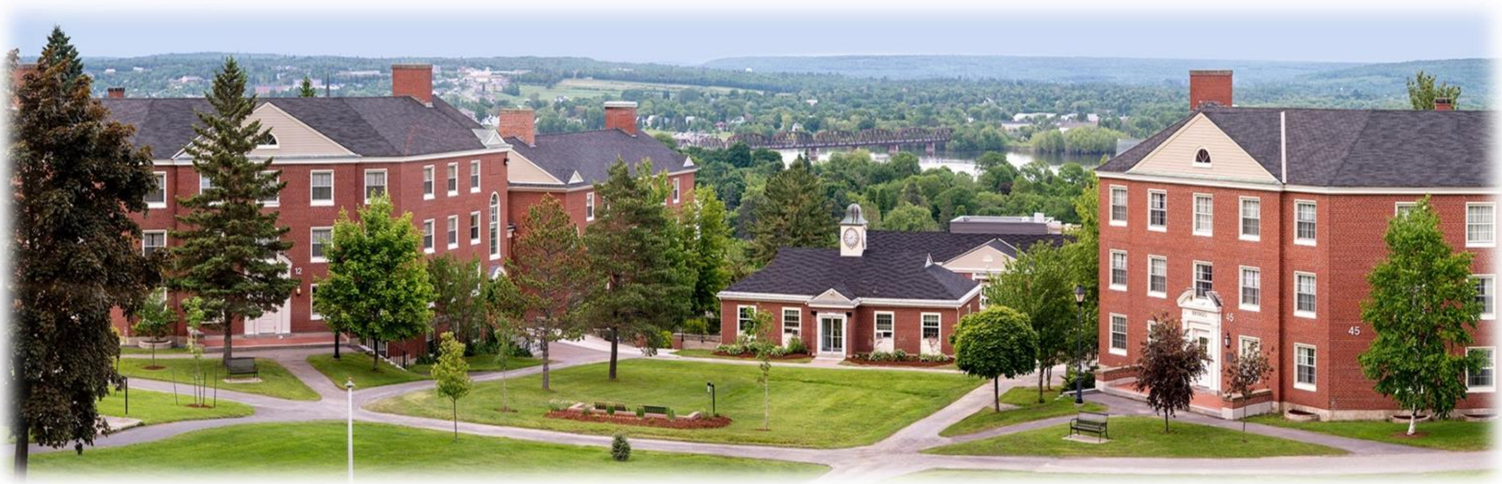

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2021

University of New Brunswick
April 30, 2021

TABLE OF CONTENTS

UNIVERSITY OF NEW BRUNSWICK
STATEMENT OF MANAGEMENT RESPONSIBILITY

For the Year Ended April 30, 2021

The University of New Brunswick (the University) is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Accounting Standards for Non-Profit Organizations as prescribed by the Chartered Professional Accountants of Canada.

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

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through the work of its Audit Committee. The Audit Committee meets with management and the external auditors to discuss the results of the audit examination and financial reporting matters. The external auditors have full access to the Audit Committee, with and without the presence of management.

The consolidated financial statements for the year ended April 30, 2021 have been reported on by Deloitte LLP, Professional Accountants. The auditors are appointed by the Audit Committee under the authority delegated by the Board of Governors. The independent auditor's report outlines the scope of their audit and their opinion on the fairness of presentation of the information in the consolidated financial statements.

Paul J. Mazerolle, Ph.D.
President & Vice-Chancellor

Karen Cunningham, CPA, CA
Vice-President
Administration & Finance

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

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Independent Auditor's Report

To the Board of Governors of
University of New Brunswick

Opinion

We have audited the consolidated financial statements of University of New Brunswick (the "University"), which comprise the consolidated statement of financial position as at April 30, 2021, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 University 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.

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

Management is responsible for the preparation and fair presentation of the 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 GAAS 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 GAAS, 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 University'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 University'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 University 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.

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.

Deloitte LLP

Chartered Professional Accountants
November 4, 2021

UNIVERSITY OF NEW BRUNSWICK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30, 2021

	($ thousands)	
	2021	2020 (Note 24)
ASSETS		
Current assets		
Cash and short-term investments (Note 3)	$ 77,990	$ 60,040
Accounts receivable (Note 4)	21,358	23,984
Inventories (Note 5)	1,385	1,385
Prepaid expenses	4,437	4,461
	105,170	89,870
Land development	851	911
Long-term investments (Note 6)	434,110	396,963
Capital assets (Note 7)	316,690	299,846
	751,651	697,720
	$ 856,821	$ 787,590
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 25,648	$ 42,153
Unearned revenue	13,169	10,024
Demand loans (Note 9)	10,450	2,400
Current portion of long-term debt (Note 10)	2,032	1,617
	51,299	56,194
Long-term liabilities		
Long-term debt (Note 10)	19,980	15,112
Employee future benefits (Note 11)	64,265	79,655
	84,245	94,767
Unearned revenue and contributions		
Long-term unearned revenue (Note 12)	920	1,035
Unexpended deferred contributions (Note 13)	211,806	163,312
Deferred capital contributions (Note 14)	153,547	153,323
	366,273	317,670
Net assets (liabilities)		
Accumulated unrestricted operating deficit	(8,871)	(6,622)
Unfunded employee benefits (Note 15)	(42,482)	(59,829)
Internally restricted net assets (Note 16)	78,711	68,588
Invested in capital assets (Note 17)	131,488	128,263
Endowed (Note 18)	196,158	188,559
	355,004	318,959
	$ 856,821	$ 787,590

See Note 21 for information regarding contingent liabilities and commitments.

Approved:

Robyn Tingley
Chair, Board of Governors

Paul J. Mazerolle, Ph.D.
President & Vice-Chancellor

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

UNIVERSITY OF NEW BRUNSWICK
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended April 30, 2021

	($ thousands) 2021	2020 (Note 24)
Revenues		
Government grants	$ 126,091	$ 121,391
Tuition and related fees	88,920	87,764
Research grants and contracts	50,759	51,545
Investment income	25,456	8,828
Ancillaries	3,177	16,556
Services and other income	13,178	18,800
Amortization of deferred capital contributions (Note 14)	10,127	10,203
Donations	161	10,694
	317,869	325,781
Expenses		
Instruction and non-sponsored research	127,405	128,690
Research grants and contracts	45,662	47,688
Plant operations	30,814	34,224
Administration and general	26,260	26,267
Scholarships and bursaries	15,709	16,633
Amortization of capital assets	15,371	14,958
Library	12,899	12,307
Student services	9,117	12,157
Central computing	6,717	6,542
Ancillaries	6,659	14,379
Other	2,930	2,837
Non-credit instruction	2,869	4,586
Employee future benefits (Note 11)	618	5,589
	303,030	326,857
Excess of revenues over expenses (expenses over revenues) before changes in net assets	14,839	(1,076)
Changes in net assets:		
Unfunded non-pension employee benefits	(3,625)	767
Net assets used to acquire capital assets (Note 17)	(3,225)	(12,450)
Change in internally restricted net assets	(10,238)	12,759
Decrease in accumulated unrestricted operating deficit	$ (2,249)	$ -

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

UNIVERSITY OF NEW BRUNSWICK
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended April 30, 2021

($ thousands)

