

YUKON UNIVERSITY
FINANCIAL STATEMENTS

March 31, 2023

(audited)

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Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of management and the Board of Governors of the Yukon University (the University). The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The consolidated financial statements include estimates based on the experience and judgment of management.

Management is responsible for maintaining the books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of University objectives and that operations are carried out effectively.

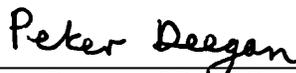
Management is also responsible for designing systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon University Act*, bylaws, and policies of the University.

The Board of Governors (the Board) is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the external auditor to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the consolidated financial statements.

These consolidated financial statements have been independently audited by the University's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Lesley Brown
President



Peter Deegan, CPA, CGA
VP Finance and Administration & CFO

September 27, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Yukon University

Opinion

We have audited the consolidated financial statements of Yukon University and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of operations, consolidated statement of changes in net assets, consolidated statement of remeasurement gains and losses, and consolidated statement of 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 Group as at 31 March 2023, and the consolidated results of its operations, its consolidated remeasurement gains and losses, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Group 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit,

or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
27 September 2023

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YUKON UNIVERSITY
Consolidated Statement of Financial Position
As at March 31

| | 2023 | 2022 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (Note 4) | \$ 18,424,053 | \$ 7,662,685 |
| Accounts receivable (Note 3) | 7,248,987 | 12,750,018 |
| Inventories | 170,235 | 82,372 |
| Prepaid expenses | 897,749 | 580,783 |
| Total Current Assets | <u>26,741,024</u> | <u>21,075,858</u> |
| NON-CURRENT | | |
| Restricted cash and cash equivalents (Note 5) | 1,064,111 | 828,695 |
| Restricted investments (Note 6) | 6,140,008 | 6,151,215 |
| Accrued pension benefit asset (Note 7a) | 29,618,400 | 24,342,500 |
| Capital assets (Note 8) | 10,692,541 | 8,504,021 |
| Total Non-current Assets | <u>47,515,060</u> | <u>39,826,431</u> |
| TOTAL ASSETS | \$ 74,256,084 | \$ 60,902,289 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 9) | \$ 6,756,825 | \$ 4,762,532 |
| Deferred revenue (Note 10) | 1,034,002 | 197,808 |
| Deferred contributions (Note 11) | 10,089,589 | 8,205,905 |
| Vacation leave and employee future benefits (Note 12) | 4,194,786 | 4,203,154 |
| Loan payable (Note 13) | 966,431 | 996,431 |
| Total Current Liabilities | <u>23,041,633</u> | <u>18,365,830</u> |
| NON-CURRENT | | |
| Deferred capital contributions (Note 14) | 6,770,142 | 5,323,007 |
| Other employee future benefits (Note 7b) | 6,616,410 | 6,430,510 |
| Total Non-current Liabilities | <u>13,386,552</u> | <u>11,753,517</u> |
| | <u>36,428,185</u> | <u>30,119,347</u> |
| NET ASSETS | | |
| Unrestricted | (1,507,937) | (1,507,937) |
| Invested in capital assets | 3,922,399 | 3,181,014 |
| Externally restricted for endowments (Note 15) | 4,327,447 | 4,255,242 |
| Internally restricted for pension | 29,618,400 | 24,342,500 |
| Internally restricted for capital assets | 1,738,076 | 546,241 |
| | <u>38,098,385</u> | <u>30,817,060</u> |
| Accumulated rereasurement losses | (270,486) | (34,118) |
| | <u>37,827,899</u> | <u>30,782,942</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ 74,256,084 | \$ 60,902,289 |

Contractual rights and Contractual obligations (Notes 20, 21)

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

ON BEHALF OF THE BOARD



David Morrison, Chair Board of Governors



Jason Bilsky, Chair Finance, Audit and Risk Committee

YUKON UNIVERSITY
Consolidated Statement of Operations
For the year ended March 31

| | 2023 | 2022 |
|--|---------------------|---------------------|
| REVENUES | | |
| Government of Yukon contributions (Note 17) | \$ 40,067,888 | \$ 35,605,231 |
| Other contributions (Note 11) | 9,659,569 | 8,274,156 |
| Contracts (Note 10) | 3,304,699 | 1,730,861 |
| Tuition (Note 10) | 2,560,517 | 2,706,565 |
| Sales, rental and services | 1,336,273 | 1,106,138 |
| Miscellaneous income (Note 18) | 1,036,715 | 1,216,055 |
| Interest income | 588,334 | 89,066 |
| Amortization of deferred capital contributions (Note 14) | 452,888 | 455,814 |
| Student assistance/scholarships | 171,651 | 563,059 |
| | <u>59,178,534</u> | <u>51,746,945</u> |
| EXPENSES (Note 16) | | |
| Direct instruction | 15,662,540 | 14,414,593 |
| Direct instructional support | 10,951,633 | 10,926,641 |
| General administration | 7,176,500 | 7,417,400 |
| Service received without charge (Note 16) | 7,108,904 | 5,073,476 |
| Research | 6,608,607 | 4,759,481 |
| Facility services and utilities | 1,859,879 | 1,695,971 |
| Cost of sales | 1,203,726 | 1,334,845 |
| Amortization of capital assets | 1,188,681 | 978,379 |
| Student assistance/scholarships | 150,967 | 530,846 |
| Miscellaneous | 57,977 | 44,112 |
| | <u>51,969,414</u> | <u>47,175,744</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 7,209,120</u> | <u>\$ 4,571,201</u> |

