




Consolidated Financial Statements

University of Prince Edward Island

April 30, 2022



UNIVERSITY
of Prince Edward
ISLAND

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Fund Balances	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 22
Consolidated Schedule of Atlantic Veterinary College Operations and Changes in Fund Balance	23
Consolidated Schedule of Research Operations and Changes in Fund Balances	24

Independent Auditor's Report

Grant Thornton LLP
Suite 410
98 Fitzroy Street, PO Box 187
Charlottetown, PE
C1A 7K4
T +1 902 892 6547
F +1 902 566 5358

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, 2022, 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, 2022, 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 details the early adoption of a new accounting policy adopted at the beginning of the April 30, 2022 fiscal year.

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 20, 2022


Chartered Professional Accountants

University of Prince Edward Island

Consolidated Statement of Operations

Year ended April 30, 2022

						2022	2021
	<u>Operating</u>	<u>Research</u>	<u>Post-retirement benefits</u>	<u>Capital assets</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
Revenues							
Grants and contracts (Note 18)	\$ 68,899,312	\$ 12,100,169	\$ -	\$ 637,508	\$ -	\$ 81,636,989	76,574,480
Amortization of deferred revenue				3,592,502		3,592,502	3,478,940
Student fees	38,178,706					38,178,706	35,426,843
International fees	16,689,017					16,689,017	15,337,248
Ancillaries	6,158,802					6,158,802	4,249,619
Sales and other revenues	16,425,224					16,425,224	13,642,760
Investment income	2,330,472		1,084,336			3,414,808	4,313,287
Change in fair value of derivatives (Note 12)				6,092,538		6,092,538	6,271,576
Donations	<u>2,292,155</u>					<u>2,292,155</u>	<u>2,479,034</u>
	<u>150,973,688</u>	<u>12,100,169</u>	<u>1,084,336</u>	<u>10,322,548</u>	<u>-</u>	<u>174,480,741</u>	<u>161,773,787</u>
Expenditures							
Salaries and benefits	88,080,832	6,150,253				94,231,085	89,995,297
Supplies	10,382,770	1,785,538				12,168,308	10,337,284
Depreciation	9,419,976					9,419,976	9,255,795
Other	2,759,333					2,759,333	2,714,577
Utilities	6,849,883					6,849,883	5,501,243
Travel	598,373	231,809				830,182	371,703
Repairs and maintenance	2,645,323					2,645,323	2,757,202
Library subscriptions	1,587,950					1,587,950	1,574,671
Post-retirement benefits (Note 10)			6,370,171			6,370,171	7,973,737
Externally contracted services and memberships	5,683,752	1,187,894				6,871,646	4,496,995
Scholarships and bursaries (Note 18)	11,300,770	20,364				11,321,134	10,066,780
Interest				1,121,087		1,121,087	1,288,436
	<u>139,308,962</u>	<u>9,375,858</u>	<u>6,370,171</u>	<u>1,121,087</u>	<u>-</u>	<u>156,176,078</u>	<u>146,333,720</u>
Excess of revenues over expenditures before inter-fund transfers	<u>\$11,664,726</u>	<u>\$ 2,724,311</u>	<u>\$ (5,285,835)</u>	<u>\$ 9,201,461</u>	<u>\$ -</u>	<u>\$ 18,304,663</u>	<u>\$ 15,440,067</u>

See accompanying notes to the consolidated financial statements.

University of Prince Edward Island

Consolidated Statement of Changes in Fund Balances

Year ended April 30, 2022

						2022	2021
	<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	\$ 7,067,228	\$ 1,854,831	\$ (11,921,680)	\$ 78,715,702	\$ 50,115,769	\$ 125,831,850	\$106,568,216
Adoption of new accounting standards (Note 3)	-	-	(14,970,174)	-	-	(14,970,174)	-
Fund balances, beginning of year as adjusted	7,067,228	1,854,831	(26,891,854)	78,715,702	50,115,769	110,861,676	106,568,216
Excess revenues (expenditures) before Inter-fund transfers	11,664,726	2,724,311	(5,285,835)	9,201,461	-	18,304,663	15,440,067
Re-measurement and other adjustments (Note 10)	-	-	7,284,899	-	-	7,284,899	(459,058)
Endowment additions	-	-	-	-	4,017,347	4,017,347	4,282,625
Inter-fund transfers (Note 17)	(11,776,551)	500,211	8,436,217	2,840,123	-	-	-
Fund balances, end of year	<u>\$ 6,955,403</u>	<u>\$ 5,079,353</u>	<u>\$(16,456,573)</u>	<u>\$ 90,757,286</u>	<u>\$ 54,133,116</u>	<u>\$140,468,585</u>	<u>\$125,831,850</u>

(Note 16)

See accompanying notes to the consolidated financial statements.