	Accumulated Unrestricted Operating Deficit	Unfunded Employee Benefits (Note 15)	Internally Restricted Net Assets (Note 16)	Invested in Capital Assets (Note 17)	Endowed (Note 18)	Total
Net assets (liabilities), as at May 1, 2019	$ (6,622)	$ (43,277)	$ 81,721	$ 115,813	$ 178,530	$ 326,165
Changes during the year						
Excess of (expenses over revenues) revenues over expenses	-	(767)	(12,759)	12,450	-	(1,076)
Remeasurement losses	-	(15,785)	-	-	-	(15,785)
Capitalized income and other transfers	-	-	(374)	-	5,198	4,824
Endowment contributions	-	-	-	-	4,831	4,831
Net change during the year	-	(16,552)	(13,133)	12,450	10,029	(7,206)
Net assets (liabilities), as at April 30, 2020	(6,622)	(59,829)	68,588	128,263	188,559	318,959
Changes during the year						
Excess of (expenses over revenues) revenues over expenses	(2,249)	3,625	10,238	3,225	-	14,839
Remeasurement gains	-	13,722	-	-	-	13,722
Capitalized income and other transfers	-	-	(115)	-	1,662	1,547
Endowment contributions	-	-	-	-	5,937	5,937
Net change during the year	(2,249)	17,347	10,123	3,225	7,599	36,045
Net assets (liabilities), as at April 30, 2021	$ (8,871)	$ (42,482)	$ 78,711	$ 131,488	$ 196,158	$ 355,004

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

UNIVERSITY OF NEW BRUNSWICK
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended April 30, 2021

	($ thousands) 2021	2020
Operating activities		
Excess of revenues over expenses (expenses over revenues) before changes in net assets	$ 14,839	$ (1,076)
Add (deduct) non-cash items		
Amortization of capital assets	15,371	14,958
Amortization of land development charges	60	62
Amortization of deferred capital contributions	(10,127)	(10,203)
Net (increase) decrease in unrealized gain on long-term investments	(25,496)	19,043
Remeasurement gains (losses) of employee future benefits	13,722	(15,785)
Net change in operating assets and liabilities (Note 21)	(26,100)	15,942
	(17,731)	22,941
Investing activities		
Decrease in short-term investments	15	4,257
Purchases of long-term investments	(145,165)	(38,613)
Sales of long-term investments	139,300	14,313
Increase in land development charges	-	(869)
Net capital asset acquisitions	(32,215)	(29,054)
	(38,065)	(49,966)
Financing activities		
Long-term debt repayments	(1,617)	(1,653)
Proceeds from issuance of long-term debt	6,900	869
Net increase in demand loans	8,050	2,400
Deferred capital contributions received	10,351	11,102
Net increase (decrease) in long-term unearned revenue and unexpended deferred contributions	48,379	(9,349)
Endowment contributions	5,937	4,831
Capitalized endowment income and other transfers	1,547	4,824
	79,547	13,024
Net increase (decrease) in cash and cash equivalents	23,751	(14,001)
Cash and cash equivalents, beginning of year	36,702	50,703
Cash and cash equivalents, end of year (Note 3)	$ 60,453	$ 36,702

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

1. Authority and Purpose

The University of New Brunswick (the University) operates under the authority of the University of New Brunswick Act. It is a Board-governed, comprehensive university offering undergraduate and graduate degree programs, a broad range of research, and continuing education programs and activities. The University is a registered charity and is therefore exempt from the payment of income taxes under Section 149 of the Income Tax Act.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO), Part III of the Chartered Professional Accountants (CPA) handbook.

A summary of significant accounting policies is as follows:

a) Accounting Method

The financial statements are prepared on a non-fund basis as the operations for the University have been combined for reporting purposes. The University follows the deferral method of revenue recognition.

b) Principles of Consolidation and Presentation

The University's financial statements consolidate the accounts of Enterprise UNB Inc. (EUNB). In 2010, EUNB ceased operations, although it continues to exist as a corporate entity with no assets and no liabilities.

c) Revenue Recognition

Amounts received or receivable for tuition and related fees and sales of goods and services are recognized as revenue in the period in which the goods are delivered or the services are provided. Amounts received in advance are reported as unearned revenue.

The University receives grants and donations from a number of different sources for operating, research and capital expenditures. Operating grants are recognized in the period when receivable. Operating grants received for a future period are deferred until that future period and are reported as deferred contributions.

Externally restricted capital contributions are recorded as deferred contributions until invested to acquire capital assets. Amounts invested in externally funded capital assets with limited useful lives are reported as deferred capital contributions invested in capital assets. Deferred capital contributions are amortized and recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Endowment donations that are required by the donor to be held in perpetuity are recognized as direct increases in endowed net assets in the year received. The University has a policy to protect the economic value of the endowments from the impact of inflation

2. Summary of Significant Accounting Policies (continued)

c) Revenue Recognition (continued)

whereby a portion of the income earned on endowments is reserved by the Board for capital preservation. Such amounts are recorded as increases in endowed net assets. Endowment inflation reserves may be reduced if the carrying value of the underlying long-term investments falls below the carrying value of endowed net assets. Such reductions in endowment inflation reserves are recorded as decreases in endowed net assets.

Externally restricted contributions for purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributors.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledged amounts are not recognized as revenue until received.

Restricted investment income is deferred and recognized as revenue in the period in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

d) Contributed Services

Many of the activities of the University are dependent on services donated by volunteers. The value of donated services is not recognized in these statements.

e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank and investments with original maturity of 90 days or less.

f) Short-Term Investments

Short-term investments consist of Guaranteed Investment Certificates issued by Canadian chartered banks with terms to maturity ranging from 91 days to one year.

g) Inventories

Inventories for resale are held by the Bio-Medical unit in the Faculty of Engineering. These inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated amount that could be realized upon the sale of the inventory, net of estimated costs associated with its sale or disposal. Inventories held for consumption are in place in the Chemistry Department, Facilities Management and Central Computing. These inventories are valued at cost with cost determined using the average cost method of inventory valuation.

2. Summary of Significant Accounting Policies (continued)

h) Land development

The University incurs certain lease-specific direct costs associated with major land development projects. These costs are amortized on a straight-line basis over the term of the respective lease.

i) Investments

Investments in pooled funds, equities and fixed income securities are recorded at fair value. The change in fair value related to endowed and/or externally restricted accounts is reflected as a change in Unexpended Deferred Contributions on the Consolidated Statement of Financial Position. The change related to unrestricted or internally restricted accounts is reflected in the Consolidated Statement of Operations and Changes in Net Assets.

j) Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. Capital assets disposed of are removed from the accounts at their net book value. Repairs and maintenance costs are charged to operating expenses. Betterments which extend the estimated life of an asset, increase its service capacity or lower future costs are capitalized.

Capital assets are amortized on a straight line basis over their estimated useful lives:

Land Improvements	20 years
Buildings	40 years
Roads and Tunnels	20 years
Furniture and Equipment	10 years
Vehicles	5 years
Computer Hardware	5 years
Computer Network Infrastructure	20 years

Costs of construction in progress on capital assets, including interest, are capitalized within the respective asset classes. Amortization is charged only once the asset is available for use.