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

YUKON UNIVERSITY
Consolidated Statement of Changes in Net Assets
For the year ended March 31

| | Unrestricted | Invested in Capital Assets | Externally Restricted for Endowments | Internally Restricted for Pension | Internally Restricted for Capital Assets | Accumulated Remeasurement Losses | 2023 | 2022 |
|---|-----------------------|-------------------------------|--|---|--|--|----------------------|----------------------|
| NET ASSETS - BEGINNING OF PERIOD | \$ (1,507,937) | \$ 3,181,014 | \$ 4,255,242 | \$ 24,342,500 | \$ 546,241 | \$ (34,118) | \$ 30,782,942 | \$ 25,367,041 |
| Excess of revenues over expenses | 1,914,658 | - | - | 5,275,900 | 18,562 | - | 7,209,120 | 4,571,201 |
| Capital assets acquired net of disposals | (3,377,201) | 3,377,201 | - | - | - | - | - | - |
| Deferred capital contributions invested in capital assets (Note 14) | 1,900,023 | (1,900,023) | - | - | - | - | - | - |
| Amortization of capital assets | 1,188,681 | (1,188,681) | - | - | - | - | - | - |
| Amortization of deferred capital contributions (Note 14) | (452,888) | 452,888 | - | - | - | - | - | - |
| Internally restricted for capital investments | (1,173,273) | - | - | - | 1,173,273 | - | - | - |
| Remeasurement losses | - | - | - | - | - | (236,368) | (236,368) | (169,936) |
| Endowment contributions | - | - | 4,816 | - | - | - | 4,816 | 985,372 |
| Net investment income | - | - | 67,389 | - | - | - | 67,389 | 29,264 |
| NET ASSETS - END OF PERIOD | \$ (1,507,937) | \$ 3,922,399 | \$ 4,327,447 | \$ 29,618,400 | \$ 1,738,076 | \$ (270,486) | \$ 37,827,899 | \$ 30,782,942 |

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

YUKON UNIVERSITY
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31

| | 2023 | 2022 |
|--|----------------------------|---------------------------|
| Accumulated remeasurement (losses)/gains, beginning of period | \$ (34,118) | \$ 135,818 |
| Unrealized losses attributable to: Restricted investments | <u>(236,368)</u> | <u>(169,936)</u> |
| ACCUMULATED REMEASUREMENT (LOSSES), END OF PERIOD | <u>\$ (270,486)</u> | <u>\$ (34,118)</u> |

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

YUKON UNIVERSITY
Consolidated Statement of Cash Flows
For the year ended March 31

| | 2023 | 2022 |
|---|----------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 7,209,120 | \$ 4,571,201 |
| Amortization of capital assets | 1,188,681 | 978,379 |
| Amortization of deferred capital contributions | (452,888) | (455,814) |
| Loss/ (gain) on disposal of capital assets | 8,034 | (248,277) |
| Decrease/ (increase) in accounts receivable | 5,501,031 | (5,033,754) |
| Increase in accounts payable | 731,949 | 394,220 |
| Decrease/ (increase) in deferred revenue | 836,194 | (6,686) |
| Decrease in loan payable | (30,000) | - |
| Increase in deferred contributions | 1,883,684 | 2,654,486 |
| Increase/ (decrease) in inventories | (87,863) | 93,266 |
| Increase in prepaid expenses | (316,966) | (132,079) |
| Decrease/ (increase) in vacation leave and employee future benefits | (8,368) | 467,641 |
| Increase in accrued pension benefit asset | (5,275,900) | (3,813,200) |
| Increase in non-current other employee future benefits | 185,900 | 136,410 |
| Cash provided by (used for) operating activities | <u>11,372,608</u> | <u>(394,207)</u> |
| INVESTING ACTIVITIES | | |
| (Increase) decrease in restricted cash and cash equivalents | (235,416) | 282,816 |
| Increase in restricted investments | (225,161) | (1,506,109) |
| Cash used for investing activities | <u>(460,577)</u> | <u>(1,223,293)</u> |
| CAPITAL ACTIVITIES | | |
| Capital assets acquired | (2,332,876) | (794,722) |
| Proceeds from disposal of capital assets | 209,985 | 295,922 |
| Cash used for capital activities | <u>(2,122,891)</u> | <u>(498,800)</u> |
| FINANCING ACTIVITIES | | |
| Net investment income from endowments | 67,389 | 29,264 |
| Endowment contributions (including transfers) | 4,816 | 985,372 |
| Receipt of deferred capital contributions | 1,900,023 | 258,053 |
| Cash provided by financing activities | <u>1,972,228</u> | <u>1,272,689</u> |
| INCREASE (DECREASE) IN CASH | 10,761,368 | (843,611) |
| Cash - beginning of period | <u>7,662,685</u> | <u>8,506,296</u> |
| CASH - END OF PERIOD | \$ 18,424,053 | \$ 7,662,685 |
| SUPPLEMENTARY INFORMATION | | |
| Interest received | \$ 588,334 | \$ 89,066 |
| Interest paid | \$ 3,240 | \$ 2,318 |