University of Prince Edward Island

Consolidated Statement of Financial Position

April 30, 2022

						2022	2021
	Operating	Research	Post- retirement benefits	Capital assets	Endowment	Total	Total
Assets							
Current - Cash and cash equivalents	\$ 15,551,481	\$ -	\$ 9,645,737	\$ -	\$ -	\$ 25,197,218	\$ 24,414,131
- Receivables (Note 4)	4,873,966	1,469,970		776,075		7,120,011	9,221,324
- Inventory and other	<u>1,697,400</u>	<u>-</u>		<u>-</u>		<u>1,697,400</u>	<u>2,063,864</u>
	22,122,847	1,469,970	9,645,737	776,075	-	34,014,629	35,699,319
Investments (Note 5)	37,486,219		22,196,166	10,198,736	54,133,116	124,014,237	127,136,216
Due from (to) other funds	7,287,674	12,351,716		(19,639,390)	-	-	-
Derivative instruments (Note 12)				7,918,221		7,918,221	4,003,042
Capital assets (Note 6)				259,891,128		259,891,128	219,172,490
Intangible assets (Note 7)				<u>3,347,642</u>		<u>3,347,642</u>	<u>3,736,287</u>
	<u>\$ 66,896,740</u>	<u>\$ 13,821,686</u>	<u>\$ 31,841,903</u>	<u>\$ 262,492,412</u>	<u>\$ 54,133,116</u>	<u>\$ 429,185,857</u>	<u>\$ 389,747,354</u>
Liabilities							
Current – Payables and accruals (Note 8)	\$ 13,236,834	\$ 71,997	\$ -	\$ 10,338,015	\$ -	\$ 23,646,846	\$ 17,683,330
- Current portion of long term debt				2,346,803		2,346,803	3,328,346
- Deferred revenue	<u>20,108,921</u>			<u>3,683,676</u>		<u>23,792,597</u>	<u>16,353,656</u>
	33,345,755	71,997	-	16,368,494		49,786,246	37,365,332
Defined benefit liabilities (Note 10)			48,298,476			48,298,476	41,247,090
Derivative instruments (Note 12)				799,536		799,536	2,976,895
Long term obligations (Note 11)				<u>20,796,217</u>		<u>20,796,217</u>	<u>23,143,019</u>
	33,345,755	71,997	48,298,476	37,964,247	-	119,680,475	104,732,336
Deferred revenue							
Research contracts		8,670,336				8,670,336	10,183,749
Capital assets (Note 13)				133,770,879		133,770,879	124,634,199
Other (Note 14)	<u>26,595,582</u>					<u>26,595,582</u>	<u>24,365,220</u>
	<u>59,941,337</u>	<u>8,742,333</u>	<u>48,298,476</u>	<u>171,735,126</u>	<u>-</u>	<u>288,717,272</u>	<u>263,915,504</u>
Fund balances							
Invested in capital assets				80,558,550		80,558,550	69,462,861
Internally restricted – post-retirement benefit			(16,456,573)			(16,456,573)	(11,921,680)
Externally restricted – endowments					46,262,448	46,262,448	42,721,767
Internally restricted (Note 15)		5,079,353		10,198,736	7,870,668	23,148,757	18,501,674
Unrestricted	<u>6,955,403</u>					<u>6,955,403</u>	<u>7,067,228</u>
	<u>6,955,403</u>	<u>5,079,353</u>	<u>(16,456,573)</u>	<u>90,757,286</u>	<u>54,133,116</u>	<u>140,468,585</u>	<u>125,831,850</u>
	<u>\$ 66,896,740</u>	<u>\$ 13,821,686</u>	<u>\$ 31,841,903</u>	<u>\$ 262,492,412</u>	<u>\$ 54,133,116</u>	<u>\$ 429,185,857</u>	<u>\$ 389,747,354</u>