2. Summary of Significant Accounting Policies (continued)

k) Employee Future Benefits

The actuarial values of the non-pension liabilities (early retirement plans, retirement allowance and post-retirement benefits) are updated each year by the University's actuaries. The current service cost and finance costs as determined by the actuaries are expensed each year in the statement of operations and re-measurement adjustments are adjusted directly to net assets each year.

An actuarial funding valuation is available for the faculty pension plan (see Note 2 (l)) and is used to value the plan for accounting purposes in accordance with section 3462 of Part II of the CPA handbook. No actuarial funding valuation is available for the other future employee benefit plans therefore they have been measured using actuarial valuations for accounting purposes. As the University budgets for these items on a cash basis, any differences between the actuarial expense and the cash outlay are reported as an adjustment to net assets restricted for unfunded employee benefits to reflect the fact these funds have been appropriated for future payments.

Details of the cost of such plans, and the related liabilities, are disclosed in Note 11.

l) Pension Plans

The staff pension plan is a multi-employer plan that is administered by the Province of New Brunswick. Effective January 1, 2014, it was converted to a shared risk pension plan. The faculty pension plan was converted to a shared risk pension plan effective July 1, 2013 by the plan sponsors; the University and the union representing the faculty. Details with respect to both plans are contained in Note 23. Pension expense for the staff pension plan is equal to employer contributions to the plan. Pension expense for the faculty pension plan is determined based on the actuarial funding valuation and is equal to the current service cost plus finance cost. Re-measurement gains and losses are adjusted directly to net assets. Contribution rates are determined by the Trustees of the pension plans based on the advice of an actuary.

m) Internal Restrictions

The University has an approved policy permitting most departments and faculties to carry forward unspent budgeted appropriations in a year for spending in future years. In addition, the University's Board of Governors specifically approves restrictions of net assets generated from operations for specific purposes. Details of internally restricted net assets are disclosed in Note 16.

2. Summary of Significant Accounting Policies (continued)

n) Accounting Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

If actual results differ from the estimates, the impact is recorded in future periods when the difference is known. The most significant estimates made include the allowance for doubtful accounts, the estimated useful life of capital assets, and the accrued liabilities for early retirement, retiring allowance, post-retirement benefits and the academic employee shared risk pension plan.

o) Financial Instruments

The fair value of long-term investments is determined by using published price quotations in an active market at year end.

Financial assets and financial liabilities are initially recognized at fair value when the University becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments except for investments and derivatives are measured at amortized cost.

i. Transaction costs

The University's transaction costs are recognized in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

Transaction costs associated with financing agreements are recognized as a reduction in the debt and amortized on a straight-line basis over the term of the financing agreement.

ii. Impairment

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of the reversal is recognized in net income.

(in thousands of dollars)

2. Summary of Significant Accounting Policies (continued)

p) Derivative Financial Instruments (Hedges)

Derivative financial instruments are utilized by the University in the management of its interest rate exposure.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The University designates its interest rate swap agreements as hedges of the underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

The University formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various interest rate hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the Consolidated Statement of Financial Position. The University also formally assesses, both at the hedge's inception and on an ongoing basis, whether the interest rate swaps that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

For interest rate swaps, interest on the hedged item is recognized using the instruments stated interest rate. Net amounts receivable or payable on the interest rate swap are recorded on the accrual basis of accounting and are recognized as an adjustment to interest on the hedged item in the period in which they accrue.

3. Cash and Short-Term Investments

	2021	2020
Cash and cash equivalents	$ 60,453	$ 36,702
Short-term investments	17,537	23,338
	$ 77,990	$ 60,040

4. Accounts Receivable

	2021	2020
General	$ 11,130	$ 13,424
Research receivables	2,175	2,953
Federal funding agencies	6,104	5,019
Student receivables	787	1,402
HST rebates	1,776	1,953
Travel advances	63	97
	22,035	24,848
Less: Allowance for doubtful accounts	(677)	(864)
	$ 21,358	$ 23,984

(in thousands of dollars)

5. Inventories

		2021		2020
Facilities Management	$	632	$	662
Chemistry		444		403
Bio-Medical program		195		194
Other		114		126
	$	1,385	$	1,385

6. Long-Term Investments

		2021		2020
Equity securities	$	289,880	$	239,647
Fixed income securities		123,975		139,655
Real Estate		20,255		17,661
	$	434,110	$	396,963

Investments are managed in accordance with a Board approved Statement of Investment Objectives and Policy. The Statement includes guidelines for portfolio risk management including diversification guidelines, asset mix guidelines and rate of return expectations.

Investments are made primarily through pooled funds of external investment managers. The Investment Committee must approve the use of the pooled fund if guidelines governing the pooled fund differ from the University's Statement of Investment Objectives and Policy.

As at April 30, 2021 $411,904 or 94.9% of long-term investments were held in pooled funds (2020 - $358,537 or 90.3%).

The fair value of long-term investments is determined by using published price quotations in an active market, when available at year end. Long-term investments not quoted on an active market are valued at cost less any reduction for impairment.

(in thousands of dollars)

7. Capital Assets

	2021		
	Cost	**Accumulated Amortization**	**Net Book Value**
Land	$ 1,132	$ -	$ 1,132
Land improvements	16,395	6,515	9,880
Buildings	505,571	234,270	271,301
Roads and tunnels	27,044	16,184	10,860
Furniture and equipment	123,006	105,694	17,312
Vehicles	3,479	2,748	731
Computer hardware	64,969	61,601	3,368
Computer network infrastructure	3,600	1,494	2,106
	$ 745,196	$ 428,506	$ 316,690

	2020		
	Cost	**Accumulated Amortization**	**Net Book Value**
Land	$ 1,132	$ -	$ 1,132
Land improvements	16,272	5,900	10,372
Buildings	476,243	224,237	252,006
Roads and tunnels	26,700	15,012	11,688
Furniture and equipment	119,209	100,943	18,266
Vehicles	3,206	2,593	613
Computer hardware	64,413	60,930	3,483
Computer network infrastructure	3,600	1,314	2,286
	$ 710,775	$ 410,929	$ 299,846

As at April 30, 2021, the University had $30,028 (2020 - $19,715) in work in progress that is included in the cost of Buildings $30,028 (2020 - $18,865) and Land Improvements Nil (2020 - $853). These amounts will not be amortized until the additions are put in use.

8. Accounts Payable and Accrued Liabilities

	2021	**2020**
Trade payables and accruals	$ 9,171	$ 9,694
Employee benefit reserves	5,263	11,180
Payroll liabilities	763	10,659
Professional development allowance accounts	3,991	3,275
Unused employee vacation pay	3,154	2,568
Other	2,210	3,165
Holdbacks and contractor deposits	1,096	1,612
	$ 25,648	$ 42,153

(in thousands of dollars)

9. Demand Loan

The Barry and Flora Beckett Residence building loan is a floating rate loan negotiated with a Canadian charted bank to finance the construction of a student residence on the Saint John campus. The demand loan has a related amortization period to February 2046. The rate is adjusted monthly based on the Canadian Bankers Acceptance Canadian Dealer Offered Rate (Canadian BA, CDOR rate). For hedging purposes, the University entered into an interest rate swap transaction with the bank to effectively change its interest rate exposure from a floating rate to a fixed rate basis. The swap involves the exchange of one-month promissory notes at floating interest rates for promissory notes at a fixed interest rate of 2.58%. The floating interest rate is set at the Canadian BA, CDOR rate, which is an exact offset to the floating rate term loan. The maturity date of the swap is February 2046.