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

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

1. PURPOSE

a) The *Yukon University Act* was proclaimed into force effective February 6, 2020 replacing the *Yukon College Act*. Under the *Yukon University Act*, Yukon College, incorporated under the *Yukon College Act*, continues as a corporation under the name Yukon University. Yukon University (the University) is a post-secondary educational institution. The University is a not-for-profit organization and is a registered charity under the *Income Tax Act* and is therefore exempt from tax. A significant portion of its funding is provided by the Government of Yukon. The purpose of the University is to offer a balance of educational programs. Programs include baccalaureate, masters and doctoral degree programs, certificate, and diploma programs, and continuing and adult basic education. The University also undertakes and maintains research, scholarly activities and other learning and training activities for these purposes.

b) The Yukon University Foundation (the Foundation) is incorporated as a not-for-profit organization under the *Canada Not-For-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act* and is therefore exempt from tax. The Foundation was established:

- to fund, facilitate, promote, and carry out activities which are consistent with the objectives of the University and to provide support for its educational facilities, educational programs, and education services;
- to fund the provision of bursaries, scholarships and prizes granted by the University for any purpose for students in attendance at facilities owned and/or operated by the University;
- to receive bequests, legacies, donations, gifts, funds, and property from all sources and to hold and invest such funds and property and to administer and distribute such funds and property for the purposes of the Foundation; and
- to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the power of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The University has elected to apply the Section 4200 series for government-not-for-profit organizations.

Basis of consolidation

The consolidated financial statements include the accounts of the University and its controlled entity, the Foundation. All inter-entity transactions and balances have been eliminated on consolidation.

The University controls the Foundation as it has the ability to appoint the Board of Governors of the University as the majority of the members of the Board of Directors of the Foundation. The President is an ex-officio member of the Board of Directors of the Foundation and a non-voting member of the Board of Governors of the University. The Foundation operates out of the University's main campus building with the assistance of University employees in the advancement office.

Financial instruments

The financial instruments of the University include cash, accounts receivable, restricted cash and cash equivalents, restricted investments, accounts payable and accrued liabilities, employee accrued liabilities and loan payable.

All of the University's financial instruments are assigned to the cost or amortized cost measurement category, except for restricted investments which are assigned to the fair value measurement category.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fair value classification

Restricted investments includes equity and debt instruments that are quoted in an active market. They are initially recognized at fair value and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized. Realized changes in fair value of restricted investments are recorded as deferred contributions, where they remain deferred until the restriction on use is fulfilled, and at that time the amount is transferred to the Consolidated Statement of Operations. Transaction costs are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Consolidated Statement of Operations.

The University classifies, for financial reporting purposes, fair value measurements using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the University can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

Amortized cost classification

These financial instruments are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the cost of the instrument.

Writedowns are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to net recoverable value with the writedown recognized in the Consolidated Statement of Operations. Accounts receivable are recorded at cost less valuation allowances. Valuation allowances are calculated by examining amounts overdue 90 days or more and/or accounts where there is no longer reasonable assurance of timely collection to estimate amounts deemed to be uncollectible.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the time of contribution.

When conditions indicate that an asset no longer contributes to the University's ability to provide its services, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress costs are capitalized as incurred. These amounts are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets once the assets are placed in service.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets are amortized on a straight-line basis over their estimated useful lives, which are estimated as follows:

| | <u>Useful life (years)</u> |
|--|----------------------------|
| Leasehold improvements | 20 |
| Equipment general | 10 |
| Equipment electronic data processing (EDP) | 3 |
| Mobile trailers | 20 |
| Furniture and fixtures | 10 |
| Vehicles | 5 |

Works of art are capitalized at cost and no amortization is recorded.

Asset retirement obligations

On April 1, 2022, the University adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. As at March 31, 2023, the University determined that there were no significant asset retirement obligations associated with its capital assets and hence, the adoption of this standard did not have an impact on the amounts presented in these consolidated financial statements.

Inventories

Inventories consist of items for resale in the bookstore and food service operations and are valued at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis.

Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not reliably estimable and accordingly is not recognized in the consolidated financial statements.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Employee future benefits

Pension benefits

Yukon University Employees' Pension Plan (pension plan) is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the University after 24 months of continuous service. The University's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. In general, pension benefits are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan. Plan members can accumulate up to 35 years of continuous service. The University has contracted with external organizations to provide the services of trustee, administration, consulting, and investment management for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

The University accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

Past service costs from plan amendments are accounted for in the period of the plan amendments.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group.

Other non-pension benefits

The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, and retirement ages of employees, and is recognized over the period in which the benefits are earned (i.e. the period the employee renders service to the University). Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group. The University accrues other vacation and leave benefits for employees as earned based on their respective terms of employment.

Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions, such as operating grants, are recognized as revenue 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 endowment net assets. Interest earned on endowment contributions where a portion of the interest cannot be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Sales, rentals and services, miscellaneous income, and tuition are reported as revenue at the time the services are substantially provided, or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized as revenue when the courses are delivered.