(Note 16)

Commitments and subsequent event (Note 20)

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

Year Ended April 30, 2022

2022

2021

Operating

Excess of revenue over expenditure before inter-fund transfer	\$ 18,304,663	\$ 15,440,067
Amortization of deferred contributions	(3,592,502)	(3,478,940)
Change in financial derivative instruments	(6,092,538)	(6,271,576)
Depreciation of capital and intangible assets	9,419,976	9,255,795
Change in employee future benefit obligation	(202,502)	1,650,619
Changes in non-cash operating working capital		
Receivables	2,101,313	111,983
Inventory and other	366,464	795,052
Payables and accruals	265,218	(1,837,079)
Contributions related to operating	7,438,941	2,539,199
Contributions related for research	<u>(1,513,413)</u>	<u>3,048,570</u>
Net cash generated through operating activities	<u>26,495,620</u>	<u>21,253,690</u>

Financing

Contributions related to special purpose funds and endowments, including capitalized investment returns	4,740,729	5,226,458
Contributions related to capital assets	2,450,813	7,824,434
Excess of investment returns over endowment and special purpose funds	12,729,182	7,928,508
Principal repayments on long term obligations	<u>(3,328,346)</u>	<u>(3,861,719)</u>
Net cash generated through financing activities	<u>16,592,378</u>	<u>17,117,681</u>

Investing

Purchase of capital and intangible assets	(45,426,890)	(24,527,133)
Net increase in investments	<u>3,121,979</u>	<u>(7,722,751)</u>
Net cash used in financing activities	<u>(42,304,911)</u>	<u>(32,249,884)</u>
Net increase in cash and cash equivalents	783,087	6,121,487
Cash and cash equivalents, beginning of year	<u>24,414,131</u>	<u>18,292,644</u>
Cash and cash equivalents, end of year	<u>\$ 25,197,218</u>	<u>\$ 24,414,131</u>

See accompanying notes to the consolidated financial statements.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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.

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.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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
-------------------	------------------------

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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
- Derivative instruments
- 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:

Financial instrument	Subsequent measurement
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.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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 consolidated financial statement date that reflect the most probable set of economic conditions and planned course of action.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

3. Adoption of new accounting standards

The Canadian Accounting Standards Board recently issued amendments to Section 3462, Employee Future Benefits, in Part II – accounting standards for private enterprises, of the CPA Canada Handbook, which the University applies this section in addition to Section 3463, Reporting Employee Future Benefits, under Canadian accounting standards for not-for-profit organizations. Prior to the amendments, Section 3462 permitted an accounting policy choice to measure a defined benefit obligation of defined benefit plan without a funding valuation requirement using an accounting valuation or a funding valuation when certain conditions were met. For defined benefit plans with no legislative, regulatory or contractual requirement to prepare a funding valuation, these amendments remove the accommodation to allow for the use of a funding valuation. This amendment is required for any year ends beginning on or after January 1, 2022

The University has two defined benefit plans which are affected by the new amendments, they are the health benefit plan and a retirement allowances plan, which in the past utilized the funding valuation discount rate, which did not have any legislative, regulatory or contractual requirements to prepare a funding valuation. Therefore, the University is required to now apply the accounting valuation discount rate instead of the funding valuation discount rate.

The University has elected to early adopt this amendment to 3462, Employee Future Benefit, effective May 1, 2021, to apply the accounting valuation to the health benefit and the retirement obligation plans. In accordance with Section 3462 as the University is changing from a funding valuation to an accounting valuation, this change will be applied prospectively with the effect of the amendments being recorded in the opening fund balances of the post-retirement benefit fund being affected. A summary of the changes is below which are adjusted in the consolidated statement of changes in fund balances on page 4.