At April 30, 2021, the total amount outstanding for the Barry and Flora Beckett Residence was $10,450 (2020 - Lady Dunn Hall Residence $2,400).

10. Long-Term Debt

	2021	2020
Bank loans	$ 21,205	$ 15,860
Other long-term debt	807	869
	22,012	16,729
Less: Current portion	(2,032)	(1,617)
	$ 19,980	$ 15,112

Bank Loans

	Interest Rate	Maturity Date	2021	2020
Magee Residence	6.45%	2020	$ -	$ 15
Tibbits Hall Residence	6.50%	2022	104	202
MacKay Residence	6.45%	2028	2,310	2,552
Elizabeth Parr Johnston Residence	5.34%	2031	4,643	4,974
Medical Education Building	5.10%	2030	4,022	4,380
Richard J. Currie Center	2.64%	2027	3,226	3,737
Lady Dunn Hall Residence	3.57%	2041	6,900	-
			$ 21,205	$ 15,860

The Tibbits Hall Residence building loan is a ten-year term floating rate loan related to student residence buildings on the Fredericton Campus. The rate is adjusted monthly based on the Canadian BA, CDOR. For hedging purposes, the University entered into an interest rate swap transaction with the bank to effectively change its interest rate exposure from a floating rate to a fixed rate basis. The swap involves the exchange of one-month promissory notes at floating interest rates for promissory notes at fixed interest rate of 6.50%. The floating interest rate is set at the Canadian BA, CDOR rate which is an exact offset to the floating rate term loan. The maturity date of the swap is 2022.

10. Long-Term Debt (continued)

Bank Loans (continued)

The MacKay Residence building loan is a floating rate term loan negotiated with a Canadian chartered bank to partially finance the construction of a student residence on the Saint John campus. The ten-year term loan has a related amortization period to August 2028. The rate is adjusted monthly based on the Canadian BA, CDOR rate. For hedging purposes, the University entered into an interest rate swap transaction with the bank to effectively change its interest rate exposure from a floating rate to a fixed rate basis. The swap involves the exchange of one-month promissory notes at floating interest rates for promissory notes at a fixed interest rate of 6.45%. The floating interest rate is set at the Canadian BA, CDOR rate, which is an exact offset to the floating rate term loan. The maturity date of the swap is August 2028.

The Elizabeth Parr Johnston Residence building loan is a floating rate loan negotiated with a Canadian chartered bank to partially finance the construction of an apartment style student residence on the Fredericton campus. The ten-year term loan has a related amortization period to September 2031. The rate is adjusted monthly based on the Canadian BA, CDOR rate. For hedging purposes the University entered into an interest rate swap transaction with the bank to effectively change its interest rate exposure from a floating rate to a fixed rate basis. The swap involves the exchange of one month promissory notes at floating interest rates for promissory notes at a fixed interest rate of 5.34%. The floating interest rate is set at the Canadian BA, CDOR rate, which is an exact offset to the floating rate term loan. The maturity date of the swap is September 2031.

The Medical Education Building loan is a floating rate loan negotiated with a Canadian chartered bank to partially finance the construction of a major renovation and addition to an existing academic building on the Saint John Campus. The nine-year term loan has a related amortization period to April 2030. The rate is adjusted monthly based on the Canadian BA, CDOR rate. For hedging purposes, the University entered into an interest rate swap transaction with the bank to effectively change its interest rate exposure from a floating rate to a fixed rate basis. The swap involves the exchange of one month promissory notes at floating interest rates for promissory notes at a fixed interest of 5.10%. The floating interest rate is set at the Canadian BA, CDOR rate, which is an exact offset to the floating rate term loan. The maturity date of the swap is April 2030.

(in thousands of dollars)

10. Long-Term Debt (continued)

Bank Loans (continued)

The Richard J. Currie Center facility loan is a floating rate loan negotiated with a Canadian chartered bank to partially finance the construction of a Health and Wellness Facility on the Fredericton campus. The ten-year term loan has a related amortization period to February 2027. The rate is adjusted monthly based on the Canadian BA, CDOR rate. For hedging purposes the University entered into an interest rate swap transaction with the bank to effectively change its interest rate exposure from a floating rate to a fixed rate basis. The swap involves the exchange of one month promissory notes at floating interest rates for promissory notes at a fixed interest rate of 2.64%. The floating interest rate is set at the Canadian BA, CDOR rate, which is an exact offset to the floating rate term loan. The maturity date of the swap is February 2027.

The Lady Dunn Hall Residence building loan is a floating rate loan negotiated with a Canadian charted bank to partially finance the renovation of a student residence on the Fredericton campus. The ten-year term loan has a related amortization period to April 2041. The rate is adjusted monthly based on the Canadian BA, CDOR rate. For hedging purposes, the University entered into an interest rate swap transaction with the bank to effectively change its interest rate exposure from a floating rate to a fixed rate basis. The swap involves the exchange of one-month promissory notes at floating interest rates for promissory notes at a fixed interest rate of 3.57%. The floating interest rate is set at the Canadian BA, CDOR rate, which is an exact offset to the floating rate term loan. The maturity date of the swap is April 2041.

Other Long-Term Debt

Certain infrastucture improvements related to the development of Knowledge Park Drive were completed by Knowledge Park Inc. as part of their long-term lease agreement with the University. This is an interest free loan that will be repaid over five years.

Interest and Principal Repayments

(a) Interest paid on long-term debt during the year ended April 30, 2021 totalled $733 (2020 - $810).

(b) Principal payments required on long-term debt in each of the next five years are as follows:

2022	$	2,032
2023	$	1,999
2024	$	2,115
2025	$	2,178
2026	$	2,049

(in thousands of dollars)

11. Employee Future Benefits

	2021	2020
Retiring allowances	$ 28,371	$ 27,387
Early retirement plans	17,938	18,775
Academic employee shared risk pension plan	6,983	19,900
Post retirement benefits	9,576	11,698
Other employee future benefits	1,397	1,895
	$ 64,265	$ 79,655

Details of the expense and remeasurement items are as follows. Remeasurement items are recognized directly in net assets.

2021	Expense	Remeasurement gain	Total
Retiring allowance	$ 2,831	$ -	$ 2,831
Early retirement plans	(3,156)	-	(3,156)
Post-retirement benefits	943	(2,705)	(1,762)
	618	(2,705)	(2,087)
Academic employee shared risk pension plan	7,441	(11,017)	(3,576)
	$ 8,059	$ (13,722)	$ (5,663)

The academic employee shared risk pension plan expense is included on the instruction and non-sponsored research line on the statement of operations.

2020	Expense	Remeasurement loss	Total
Retiring allowance	$ 2,744	$ -	$ 2,744
Early retirement plans	980	203	1,183
Post-retirement benefits	1,865	4,115	5,980
	5,589	4,318	9,907
Academic employee shared risk pension plan	6,837	11,467	18,304
	$ 12,426	$ 15,785	$ 28,211

a) Retiring Allowance Benefit

Calculated at the rate of one week's final pay per year of service to a maximum of twenty five years, retiring allowances are paid to eligible retiring employees, laid off employees, and the estates of deceased employees who had at least five years of service and who were active employees at the time of death. The retiring allowance liability reflects the estimated present value of the expected future benefit payments, as calculated by the plan actuary.