The University provides education, rentals, research and services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements.

Allocation of expenses

The University allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. Fundraising expenses incurred during the year are included in general administration expenses.

Internally restricted net assets

Net assets invested in capital assets represents the amount the University has spent on capital assets using its own funding sources. Net assets internally restricted for pension represents the amounts restricted in order to meet future pension obligations. Net assets internally restricted for capital assets represents the amounts restricted in order to invest in capital assets (replacement and purchase of new assets).

Related party transactions

The University is related to all Government of Yukon departments, corporations, agencies, and the University's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the University. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The University receives certain services provided by the Government of Yukon without charge. The majority of the services received without charge represent costs associated with facilities provided by the Government of Yukon at a reduced, or no, charge. These services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the University's operations in its consolidated financial statements. These services are recorded at amounts based on the Government of Yukon's amortization expense (for the main campus), and on fair value for the rental of other facilities.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the accrued pension benefit asset and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. Actual results could differ significantly from those estimated. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period which they become known.

Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the consolidated financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingent liability is disclosed in the notes to the consolidated financial statements and no liability is accrued.

3. **FINANCIAL RISK MANAGEMENT**

The University's financial instruments are exposed to the following risks: interest rate risk, foreign exchange risk, credit risk, liquidity risk and other price risk. The University manages these risk exposures on an ongoing basis. The University is not party to any financial derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The University is exposed to interest rate risk on its fixed interest rate for financial instruments, which subject the University to a fair value risk. Investments are monitored by the Board of Governors and managed by investment managers, subject to asset mix and performance benchmarks contained in the investment policies. The investment managers report on a regular basis to the Board of Governors.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The University is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

3. FINANCIAL RISK MANAGEMENT *(continued)*

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, accounts receivable, restricted cash and cash equivalents and restricted investments represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Information regarding the University's accounts receivable is as follows:

| | 2023 | 2022 |
|---|--------------|---------------|
| Carrying value | \$ 7,248,987 | \$ 12,750,018 |
| Allowance for doubtful accounts | 326,736 | 275,608 |
| Accounts receivable % less than 30 days | 89 % | 94 % |
| Accounts receivable % over 90 days | 8 % | 3 % |

Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due.

The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. As at March 31, 2023, substantially all of the University's accounts payable and accrued liabilities are due within 6 months of year-end.

Other price risk

Other price risk is the risk that changes in financial or market conditions impair the value of the University's assets, or that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The University's investments are managed by investment managers in accordance with the University's Investment Governance Policy. The University is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Other price risk is not considered significant.

4. CASH

The University has, if needed, an operating demand line of credit with its banker that allows the University to borrow up to \$1,000,000 (2022 - \$1,000,000) at bank prime. The credit line was unused at both 2023 and 2022. The University's credit facility interest rates are subject to fluctuations in the prime rate.

5. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of interest-earning deposits of \$1,064,111 (2022 - \$828,695).

An amount of \$253,992 (2022 - \$90,603) is externally restricted for certain endowment and deferred contributions. An amount of \$245,316 (2022 - \$191,851) is internally restricted for prepaid employee leave. An amount of \$564,803 (2021 - \$546,241) is internally restricted for investment in capital assets.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

6. RESTRICTED INVESTMENTS

| | Level | Percentage | 2023 | 2022 |
|---------------------------|-------|------------|--------------|--------------|
| Equity securities | 1 | 61.22 % | \$ 3,759,060 | \$ 4,002,609 |
| Debt securities | 1 | 37.46 % | 2,299,815 | 2,023,217 |
| Cash and cash equivalents | 1 | 1.32 % | 81,133 | 125,389 |
| | | 100.00 % | \$ 6,140,008 | \$ 6,151,215 |

Restricted investments are externally restricted.

7. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

Yukon University Employees' Pension Plan is a defined-benefit pension plan, which requires the employer and the employee to make annual contributions to an employee's retirement account. Plan administrators hire an actuary to calculate the future benefits that the plan must pay an employee and the amount that the employer and employee must contribute to provide those benefits. During the year, the pension benefits paid by the pension plan were \$5,992,500 (2022 - \$3,755,000) and the employer and employee contributions to the pension plan were \$2,246,500 (2022 - \$2,214,500) and \$2,093,900 (2022 - \$2,172,800), respectively.

The pension plan has two groups of members. Group 1 is for members with a start date prior to July 1, 2013. Group 2 is for members with a start date on or after July 1, 2013. The age at which a member can retire without a reduced pension is age 60 for Group 1 and age 65 for Group 2. Effective January 1, 2023, Group 1 members were required to contribute to the plan at a rate of 9.62% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 12.02% on annual earnings in excess of the YMPE (2022 - 10.72% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 13.12% on annual earnings in excess of the YMPE). Effective January 1, 2023, Group 2 members were required to contribute to the plan at a rate of 7.28% on annual earnings up to the YMPE plus 9.06% on annual earnings in excess of the YMPE (2022 - 9.43% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 11.21% on annual earnings in excess of the YMPE).