Impact in applying the accounting valuation	
Health benefit plan	\$ 13,973,574
Retirement allowances plan	<u>996,600</u>
Increase in obligation and PRB fund balance – May 1, 2021	<u>\$ 14,970,174</u>

4. Receivables

	<u>2022</u>	<u>2021</u>
Operating fund		
Operating grants and contracts	\$ 1,218,006	\$ 406,596
Sales and services	740,026	474,611
Student accounts	1,236,760	1,572,514
Student union	133,723	217,553
Other	<u>1,545,451</u>	<u>1,909,337</u>
	4,873,966	4,580,611
Capital asset fund	776,075	3,249,980
Research fund	<u>1,469,970</u>	<u>1,390,733</u>
	<u>\$ 7,120,011</u>	<u>\$ 9,221,324</u>

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

5. Investments	<u>2022</u>	<u>2021</u>
Operating fund	<u>\$ 37,486,219</u>	<u>\$ 38,442,197</u>
Post-retirement benefits fund		
Health benefit plan	<u>17,091,846</u>	24,376,972
Retirement allowances	<u>4,176,835</u>	4,067,299
Supplementary retirement benefits	<u>927,485</u>	881,138
	<u>22,196,166</u>	<u>29,325,409</u>
Capital asset fund	<u>10,198,736</u>	9,252,841
Endowment fund	<u>54,133,116</u>	<u>50,115,769</u>
	<u>\$124,014,237</u>	<u>\$ 127,136,216</u>

Investments summary	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equities	<u>\$89,703,003</u>	<u>\$103,514,237</u>	\$ 88,202,576	\$ 103,972,642
Fixed – amortized cost			111,574	111,574
Fixed – fair market value	<u>20,500,000</u>	<u>20,500,000</u>	23,052,000	23,052,000
Total	<u>\$110,203,003</u>	<u>\$124,014,237</u>	<u>\$111,366,150</u>	<u>\$127,136,216</u>

6. Capital assets			<u>2022</u>	<u>2021</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	\$ 1,047,442
Site improvements	16,868,454	7,318,305	9,550,149	9,745,716
Buildings	304,142,167	90,356,254	213,785,913	174,468,306
Furniture, equipment and vehicles	64,994,315	31,874,616	33,119,699	31,303,036
Library materials	<u>11,289,205</u>	<u>8,901,280</u>	<u>2,387,925</u>	<u>2,607,990</u>
	<u>\$ 398,341,583</u>	<u>\$138,450,455</u>	<u>\$ 259,891,128</u>	<u>\$ 219,172,490</u>

Facilities under construction as of April 30, 2022 are \$46,868,043 (2021 - \$20,320,832) at cost. See further disclosure in Note 20 Commitments.

7. Intangible assets			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Computer software	<u>\$ 9,726,331</u>	<u>\$ 6,378,689</u>	<u>\$ 3,347,642</u>	<u>\$ 3,736,287</u>

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

8. Payables and accruals	<u>2022</u>	<u>2021</u>
Operating fund		
Trade	\$ 4,891,913	\$ 4,763,358
Accrued payroll	686,278	363,976
Accrued vacation and other leaves	5,344,104	5,609,328
Faculty development allowance	1,118,183	970,278
Government remittances	<u>1,196,356</u>	<u>1,153,676</u>
	<u>13,236,834</u>	<u>12,860,616</u>
Capital asset fund		
Accrued interest	78,905	93,122
Construction holdbacks and payables	<u>10,259,110</u>	<u>4,560,813</u>
	<u>10,338,015</u>	<u>4,653,935</u>
Research fund		
Accrued payroll	<u>71,997</u>	<u>168,779</u>
	<u>\$ 23,646,846</u>	<u>\$ 17,683,330</u>

9. Deferred revenue, operating current

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>2022</u>	<u>2021</u>
Beginning balance	\$ 16,353,656	\$13,492,791
Resources received	22,314,062	12,908,215
Recognized as revenue	<u>(14,875,121)</u>	<u>(10,047,350)</u>
Ending balance	<u>\$ 23,792,597</u>	<u>\$ 16,353,656</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, 2022. Funding of supplementary retirement obligations is determined in accordance with conditions of specific agreements.

	<u>2022</u>	<u>2021</u>
Net expense for the University's benefit plans is as follows:		
Pension	<u>\$ 3,338,500</u>	<u>\$ 4,747,800</u>
Other benefit plans		
Health benefits	2,452,466	2,384,997
Retirement allowances	<u>579,205</u>	<u>840,940</u>
	<u>3,031,671</u>	<u>3,225,937</u>
Expense per statement of operations	<u>\$ 6,370,171</u>	<u>\$ 7,973,737</u>

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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, 2022 and April 30, 2021 were as follows:

	Pension plan		Post-retirement benefit plans	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Funded status and amounts recognized, end of year				
Fair value of plan net assets	\$ 335,603,456	\$324,851,700	\$ -	\$ -
Benefit obligation	(327,027,000)	(305,669,500)	(43,062,476)	(35,722,090)
Valuation allowance	(13,812,456)	(24,707,200)	-	-
Shared risk funding agreement	-	-	-	-
Funded status, end of year	<u>\$ (5,236,000)</u>	<u>\$ (5,525,000)</u>	<u>\$ (43,062,476)</u>	<u>\$ (35,722,090)</u>
			<u>2022</u>	<u>2021</u>
Accrued benefit liability				
Pension plan			\$ (5,236,000)	\$ (5,525,000)
Other benefit plans			(43,062,476)	(35,722,090)
Liability per statement of financial position			<u>\$ (48,298,476)</u>	<u>\$ (41,247,090)</u>
			<u>2022</u>	<u>2021</u>
Re-measurement and other adjustments				
Actuarial gain on assets			\$ 6,998,665	\$ 616,963
Actuarial gain (loss) on liabilities			<u>286,234</u>	<u>(1,076,021)</u>
			<u>\$ 7,284,899</u>	<u>\$ (459,058)</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.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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>2022</u>	<u>2021</u>
Cash and cash equivalents	2%	1%
Government and corporate bonds	23%	22%
Mortgages	4%	5%
Real estate fund	11%	9%
Infrastructure fund	7%	6%
Equities and mutual funds	53%	57%

The significant actuarial assumptions adopted in measuring the University's defined benefit obligations for the pension plan is a discount rate of 5.50% (2021 – 5.75%) and for the future retirement allowances is a discount rate of 4.40% (2021 – 5.75%), expected long term rate of return on plan assets of 5.50% (2021 – 5.75%), and a rate of total compensation increase of 3.5% per annum. For the health benefits plan a 4.60% (2021 – 5.75%) discount rate and 3.5% (2021 – 3.5%) rate of total compensation increase was 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>2022</u>	<u>2021</u>
Employer contributions	\$ 5,672,763	\$ 5,528,644
Employee contributions and transfers in	5,544,444	5,434,563
Benefits paid and transfers out	15,120,353	14,563,875

The health benefit plan liability has been estimated to equal \$37,555,000 (2021 - \$30,785,392) based on the last actuarial valuation as of April 30, 2022. In 2022, \$26,737,584 (2021 - \$24,376,972) 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 \$4,580,000 as of April 30, 2022, (2021 - \$4,067,300) based on actuarial valuation and the rates of funding required for future service as determined by the actuary at that time. In 2022 \$4,176,535 (2021 - \$4,067,299) of investments have been internally allocated to fund this liability.

Supplementary retirement obligations amount to \$927,485 (2021 - \$881,140) 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.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

11. Long term obligations	<u>2022</u>	<u>2021</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.	\$ 133,113	\$ 213,911
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.	100,000	233,334
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.	413,334	826,667
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.	10,877,000	11,425,000
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.	3,296,000	3,485,000
CDOR loan repaid during the year. (Bank of Montreal; Don and Marion McDougal Hall)	-	290,000
CDOR loan repaid during the year. (Bank of Montreal; Health Sciences Building)	-	723,000
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.	1,661,086	1,773,342

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

11. Long term obligations (cont'd)

	<u>2022</u>	<u>2021</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.	5,586,487	6,073,111
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.	<u>1,076,000</u>	<u>1,428,000</u>
	23,143,020	26,471,365
Less: current portion	<u>2,346,803</u>	<u>3,328,346</u>
	<u>\$ 20,796,217</u>	<u>\$ 23,143,019</u>

Annual principal repayments in each of the next five years are due as follows: 2023 - \$2,346,803; 2024 - \$1,857,817; 2025 - \$1,895,149; 2026 - \$1,590,610; 2027 - \$1,657,281.

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, 2022 was \$72,009,907 (2021 - \$75,257,455). 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, 2022 there are four interest rate swap contracts in an asset position of \$7,918,221 and the five interest rate swap contracts in a liability position of \$799,536 recorded in the consolidated statement of financial position, which result in an overall net asset position of \$7,118,685 (2021 liability of \$1,026,147).