(in thousands of dollars)

11. Employee Future Benefits (continued)

a) Retiring Allowance Benefit (continued)

The most recent complete actuarial valuation of this plan was completed as at April 30, 2019. The actuary provides an annual update to the valuation reflecting revised assumptions as appropriate in years when a valuation is not performed.

The discount rate to be used is prescribed by the Chartered Professional Accountants of Canada as the market rate of interest on high-quality bonds of an appropriate duration which match the expected timing of the payments. The rate used was 3.1% per annum as at April 30, 2021 (2020 – 3.1% per annum).

Changes in the retiring allowance liability are as follows:

	2021	2020
Balance, beginning of year	$ 27,387	$ 26,865
Changes during the year:		
Current service cost	1,980	1,916
Interest on benefit obligation	851	828
Retiring allowances paid	(1,847)	(2,222)
Balance, end of year	$ 28,371	$ 27,387

Details of retiring allowance expense and remeasurement items are as follows:

	2021	2020
Current service cost	$ 1,980	$ 1,916
Interest on benefit obligation	851	828
	$ 2,831	$ 2,744

b) Early Retirement Plans

Academic employees who have retired under the terms of a supplementary early retirement plan, and senior executives who have retired under the terms of a supplementary retirement plan, are entitled to receive supplementary retirement benefits payable by the University. The early retirement plan liability reflects the estimated present value of these expected future benefit payments, as calculated by the plan actuary. The most recent complete actuarial valuation of this plan was completed as at April 30, 2020. The actuary provides an annual update to the valuation reflecting revised assumptions as appropriate in years when a full valuation is not performed.

The discount rate to be used is prescribed by the Chartered Professional Accountants of Canada as the market rate of interest on high-quality bonds of an appropriate duration which match the expected timing of the payments. The rate used for the early retirement plan was 2.8% per annum as at April 30, 2021 (2020 – 2.8% per annum) and the rate for the supplementary early retirement plan was 3.1% per annum as at April 30, 2021 (2020 – 3.1% per annum).

(in thousands of dollars)

11. Employee Future Benefits (continued)

b) Early Retirement Plans (continued)

Changes in the early retirement plans liability are as follows:

	2021	2020
Balance, beginning of year	$ 18,775	$ 19,472
Changes during the year:		
Interest on benefit obligation	547	567
Retirements and current service cost	111	69
Benefits paid	(1,495)	(1,536)
Actuarial loss	-	203
Balance, end of year	$ 17,938	$ 18,775

Details of early retirement plan expense (recovery) and remeasurement items are as follows:

	2021	2020
Interest on benefit obligation	$ 547	$ 567
Retirements and current service cost	111	69
Net investment gain on internal fund	(3,814)	344
Actuarial loss	-	203
	$ (3,156)	$ 1,183

c) Academic Employees Shared Risk Pension Plan (AESRP)

The Academic employees' pension plan was converted to a shared risk plan as of July 1, 2013 and is described in more detail in Note 23. The employees and employer contribute at a blended rate of 11.5% of pensionable salary. Pension benefits accrued at varying rates dependent on the plan in place at the time of the service.

The most recent funding valuation, which was used for the purposes of valuing the pension benefit obligation, was completed as of July 1, 2020. Key assumptions are as follows:

	July 1, 2020	July 1, 2019	
Discount rate	4.00	4.00	
Inflation	2.00	2.00	
Salary escalation*	1.80	1.80	plus annual PTR adjustments
Expected long-term return on assets	4.58	5.13	

*3.00% thereafter plus annual PTR adjustments

(in thousands of dollars)

11. Employee Future Benefits (continued)

c) Academic Employees Shared Risk Pension Plan (AESRP) (continued)

Details of the net liability related to the plan are as follows:

	2021	2020
Balance, beginning of year	$ 19,900	$ 10,854
Changes during the year:		
Interest on benefit obligation	746	383
Current service cost	6,695	6,454
Contributions	(9,341)	(9,258)
Actuarial (gain) loss	(11,017)	11,467
Balance, end of year	$ 6,983	$ 19,900

Details of the AESRP expense and remeasurement items are as follows:

	2021	2020
Interest on benefit obligation	$ 746	$ 383
Current service cost	6,695	6,454
Actuarial (gain) loss	(11,017)	11,467
	$ (3,576)	$ 18,304

d) Post-Retirement Benefits

The University pays for one half of the cost of group life insurance and supplementary health and dental benefits for active employees. For certain employees who retire prior to age 65, the University continues to pay for one half the cost of these benefits until the retiree reaches age 65. Other retirees are entitled to continue coverage under these plans at their own cost.

Contribution rates for these self-insured benefit plans are determined on a combined basis for active employees and retirees. Since the paid claims for retirees are generally larger than the paid claims for active employees, the difference between the paid claims for retirees and the contribution rates represent a retiree subsidy.

The Post-retirement benefit liability includes both the projected University contributions for those employees who are eligible for continued cost sharing of benefits to age 65, as well as the University's contribution to the rate subsidy for all retirees.

The discount rate used is prescribed by the Chartered Professional Accountants of Canada as the market rate of interest on high quality bonds of an appropriate duration which match the expected timing of the payments. The rate used for the post-retirement benefits was 3.5% per annum as at April 30, 2021 (2020 – 3.3%) and the rate used for the post-employment benefits was 2.6% per annum as at April 30, 2021 (2020 - 3.2%).

(in thousands of dollars)

11. Employee Future Benefits (continued)

d) Post-Retirement Benefits (continued)

The most recent complete actuarial valuation of this plan was completed as at May 1, 2021. The actuary provides an annual update to the valuation reflecting revised assumptions as appropriate in years when a full valuation is not performed.

Changes in the post-retirement benefit liability are as follows:

	2021	2020
Balance, beginning of year	$ 11,698	$ 5,931
Changes during the year:		
Current service cost	545	332
Interest on benefit obligation	398	203
Benefits paid	(360)	(213)
Change in plan design	-	1,330
Actuarial loss (gain)	(2,705)	4,115
Balance, end of year	$ 9,576	$ 11,698

Details of post-retirement benefit expense (recovery) and remeasurement items are as follows:

	2021	2020
Current service cost	$ 545	$ 332
Interest on benefit obligation	398	203
Change in plan design	-	1,330
Actuarial loss (gain)	(2,705)	4,115
	$ (1,762)	$ 5,980

e) Other Employee Future Benefits

The University sponsors a number of insured and self-insured benefit plans for employees. The University's share of the annual premiums for insured plans is recorded as an expense on an accrual basis. The University's share of the actuarially determined annual cost of self-insured plans is recorded as an expense and related liability.

The University offers certain members of Senior Administration, administrative leave as part of their employment. The expense and related liability are recorded as incurred.