Assets in the pension plan are based on fair values as reported by the custodian of the funds as at March 31, 2023. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as at March 31, 2023 using the projected benefits method prorated on services, based on extrapolated employee data as at June 30, 2022.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. EMPLOYEE FUTURE BENEFITS *(continued)*

a) Pension benefits *(continued)*

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates of these future events. Key assumptions are summarized below:

| | 2023 | 2022 |
|---|----------------------|----------------------|
| <u>Weighted-average assumptions for benefit costs</u> | | |
| Discount rate | 5.75 % | 5.30 % |
| Expected long-term rate of return on plan assets | 5.75 % | 5.30 % |
| Rate of compensation increase | | |
| Group 1: | 3.00 % | 3.40 % |
| Group 2: | 3.40 % | 3.40 % |
| Inflation rate | 2.00 % | 2.00 % |
| Expected average remaining service life | 10 years | 10 years |
| <u>Weighted-average assumptions of accrued benefit obligation</u> | | |
| Discount rate | 6.15 % | 5.75 % |
| Expected long-term rate of return on plan assets | 6.15 % | 5.75 % |
| Rate of compensation increase | | |
| Group 1: | 3.00 % | 3.40 % |
| Group 2: | 3.40 % | 3.40 % |
| Inflation rate | 2.00 % | 2.00 % |
| <u>Change in accrued benefit obligation:</u> | | |
| Accrued benefit obligation - beginning of period | \$ 95,139,500 | \$ 95,063,200 |
| Current service cost, net of employee contributions | 2,463,700 | 2,334,700 |
| Interest cost | 5,410,900 | 5,045,700 |
| Employee contributions | 2,093,900 | 2,172,800 |
| Benefits paid | (5,992,500) | (3,755,000) |
| Admin expenses | (637,300) | (474,300) |
| Actuarial gains | (5,796,500) | (5,247,600) |
| Accrued benefit obligation - end of period | \$ 92,681,700 | \$ 95,139,500 |
| <u>Change in plan assets:</u> | | |
| Fair value of plan assets - beginning of period | \$141,261,000 | \$132,505,200 |
| Actual return on plan assets | (946,000) | 8,597,800 |
| Employer contributions | 2,246,500 | 2,214,500 |
| Employee contributions | 2,093,900 | 2,172,800 |
| Benefits paid | (5,992,500) | (3,755,000) |
| Admin expenses | (637,300) | (474,300) |
| Fair value of plan assets - end of period | \$138,025,600 | \$141,261,000 |

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. EMPLOYEE FUTURE BENEFITS *(continued)*

a) Pension benefits (continued)

| | 2023 | 2022 |
|---|------------------------|-----------------|
| <u>Reconciliation of accrued pension benefit asset - end of period:</u> | | |
| Accrued benefit obligation | \$ (92,681,700) | \$ (95,139,500) |
| Fair value of plan assets | 138,025,600 | 141,261,000 |
| Pension benefit surplus | 45,343,900 | 46,121,500 |
| Unamortized net actuarial gains | (15,725,500) | (21,779,000) |
| Accrued pension benefit asset | \$ 29,618,400 | \$ 24,342,500 |
| | 2023 | 2022 |
| <u>Elements of defined pension plan benefit costs recognized in the period:</u> | | |
| Current service cost | \$ 2,463,700 | \$ 2,334,700 |
| Interest cost on benefit obligation | 5,410,900 | 5,045,700 |
| Expected return on plan assets | (8,056,700) | (7,027,000) |
| Amortization of actuarial (gains)/losses | (2,847,300) | (1,952,100) |
| Net periodic pension (income)/cost recognized | \$ (3,029,400) | \$ (1,598,700) |
| | 2023 | 2022 |
| <u>Based on fair value of plan assets held, the assets were composed of:</u> | | |
| Equity securities | 56.00 % | 58.00 % |
| Debt securities | 43.00 % | 41.00 % |
| Other | 1.00 % | 1.00 % |
| | 100.00 % | 100.00 % |

The net periodic pension income of \$3,029,400 (2022 - \$1,598,700) is recognized in salaries, wages and benefits in Note 16 and allocated to expenses by function on the Consolidated Statement of Operations in a manner consistent with the employee allocation to those functions.

Actuarial valuation for funding purposes

An actuarial valuation for funding purposes was performed as at June 30, 2022 which identified the University's required current service contributions as 69.7% up to December 31, 2022 and 100% from January 1, 2023 (June 30, 2021 – 101.7%) of employee contributions. Under economic and demographic assumptions used in these calculations this level of University contributions, together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

The actuarial valuation for funding purposes as at June 30, 2022 for the University had an actual surplus of \$29,888,600 (June 30, 2021 - \$20,340,800) at the measurement date on a going-concern basis and a surplus of \$12,830,000 (June 30, 2021 - \$2,207,300) if valued on the basis that the pension plan was terminated/wound up as at June 30, 2022. The solvency ratio of the pension plan was 100% as at June 30, 2022. The Government of Yukon provided a pension related contribution to the University during the year as described in Note 17. All required contributions to the pension plan have been made.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. EMPLOYEE FUTURE BENEFITS *(continued)*

a) Pension benefits (continued)

The Pension Benefits Standards Act permits that in lieu of making special solvency payments, letters of credit can be obtained to reduce a solvency deficiency. In May 2011, for a solvency deficiency that existed at the time, the University acquired a letter of credit for the pension plan. Although the pension plan is no longer in a solvency deficiency, the University still has the letter of credit. The face value of the letter of credit is \$22,060,699 (2022 - \$22,250,100).