The change in fair value of these interest rate swap agreements for the year ended April 30, 2022 resulted in a gain of \$6,092,538 and for the year ended April 30, 2021 resulted in a gain of \$6,271,576. These changes in their fair values have been recorded in the consolidated statement of operations.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

13. Deferred revenue, capital assets long-term

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>2022</u>	<u>2021</u>
General deferred revenue, capital assets		
Beginning balance	\$ 124,634,199	\$ 119,927,647
Capital grants and donations received	12,729,182	8,185,492
Capital grants and donations recognized, net	<u>(3,592,502)</u>	<u>(3,478,940)</u>
Ending balance	<u>\$ 133,770,879</u>	<u>\$ 124,634,199</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>2022</u>	<u>2021</u>
Beginning balance	\$ 24,365,220	\$ 16,563,390
Contributions received	723,382	943,833
Income earned	9,133,692	13,698,751
Expended or transferred	<u>(7,626,712)</u>	<u>(6,840,754)</u>
Ending balance	<u>\$ 26,595,582</u>	<u>\$ 24,365,220</u>
Representing:		
Unexpended investment income on endowment funds (Note 16)	\$ 17,455,847	\$ 15,226,213
Special purpose funds	<u>9,139,735</u>	<u>9,139,007</u>
	<u>\$ 26,595,582</u>	<u>\$ 24,365,220</u>

15. Internal restrictions on fund balances

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

	<u>2022</u>	<u>2021</u>
Capital		
Capital Renovations		
Ventilation Improvements	\$ 1,366,000	\$ -
Equipment Replacement Fund	621,838	-
Technology Infrastructure Fund	-	1,368,826
Duffy Science Building Roof	630,000	-
Other Capital Renovations	<u>1,020,582</u>	<u>1,050,132</u>
	<u>3,638,420</u>	<u>2,418,958</u>
AVC Capital		
AVC Energy Optimization	2,194,012	-
AVC Capital Renovations	2,672,816	4,222,273
AVC Ventilation Improvements	271,000	-
AVC Equipment Replacement Fund	<u>1,422,488</u>	<u>2,611,610</u>
	<u>6,560,316</u>	<u>6,833,883</u>
Total Capital	10,198,736	9,252,841
Endowment	7,870,668	7,394,002
Research	<u>5,079,353</u>	<u>1,854,831</u>
	<u>\$ 23,148,757</u>	<u>\$ 18,501,674</u>

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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>2022</u>	<u>2021</u>
Endowment fund		
Externally restricted	\$ 46,262,448	\$ 42,721,767
Internally restricted	<u>7,870,668</u>	<u>7,394,002</u>
	54,133,116	50,115,769
Operating fund		
Deferred revenue, unexpended investment income (Note 14)	<u>17,455,847</u>	<u>15,226,213</u>
	<u>\$ 71,588,963</u>	<u>\$ 65,341,982</u>

17. Inter-fund transfers

	Operating			Post-	
	<u>Unrestricted Main Campus</u>	<u>Unrestricted AVC</u>	<u>Research</u>	<u>retirement benefits</u>	<u>Capital assets</u>
Depreciation	\$ 7,192,338	\$ 2,227,638	\$ -	\$ -	\$ (9,419,976)
Equipment additions	(507,417)	(253,044)	(409,235)		1,169,696
Library materials	(27,901)	(13,510)			41,411
Principal debt repayment	(679,679)	(352,000)			1,031,679
Internal financing	(8,212,084)	(1,318,248)			9,530,332
Research	(545,158)	(364,288)	909,446		
Interest repayment	(449,007)	(37,974)			486,981
Post-retirement health benefits	(1,849,534)	(541,766)		2,391,300	
Retirement allowance	(316,453)	(91,662)		408,115	
Pension plan	(4,124,820)	(1,511,982)	-	5,636,802	
	<u>\$ (9,519,715)</u>	<u>\$ (2,256,836)</u>	<u>\$ 500,211</u>	<u>\$ 8,436,217</u>	<u>\$ 2,840,123</u>

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 \$5,415,358 (2021 - \$4,873,462).

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

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 \$503,614 (2021 - \$581,693) 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 \$78,078 (2021 - \$394,892).

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.

University of Prince Edward Island

Notes to the Consolidated Financial Statements

April 30, 2022

20. Commitments

The University has committed to construct a new Canada Games Residence at an estimated total cost of \$64,000,000 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. Subsequent to year-end the University has accessed this short-term financing associated with this credit facility.