(in thousands of dollars)

11. Employee Future Benefits (continued)

e) Other Employee Future Benefits (continued)

Details of the liability related to other employee benefits are as follows:

	2021	2020
Long-Term Disability Plan	$ 241	$ 371
Health and Dental Plan	288	285
Administrative leaves	868	1,239
	$ 1,397	$ 1,895

12. Long-Term Unearned Revenue

Long-term land lease consists of the unamortized balance of a prepaid long-term land lease. The original amount of $2,300 is being recognized as income on a straight-line basis over the twenty year period of the lease ending in 2031.

	2021	2020
Original lease amount	$ 2,300	$ 2,300
Accumulated amortization	(1,265)	(1,150)
	1,035	1,150
Less: Current portion	(115)	(115)
	$ 920	$ 1,035

13. Unexpended Deferred Contributions

Unexpended deferred contributions represent amounts which are subject to externally imposed restrictions. Accordingly, they are deferred and reported as revenue when the related expenses occur.

Changes in the balance of deferred contributions are as follows:

	2021	2020
Balance, beginning of year	$ 163,312	$ 172,546
Changes during the year:		
Restricted contributions received	114,711	63,657
Other transfers	(411)	(12,644)
Recognized as revenue	(65,806)	(60,247)
Balance, end of year	$ 211,806	$ 163,312

(in thousands of dollars)

13. Unexpended Deferred Contributions (continued)

The account balance is made up of the following:

	2021	2020
Sponsored research	$ 51,952	$ 41,314
Unexpended restricted donations	86,051	78,152
Unexpended endowment income	70,342	36,445
Unexpended infrastructure funding	3,461	7,401
	$ 211,806	$ 163,312

14. Deferred Capital Contributions

Deferred contributions invested in capital assets represent the unamortized amount of donations and grants used for the purchase of capital assets.

Changes in the balance of deferred contributions invested in capital assets are as follows:

	2021	2020
Balance, beginning of year	$ 153,323	$ 152,424
Changes during the year:		
Contributions received during the year	10,351	11,102
Recognized as revenue	(10,127)	(10,203)
Balance, end of year	$ 153,547	$ 153,323

15. Unfunded Employee Benefits

The unfunded portion of amounts expensed with respect to unused vacation pay entitlement for support staff, supplementary early retirement and executive retirement plans, retiring allowance benefits, post-retirement benefits and the academic employee shared risk pension plans are recorded as an internally restricted deficit. This is to reflect the fact that under the terms of these plans, the majority of these payments will be made in years subsequent to the expense being incurred, and are included as operating budget expenditures in the year paid.

(in thousands of dollars)

15. Unfunded Employee Benefits (continued)

The University created an internal fund that, when fully funded would be used to fund early retirement payments to those retirees who retired under one of the early retirement programs. Actual salary savings arising from the early retirements were allocated to the fund as funding contributions and the University continued to allocate the difference between the annual budgeted amount for early retirement payments and the amounts actually paid to retirees. The fund is invested in the long term investment pool and as a result of strong investment returns, the balance currently exceeds the liability, resulting in a net overfunded position. The University has ceased making funding contributions and future retirement payments will be made from the fund. The excess funding will remain in the internal fund pending the development and approval of a funding policy.

	2021	2020
Unfunded Non-Pension Employee Benefits		
Retiring allowances	$ 28,371	$ 27,387
Academic employees shared risk pension plan	6,983	19,900
Post-retirement benefits	9,576	11,698
Early retirement plans	17,938	18,775
Internal fund - early retirement plans	(23,540)	(21,160)
Staff unused vacation pay entitlement	3,154	2,568
Other	-	661
	$ 42,482	$ 59,829

16. Internally Restricted Net Assets

The University restricts the use of portions of its operating net assets for specific purposes. In support of multi-year and specific purpose planning, the University has a policy which permits departments to carry over unspent current non-salary budget amounts to future fiscal periods. This carry forward is accomplished by an internal restriction of operating net assets.

Other restrictions are recorded to reflect funds that have been internally restricted for specific projects and purposes including one-time non-recurring expenditures and specific contingencies for areas of operational risks, as approved by the University's Board of Governors.

Amounts included in Internally Restricted Net Assets have been classified into the following categories to reflect the intended purposes of the funds.

16. Internally Restricted Net Assets (continued)

Capital

These amounts have been restricted for specific capital projects to be completed in a future year.

Risk

These amounts have been generated from operational activities and restricted for the mitigation of specific and general risks of the University, including self-insurance reserves.

Entrepreneurial activities

Faculties and departments undertake significant levels of activity that generate net revenues above that in the operating budget. The excess of revenues over expenses from these activities have been restricted for use in completion of the activity, enhancement of the program or to offset future costs in the area.

Specific projects

Sourced from operating funds, these amounts have been restricted for use in a number of specific projects or for specific purposes over varying time horizons.

Strategic Priorities

Sourced primarily from operational activities, these items have been restricted for future use in implementing strategic directions and priorities.

Operating budget carry-forwards

These amounts represent unspent non-salary budget savings related to timing, multi-year planning or savings realized through efficiencies. These amounts are restricted according to policy for future use in the department or faculty.

Scholarships, bursaries and awards

These amounts have been sourced from donations and internally restricted income and can only be spent according to the internally designated purpose.

(in thousands of dollars)

16. Internally Restricted Net Assets (continued)

Contract overhead

These funds were received for research or contract overhead in accordance with the terms of the granting agency or contractor and have been restricted for use by the Office of Research Services and originating units in accordance with University policy.

Internal loans

The internal loans program provides a source of financing for capital projects and / or major equipment purchases.

Energy management

The energy management program provides a source of financing for projects that control and reduce energy consumption.

Details of internally restricted net assets are as follows:

	2021	2020
Capital	$ 27,732	$ 26,322
Risk	11,100	10,946
Entrepreneurial activities	14,312	15,563
Specific projects	9,468	7,062
Strategic priorities	9,003	3,377
Operating budget carry-forwards	10,913	11,524
Scholarships, bursaries and other awards	8,330	5,867
Contract overhead	6,666	6,626
Internal loans	(15,059)	(14,787)
Energy management	(3,754)	(3,912)
	$ 78,711	$ 68,588

17. Net Assets Invested in Capital Assets

Net assets invested in capital assets represent the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. It consists of unamortized capital assets purchased with unrestricted funds, net of related debt.

	2021	2020
Capital assets (Note 7)	$ 316,690	$ 299,846
Amounts financed by long-term debt (Note 10)	(21,205)	(15,860)
Amounts financed by demand loan (Note 9)	(10,450)	(2,400)
Deferred contributions invested in capital assets (Note 14)	(153,547)	(153,323)
Net assets invested in capital assets	$ 131,488	$ 128,263

(in thousands of dollars)

17. Net Assets Invested in Capital Assets (continued)

The change in net assets invested in capital assets is calculated as follows:

	2021	2020
Changes during the year		
Acquisitions of capital assets funded from operations	$ 21,864	$ 17,952
Net (increase) decrease in long-term debt	(5,345)	1,653
Net increase in demand loans	(8,050)	(2,400)
Amortization expense	(15,371)	(14,958)
Amortization of deferred contributions invested capital assets (Note 14)	10,127	10,203
Net increase in net assets invested in capital assets	$ 3,225	$ 12,450

18. Endowed Net Assets

Endowed net assets consist of restricted donations to the University, the principal of which is required to be maintained intact, as well as funds which have been internally endowed by the University's Board of Governors and endowment inflation reserves. The investment income generated from endowments must be used in accordance with the purposes specified by the donors or by the Board of Governors.