The Government of Yukon has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letter of credit, the Government of Yukon will provide the necessary support to address any resulting debt, interest and costs that may be required under the federal pension legislation. At March 2023, the guarantee remains in effect to December 31, 2023.

A new actuarial valuation for funding purposes will be prepared as at June 30, 2023 and will be filed with the regulator prior to December 31, 2023.

b) Other non-pension benefits

The non-pension benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, non-vesting but accumulating sick leave, special leave and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability is:

| | 2023 | 2022 |
|--|---------------------|--------------|
| Accrued benefit obligation, end of period | \$ 5,944,800 | \$ 5,971,500 |
| Unamortized actuarial gain | 1,776,810 | 1,571,510 |
| Actuarially determined obligation, end of period | 7,721,610 | 7,543,010 |
| Less: Current portion included in vacation leave and employee future benefits (<i>Note 12</i>) | (1,105,200) | (1,112,500) |
| Non-current portion of obligation, end of period | \$ 6,616,410 | \$ 6,430,510 |

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. EMPLOYEE FUTURE BENEFITS *(continued)*

b) Other non-pension benefits (continued)

The annual benefit plan cost and change in accrued benefit liability are as follows:

| | 2023 | 2022 |
|---|----------------------------|----------------------------|
| Accrued benefit obligation, beginning of period | \$ 7,543,010 | \$ 6,974,100 |
| Add: Annual benefit plan cost: | | |
| Current service cost | 769,600 | 981,800 |
| Interest on accrued benefit obligation | 235,000 | 201,700 |
| Amortization of net actuarial gain | <u>(157,200)</u> | <u>(28,280)</u> |
| Total annual benefit plan cost | 847,400 | 1,115,220 |
| Accrued benefit obligation before benefits paid by the University | 8,390,410 | 8,129,320 |
| Less: Benefits paid by the University | <u>(668,800)</u> | <u>(586,310)</u> |
| Actuarially determined obligation, end of period | 7,721,610 | 7,543,010 |
| Less: Current portion included in vacation leave and employee future benefits | <u>(1,105,200)</u> | <u>(1,112,500)</u> |
| Non-current portion of obligation, end of period | <u>\$ 6,616,410</u> | <u>\$ 6,430,510</u> |

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

| | 2023 | 2022 |
|--|-----------------|----------|
| Weighted average assumptions for benefit costs: | | |
| Discount rate | 3.80 % | 2.75 % |
| Rate of compensation increase for 10 years and thereafter | | |
| Group 1: | 3.00 % | 3.40 % |
| Group 2: | 3.40 % | 3.40 % |
| Expected average remaining service life | 10 years | 10 years |
| Weighted average assumptions for accrued benefit obligation: | | |
| Discount rate | 4.80 % | 3.80 % |
| Rate of compensation increase for 10 years and thereafter | | |
| Group 1: | 3.00 % | 3.40 % |
| Group 2: | 3.40 % | 3.40 % |
| Expected average remaining service life | 10 years | 10 years |

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

8. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|------------------------|----------------------|-----------------------------|---------------------------|---------------------------|
| Leasehold improvements | \$ 7,071,575 | \$ 3,283,528 | \$ 3,788,047 | \$ 4,153,607 |
| Equipment general | 4,517,172 | 2,656,968 | 1,860,204 | 1,720,511 |
| Motor vehicles | 1,017,816 | 553,680 | 464,136 | 78,454 |
| Equipment EDP | 1,652,892 | 1,061,245 | 591,647 | 188,645 |
| Furniture and fixtures | 531,478 | 302,604 | 228,874 | 264,166 |
| Work in progress | 2,645,554 | - | 2,645,554 | 733,653 |
| Mobile trailers | 1,844,143 | 833,512 | 1,010,631 | 1,261,537 |
| Works of art | 103,448 | - | 103,448 | 103,448 |
| | <u>\$ 19,384,078</u> | <u>\$ 8,691,537</u> | <u>\$ 10,692,541</u> | <u>\$ 8,504,021</u> |

Work in progress pertains to capitalizable costs incurred by the University for signage and the new Science Building - Polaris. During the year University has started planning and design for the Polaris building and the costs incurred up to 31 March 2023 amounted to \$1,870,057 (2022: \$0).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2023 | 2022 |
|--------------------------|---------------------|---------------------|
| Trades accounts payable | \$ 2,576,439 | \$ 1,802,590 |
| Payroll payable | 1,698,110 | 1,297,341 |
| Accrued accounts payable | 1,228,148 | 483,976 |
| Student deposits | 831,154 | 884,252 |
| Other payables | 422,974 | 294,373 |
| | <u>\$ 6,756,825</u> | <u>\$ 4,762,532</u> |