21. Comparative figures

Certain of the 2021 comparative figures have been restated to agree with the financial presentation for the current year.

University of Prince Edward Island

Consolidated Schedule of Atlantic Veterinary College Operations and Changes in Fund Balance

Year ended April 30, 2022

2022

2021

Revenue		
Grants and contracts	\$ 22,647,591	\$ 22,672,782
Student fees	3,983,540	3,840,939
International fees	5,608,942	5,552,973
Sales and other revenues	13,586,103	10,986,909
Investment income	396,634	427,522
Donations	<u>426,090</u>	<u>317,883</u>
	<u>46,648,900</u>	<u>43,799,008</u>
Expenditure		
Salaries and benefits	29,140,743	28,384,738
Supplies	5,028,269	3,899,536
Depreciation	2,227,638	2,255,577
Other	1,139,336	840,267
Utilities	3,033,661	2,443,071
Travel	74,581	125,372
Repairs and maintenance	863,143	607,033
Library subscriptions	501,852	479,777
Externally contracted services and memberships	1,918,206	1,422,612
Scholarships and bursaries	<u>394,635</u>	<u>349,530</u>
	<u>44,322,064</u>	<u>40,807,513</u>
Excess of revenues over expenditures before inter-fund transfers	<u>\$ 2,326,836</u>	<u>\$ 2,991,495</u>
Fund balance, beginning of year	\$ 2,746,931	\$ 2,633,516
Excess of revenues over expenditures before inter-fund transfers	2,326,836	2,991,495
Inter-fund transfers (Note 17)	<u>(2,256,836)</u>	<u>(2,878,080)</u>
Fund balance, end of year	<u>\$ 2,816,931</u>	<u>\$ 2,746,931</u>

University of Prince Edward Island

Consolidated Schedule of Research Operations and Changes in Fund Balances

Year ended April 30, 2022

2022

2021

	Main Campus	AVC	Total	Total
Revenues				
Deferred revenue, beginning of year	\$ 7,446,020	\$ 2,737,729	\$ 10,183,749	\$ 7,135,194
Research funds received	6,868,421	3,718,335	10,586,756	12,875,283
Deferred revenue, end of year	<u>(6,940,206)</u>	<u>(1,730,130)</u>	<u>(8,670,336)</u>	<u>(10,183,749)</u>
	<u>7,374,235</u>	<u>4,725,934</u>	<u>12,100,169</u>	<u>9,826,728</u>
Expenditures				
Salaries and benefits	4,411,340	1,738,913	6,150,253	5,470,066
Supplies	965,915	819,623	1,785,538	2,108,053
Travel	130,678	101,131	231,809	123,894
Externally contracted services and memberships	759,597	428,297	1,187,894	818,698
Scholarships and bursaries	<u>-</u>	<u>20,364</u>	<u>20,364</u>	<u>61,208</u>
	<u>6,267,530</u>	<u>3,108,328</u>	<u>9,375,858</u>	<u>8,581,919</u>
Excess of revenues over expenditures before inter-fund transfers	<u>\$ 1,106,705</u>	<u>\$ 1,617,606</u>	<u>\$ 2,724,311</u>	<u>\$ 1,244,809</u>
<hr/>				
Fund balances, beginning of year	\$ 1,329,964	\$ 524,867	\$ 1,854,831	\$ 2,090,275
Excess of revenues over expenditures before inter-fund transfers	1,106,705	1,617,606	2,724,311	1,244,809
Inter-fund transfers (Note 17)	<u>321,963</u>	<u>178,248</u>	<u>500,211</u>	<u>(1,480,253)</u>
Fund balances, end of year	<u>\$ 2,758,632</u>	<u>\$ 2,320,721</u>	<u>\$ 5,079,353</u>	<u>\$ 1,854,831</u>
<hr/>				
Unspent funds at year end				
Fund balances	\$ 2,758,632	\$ 2,320,721	\$ 5,079,353	\$ 1,854,831
Deferred revenue	<u>6,940,206</u>	<u>1,730,130</u>	<u>8,670,336</u>	<u>10,183,749</u>
	<u>\$ 9,698,838</u>	<u>\$ 4,050,851</u>	<u>\$ 13,749,689</u>	<u>\$ 12,038,580</u>