The income from internally endowed funds is to be used for the payment of scholarships and to fund specific operating expenses.

Total endowments are as follows:

	2021	2020
Externally endowed	$ 183,527	$ 176,039
Internally endowed	12,631	12,520
Total endowments	$ 196,158	$ 188,559

19. Capital Disclosures

The University defines its capital as the amounts included in unrestricted net assets, internally restricted net assets (Note 16), unfunded non-pension employee benefits (Note 15), endowed net assets (Note 18), long-term liabilities (Notes 10 and 11), and unexpended deferred contributions (Note 13). The University's objective in managing its capital is to ensure that the University will continue as a going concern, maintaining and enhancing its ability to attract students and fulfill its mission.

A significant portion of the University's capital is externally restricted. The University has investment policies (Note 6), spending policies and internal controls to ensure that such funds are safeguarded and are used for the purposes designated by the contributor. The University's unrestricted operating capital is funded primarily through the unrestricted operating grant received from the Province of New Brunswick (the Province) and student fee income. The Province's funding policy imposes limits on the level of accumulated

19. Capital Disclosures (continued)

operating deficit that the University can incur. Accumulated deficits in excess of the limit may be deducted from the next year's operating grant.

The University must comply with externally imposed covenants on its long-term debt. This includes a requirement that annual earnings before interest and amortization be maintained at or above a stated multiple of annual principal and interest payments on the debt. The University was in compliance with its loan covenants for the year ended April 30, 2021.

20. Contingent Liabilities and Commitments

Contingent Liabilities Related to Legal Matters

The University is a defendant in various legal proceedings. Potential costs, if any, related to claims against the University in these proceedings have not been reflected in these financial statements. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of the University that the resolution of these claims will not have a material effect on the financial position of the University. Any loss or gain that may result from these proceedings will be accounted for in the period in which the settlement occurs.

Contingent Liabilities Related to Canadian University Reciprocal Insurance Exchange

The University is one of 64 Canadian university subscribers to the Canadian University Reciprocal Insurance Exchange (CURIE), a self-insurance co-operative established to provide property and general liability insurance coverage. The anticipated cost of claims based on actuarial projections is funded through member premiums. As a member institution, the University is exposed to share in any net losses experienced by CURIE should premiums be insufficient to cover losses and expenses. The University is committed to this insurance arrangement until December 31, 2022. Each CURIE member is required to participate for a minimum of five years which allows financial risk to be spread over time as well as among other subscribers.

As at December 31, 2020, CURIE had a surplus of $99.4 million for adverse experience.

Land Development Activities

The University leases and develops certain non-core land holdings. Under the various development agreements, the University is committed to paying for specified infrastructure costs when activity and development meet certain thresholds. Depending on the extent and timing of these activities, the University has current exposure for up to $7.0 million in future costs. The majority of these costs would be funded by future proceeds from land development activities.

(in thousands of dollars)

21. Statement of Cash Flows

The net change in operating assets and liabilities consists of the following:

	2021	2020
Accounts receivable	$ 2,626	$ 1,435
Inventories	-	195
Prepaid expenses	24	(604)
Accounts payable and accrued liabilities	(16,505)	(1,813)
Unearned revenue	3,145	2,536
Employee future benefits	(15,390)	14,193
	$ (26,100)	$ 15,942

22. Financial Instruments

a) *Foreign Currency Risk*

The University transacts certain revenues and expenditures in foreign currencies and is therefore exposed to foreign currency fluctuations. The University does not actively manage this risk.

The University is also exposed to foreign currency risk on a portion of its long-term equity investments held in its trust and endowment portfolio. The University believes that, over a long time frame, fluctuations in currency tend to offset. The University believes that there is a role for currency management within the fund in order to reduce some of the volatility that may result from interim currency fluctuations. The decision as to the extent of currency management used is based on the trade-off between the cost of management versus the benefits of reduced volatility and risk of adverse impact on spending patterns.

b) *Interest Rate Risk Management*

The University has interest bearing loans on which general interest rate fluctuations apply.

The University uses derivatives to manage interest rate exposures. Interest rate swaps allow the University to raise long-term borrowings at floating rates and effectively swap them into fixed rates that are lower than those available to the University if fixed-rate borrowings were made directly. Under interest rate swaps, the University agrees with the counterparty to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount.

Although the University has no intention of settling these instruments as at April 30, 2021, the interest rate swap contracts have a fair value of ($1,343) (2020 - ($2,873)).

c) *Credit Risk*

The University is exposed to credit-related losses in the event of non-performance by counterparties to its financial instruments, including accounts receivable. The amounts disclosed in the Consolidated Statement of Financial Position are net of allowances for

22. Financial Instruments (continued)

c) *Credit Risk (continued)*
doubtful accounts, estimated by the University's management based on previous experience and its assessment of the current economic environment. The University does not have a significant exposure to any individual customer or counterparty.

d) *Other Price Risk*

The University is subject to other price risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The concentration of risk is minimized because of the diverse investment portfolio held by the University, as mandated by the diversification policies included in the Board approved Statement of Investment Objectives and Policy.

23. Pension Plans

The University contributes to two separate employee pension plans. As explained in the following two sections, both plans are Shared Risk Pension Plans (SRP) which are subject to legislation under the Provincial *Pension Benefits Act* (PBA). The PBA contains a number of requirements that must be met in order to qualify for registration by the New Brunswick Superintendent of Pensions. SRP plans are also subject to the Federal *Income Tax Act*. SRPs' are governed jointly by the employees and the employer through a Board of Trustees which must include equal representation from both groups. The objective of SRP plans is to provide secure, but not guaranteed pension benefits to members of the plans and predictability and stability in contribution rates to both employers and employees. These objectives are achieved through the development of a risk management framework that adheres to the legislated criteria, results in a low probability that base benefits will be reduced, and sets out the specific steps to be taken should the plan funding fall below, or exceed specified thresholds. These steps include the non-approval of indexing benefits; increasing contribution rates (to a predetermined maximum) and reducing base benefits when the plan is underfunded; and reversing previous benefit reductions and decreasing contribution rates (to a predetermined maximum) when the plan has excess funding.

Pension Plan for Support Staff

Support staff are members of the New Brunswick Public Service Pension Plan (NBPSPP) which was converted by the Province of New Brunswick from the former Public Service Superannuation Plan effective January 1, 2014. The NBPSPP provides pensions based on the length of service and enhanced average career earnings. Certain portions of the benefits, such as indexing, are conditional on plan performance. Base benefits earned by members up to December 31, 2013 are guaranteed not to be reduced. Normal retirement age is 65 with reduced benefits available starting at age 55.

Contribution rates are established by the Board of Trustees in accordance with the Funding Policy for the Plan. Initial rates have been set at 7.5% of pensionable earnings up to Yearly Maximum Pensionable Earnings (YMPE) and 10.7% above YMPE for employees and currently at 12.0% of pensionable earnings by the employer. Rates can fluctuate in accordance with the Funding Policy. The University is only responsible to make contributions at the annually

23. Pension Plans (continued)

Pension Plan for Support Staff (continued)
established current employer contribution rate. Under the predecessor plan, the University was not required to make deficit amortization or "special" payments to the plan.