10. DEFERRED REVENUE

| | Contracts | Tuition | 2023 | 2022 |
|------------------------------|-------------------|------------------|---------------------|-------------------|
| Balance, beginning of period | \$ 171,673 | \$ 26,135 | \$ 197,808 | \$ 204,494 |
| Additions | 4,131,202 | 2,570,208 | 6,701,410 | 4,430,742 |
| Revenue recognized | (3,304,699) | (2,560,517) | (5,865,216) | (4,437,426) |
| Balance, end of period | <u>\$ 998,176</u> | <u>\$ 35,826</u> | <u>\$ 1,034,002</u> | <u>\$ 197,810</u> |

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

11. DEFERRED CONTRIBUTIONS

| | Government of Yukon Contributions | Other contributions | Donations and allocated investment income | 2023 | 2022 |
|------------------------------|---|------------------------|--|----------------------|---------------------|
| Balance, beginning of period | \$ 391,727 | \$ 6,694,708 | \$ 1,119,470 | \$ 8,205,905 | \$ 5,551,418 |
| Additions | 32,994,659 | 11,277,164 | 194,254 | 44,466,077 | 41,532,025 |
| Revenue recognized | (32,958,984) | (9,659,569) | (129,865) | (42,748,418) | (39,344,842) |
| Investment income | - | - | 166,025 | 166,025 | 467,304 |
| Balance, end of period | \$ 427,402 | \$ 8,312,303 | \$ 1,349,884 | \$ 10,089,589 | \$ 8,205,905 |

Government of Yukon contributions (Note 17) includes services received without charge of \$7,108,904 (2022 - \$5,073,476) in addition to \$32,958,984 (2022 - \$30,531,755) recognized from deferred contributions, for a total of \$40,067,888 (2022 - \$35,605,231).

Other contributions is comprised primarily of amounts from the Government of Canada, and also amounts from First Nations and other organizations. Donations revenue is recognized on the Consolidated Statement of Operations within student assistance/scholarships.

12. VACATION LEAVE AND EMPLOYEE FUTURE BENEFITS

| | 2023 | 2022 |
|---|---------------------|--------------|
| Vacation leave liability | \$ 2,635,647 | \$ 2,712,919 |
| Current portion of other employee future benefits | 1,105,200 | 1,112,500 |
| Funds held for income averaging | 249,377 | 188,527 |
| Long service leave liability | 164,952 | 169,415 |
| Compensatory pay liability | 39,610 | 19,793 |
| | \$ 4,194,786 | \$ 4,203,154 |

13. LOAN PAYABLE

The University has entered into an agreement with a donor for a non-interest bearing loan that is invested as deemed appropriate by the University. Income from investment is added to a research endowment. The principal will remain invested until it has been gifted to the University at which time it will be added to the research endowment and managed under the terms of the endowment agreement. While the loan is repayable within 90 days on demand, the loan may be converted to a gift at any time by the donor. During the year, the donor requested to transfer \$30,000 from the long-term loan to the Yukon University Foundation Endowment.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

14. DEFERRED CAPITAL CONTRIBUTIONS

The changes in the deferred capital contributions balance are as follows:

| | 2023 | 2022 |
|-------------------------------------|---------------------|---------------------|
| Balance, beginning of period | \$ 5,323,007 | \$ 5,520,768 |
| Restricted government contributions | 1,900,023 | 258,053 |
| Amount amortized to revenue | <u>(452,888)</u> | <u>(455,814)</u> |
| Balance, end of period | \$ 6,770,142 | \$ 5,323,007 |

Deferred Capital Contributions include funding for work-in-progress related to the planned New Science Building - Polaris \$1,870,057 (2022 - \$0), Leasehold improvements \$2,767,441 (2022 - \$2,971,358), mobile trailers \$1,063,739 (2022 - \$1,170,113) and furniture and fixtures and general equipment \$1,068,905 (2022 - \$1,181,536).

15. EXTERNALLY RESTRICTED FOR ENDOWMENTS

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Endowment balance, beginning of period | \$ 4,255,242 | \$ 3,240,606 |
| Endowment contributions | 46,602 | 1,011,500 |
| Disbursements from endowments | <u>(41,786)</u> | <u>(26,128)</u> |
| Net investment income | <u>67,389</u> | <u>29,264</u> |
| Endowment balance, end of period | \$ 4,327,447 | \$ 4,255,242 |

16. EXPENDITURES BY OBJECT

| | 2023 | 2022 |
|---------------------------------------|----------------------|----------------------|
| Salaries, wages and benefits | \$ 30,254,520 | \$ 30,352,281 |
| Contract services | 5,806,519 | 4,688,425 |
| Rental of facilities and equipment | 5,102,441 | 3,517,662 |
| Utilities and communications | 2,924,976 | 2,513,239 |
| Material and supplies | 2,699,090 | 1,619,215 |
| Travel | 1,339,400 | 484,511 |
| Amortization of capital assets | 1,188,681 | 978,379 |
| Licenses, permits, and memberships | 782,252 | 621,996 |
| Cost of sales and ancillary services | 532,358 | 604,716 |
| Promotion, events and advertising | 492,286 | 417,235 |
| Other | 277,032 | 446,168 |
| Bank fees and credit card commissions | 260,432 | 231,913 |
| Books and subscriptions | 125,429 | 91,668 |
| Student assistance/scholarships | 94,196 | 530,846 |
| Postage and freight | <u>89,802</u> | <u>77,490</u> |
| | \$ 51,969,414 | \$ 47,175,744 |

Fundraising expenses totaling \$263,131 (2022 - \$141,279) are included in salaries, wages and benefits, contract services, material and supplies, and promotion, events, and advertising.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

16. EXPENDITURES BY OBJECT *(continued)*

Services received without charge included in above:

| | 2023 | 2022 |
|------------------------------------|--------------|--------------|
| Rental of facilities and equipment | \$ 4,673,727 | \$ 3,097,491 |
| Utilities and communication | 2,435,177 | 1,975,985 |
| | \$ 7,108,904 | \$ 5,073,476 |

17. GOVERNMENT OF YUKON CONTRIBUTIONS

| | 2023 | 2022 |
|--|---------------|---------------|
| Operating contributions | \$ 24,407,288 | \$ 23,394,072 |
| Contributions other | 8,432,212 | 7,005,463 |
| Services received without charge (Note 16) | 7,108,904 | 5,073,476 |
| Pension funding | 119,484 | 132,220 |
| | \$ 40,067,888 | \$ 35,605,231 |

A significant portion of the University's income is received from the Government of Yukon. For the year ended March 31, 2023, total Government of Yukon contributions made up 65% of total revenues (2022 - 69%). For the year ended March 31, 2023, the University received \$119,484 (2022 - \$132,220) for pension letter of credit costs.

18. MISCELLANEOUS INCOME

| | 2023 | 2022 |
|---|--------------|--------------|
| Salary, travel and other expense recovery | \$ 330,066 | \$ 388,492 |
| Other miscellaneous revenue | 259,002 | 379,230 |
| General student fees | 236,248 | 233,259 |
| Computer lab usage fees | 133,383 | 149,811 |
| Facilities and equipment rental | 78,016 | 65,263 |
| | \$ 1,036,715 | \$ 1,216,055 |

19. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed in Note 17, the University enters into transactions with related entities in the normal course of business.

The University receives funds from the Government of Yukon for student training allowances amounting to \$363,516 (2022 - \$485,106). Included in the amortization of deferred capital contributions on the Consolidated Statement of Operations is \$306,493 (2022 - \$306,493) related to the Government of Yukon. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At March 31, 2023 there was \$256,724 (2022 - \$73,301) of accounts payable and accrued liabilities and \$4,405,440 (2022 - \$10,597,862) of accounts receivable related to the Government of Yukon. At March 31, 2023 there was \$427,402 (2022 - \$391,727) of deferred contributions and \$4,056,291 (2022 - \$4,329,892) of deferred capital contributions related to the Government of Yukon. The University has a lease agreement with the Government of Yukon for a building and land lease which expired June 2022. Lease payments total \$48,665 for 2023, and \$48,425 for 2022.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
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20. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The University's contractual rights arise because of contracts entered into for undertaking specific programs and projects in the normal course of business. The following table summarizes the contractual rights of the University:

| | Government of Canada | Government of Yukon | Other | Total |
|------------|-------------------------|------------------------|----------------------|----------------------|
| 2024 | \$ 3,127,468 | \$ 140,281 | \$ 5,368,735 | \$ 8,636,484 |
| 2025 | 2,630,544 | 15,000 | 4,068,787 | 6,714,331 |
| 2026 | 1,333,697 | - | 3,177,907 | 4,511,604 |
| Thereafter | - | - | 100,000 | 100,000 |
| | \$ 7,091,709 | \$ 155,281 | \$ 12,715,429 | \$ 19,962,419 |

Government of Canada contractual rights consist of funds to be received for the Innovation and Entrepreneurship Accelerator, the Industrial Research Chair – Northern Energy Innovation, Support to UArctic, Global Arctic Leadership Initiative program and various other programs and initiatives such as Clean Energy Research Team for Northern Grid Impact Studies, and Enhancing Yukon Trade Corridor Resilience to Northern Geohazards.

Government of Yukon contractual rights consist of funds to be received for the Yukon Research Centre, Yukon First Nations 101 Online Training Course - Health and Social Services, and various programs.

Other contractual rights consist of funds to be received for student support, and Yukon Research Centre programs and initiatives.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
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21. CONTRACTUAL OBLIGATIONS

Leases

The University has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payment as follows:

| | Maintenance Services | Facility Leases | Telecommunication, Course curriculum and Other Contracts | Total |
|------|-------------------------|--------------------|--|---------------------|
| 2024 | \$ 229,831 | \$ 256,173 | \$ 3,404,172 | \$ 3,890,176 |
| 2025 | 71,067 | 49,590 | 1,519,820 | 1,640,477 |
| 2026 | - | 49,590 | 756,746 | 806,336 |
| 2027 | - | 12,397 | 145,111 | 157,508 |
| | \$ 300,898 | \$ 367,750 | \$ 5,825,849 | \$ 6,494,497 |

Capital Assets

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the University at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the buildings and grounds, and the University is responsible for minor interior maintenance and repairs.