The NBPSPP is a multi-employer, defined benefit plan. Contributions are made by both the University and the employees at rates established by the Board of Trustees. The University does not have membership on this Board. Since it is not practicable or feasible to obtain all the information required for a materially precise attribution of the University's portion of the obligation; the University uses defined contribution accounting to account for its contribution to the NBPSPP.

Shared Risk Plan for Academic Employees of the University of New Brunswick

Academic employees of the University are members of the Shared Risk Plan for Academic Employees of the University of New Brunswick (AESRP). The former Academic Employee Pension Plan was converted to the AESRP effective July 1, 2013 by agreement of the University and the Association of University of New Brunswick Teachers (AUNBT). The AESRP provides pensions based on the length of service and adjusted average career salary (designed to take into account the salary scale unique to academic employees).

Certain portions of the benefits, such as indexing, are conditional on plan performance. Normal retirement age is 65 with reduced benefits available starting at age 55.

Contribution rates are established by the Board of Trustees in accordance with the Funding Policy for the Plan. Initial rates have been set at a blended (above and below YMPE) rate of 11.5% of pensionable earnings for employees and matched by the employer. Rates can fluctuate in accordance with the Funding Policy to a maximum of 2.25% above or below the initial contribution rate. The University has no financial obligation or responsibility except to make contributions at the current employer contribution rate. The AESRP valuation at July 1, 2020 reaffirmed the assumptions and confirmed the funding status of the plan in accordance with the Pension Benefits Act to be in excess of 110% therefore the Board of Trustees has maintained the contribution rates at 11.5% of pensionable earnings by each party.

The characteristics of the AESRP as described in the agreement between the University and the AUNBT to convert the former AEPP to the AESRP are as follows:

- Purpose of AESRP is to provide secure (but not guaranteed) pension benefits

- Risk focused management approach to provide high degree of certainty that base benefits can be paid in the majority of future scenarios

- Future cost of living adjustments (COLA's) and best average salary formula based benefits are replaced by contingent indexing

23. Pension Plans (continued)

Shared Risk Plan for Academic Employees of the University of New Brunswick (continued)

- Plan is to provide a reasonable expectation, but no guarantee that some COLA can be granted

- Plan designed to result in low probability of base benefits ever being reduced

- Funding Policy includes specific steps to recover from unacceptable funding levels that take priority over reduction of base benefits.

Canadian accounting standards as written do not contemplate pension plans designed as SRP Plans under the Pension Benefits Act. SRP plans do not fit the definition of a defined benefit or a defined contribution plan as outlined in the CPA Handbook. However, variability in employer contribution rates (up to 2.25% of employee pensionable salary in a year) could occur in the future that could conceivably relate to service by existing employees in this period. The accounting standards require that the AESRP is accounted for by the University as a defined benefit plan because of the rate variability risk to the University. The University shares the risk of the Plan on an equitable basis with the Plan members. Funding contributions, including any contribution adjustments, are shared equally (50/50 basis) between the University and the Plan members. There is a joint governance structure in place whereby the University and the Plan members share control over decisions relating to the administration of the Plan and the level of benefits and contributions.

As such, the amounts recognized in the financial statements reflect 50% of the net benefit liability (asset) and 50% of the related costs (including remeasurements). All assumptions relating to the AESRP have been made on a going-concern basis and the University does not foresee a wind-up of the Plan.

The most recent actuarial valuation of the Plan for funding purposes was completed as at July 1, 2020. The valuation reported a funding policy excess of $50,687 (July 1, 2019 - $58,608).

The financial position of the plan on a funding policy basis is determined by deducting the funding policy liability from the funding policy value of the assets. The funding policy asset value includes the present value of excess contributions $79,548 (July 1, 2019 - $85,735) defined as the excess of expected contributions less normal cost for each year in the 15 years after the valuation date. The funding policy liability is the actuarial present value of past base benefits and past ancillary benefits but does not include any adjustment for future progress through the ranks adjustments.

(in thousands of dollars)

23. Pension Plans (continued)

The results of the most recent funding valuation at are presented below.

	July 1, 2020	July 1, 2019
Funding policy value of assets		
Fair value	$ 389,746	$ 379,047
Present value of excess contributions	79,548	85,735
	469,294	464,782
Funding policy liability	418,607	406,174
Net plan surplus	$ 50,687	$ 58,608

The liability determined under the actuarial funding valuation at July 1, 2020 was extrapolated to April 30, 2021 using the actual benefits paid and indexing granted to April 30th. The fair value of plan assets is taken at April 30, 2021. The extrapolation also reflects the interest cost using the assumptions contained in the funding policy valuation. Benefit accruals from employee service during the year are based on the funding policy normal cost. The University only reflects 50% of the estimated liability and cost components in April 30, 2021 financial statements as the plan is jointly governed by the University and the AUNBT.

The funding policy valuation results presented include the present value of excess contributions for 15 years following the valuation date. This amount is added to the asset value for policy testing only in order to determine if the indexing at a certain measurement date may be provided. This does not represent an actual asset as per the accounting standards and is therefore excluded when determining the accounting position for financial statement purposes. The liability under the funding policy is the deemed measure of obligation for purposes of the accounting standards, using an actuarial funding valuation approach. This amount excludes the indexing for future years as required by the funding policy.

The results of the extrapolation, as at April 30, 2021, for accounting purposes are presented below.

	2021	2020
Fair value of assets	$ 413,732	$ 376,418
Liability	427,698	416,218
Net liability	(13,966)	(39,800)
Net liability University 50%	$ (6,983)	$ (19,900)

(in thousands of dollars)

24. Comparative Figures

Certain amounts in prior periods have been adjusted to conform to the current year's presentation. The impact to the prior period's Excess of expenses over revenues is summarized below.

	2020 Audited Financial Statements	Adjustment	Revised
Current assets	$ 89,591	$ 279	$ 89,870
Land development	3,999	(3,088)	911
Capital assets	298,148	1,698	299,846
	$ 391,738	$ (1,111)	$ 390,627
Current liabilities	$ 1,555	$ 62	$ 1,617
Long-term liabilities	93,960	807	94,767
Net assets (liabilities)	320,939	(1,980)	318,959
	$ 416,454	$ (1,111)	$ 415,343
Revenue	$ 325,634	$ 147	$ 325,781
Expenses	326,402	455	326,857
Excess of expenses over revenues before changes in net assets	$ (768)	$ (308)	$ (1,076)

25. COVID-19

In March 2020, the World Health Organization declared a global pandemic because of the spread and severity of the novel coronavirus ("COVID-19").

Governments worldwide, including the Canadian federal and provincial governments, enacted emergency measures to combat the spread of the virus. These measures significantly impacted the operations of the University. Throughout the 2020-21 fiscal year, on-campus activity was significantly reduced, with most classes continuing through an alternate delivery method, and most staff and faculty continuing to work remotely.
Ancillary services such as residences, food, and facility rentals were particularly hard hit, these losses were offset by stable enrolment, reductions in discretionary spending and increased investment revenues.

While the University was able to limit the financial impact of COVID-19, there continues to be considerable uncertainty due to the unpredictable nature of this virus. As a result, the University is not able to estimate the potential long-term financial impact on it's operations as at the date of these financial statements.