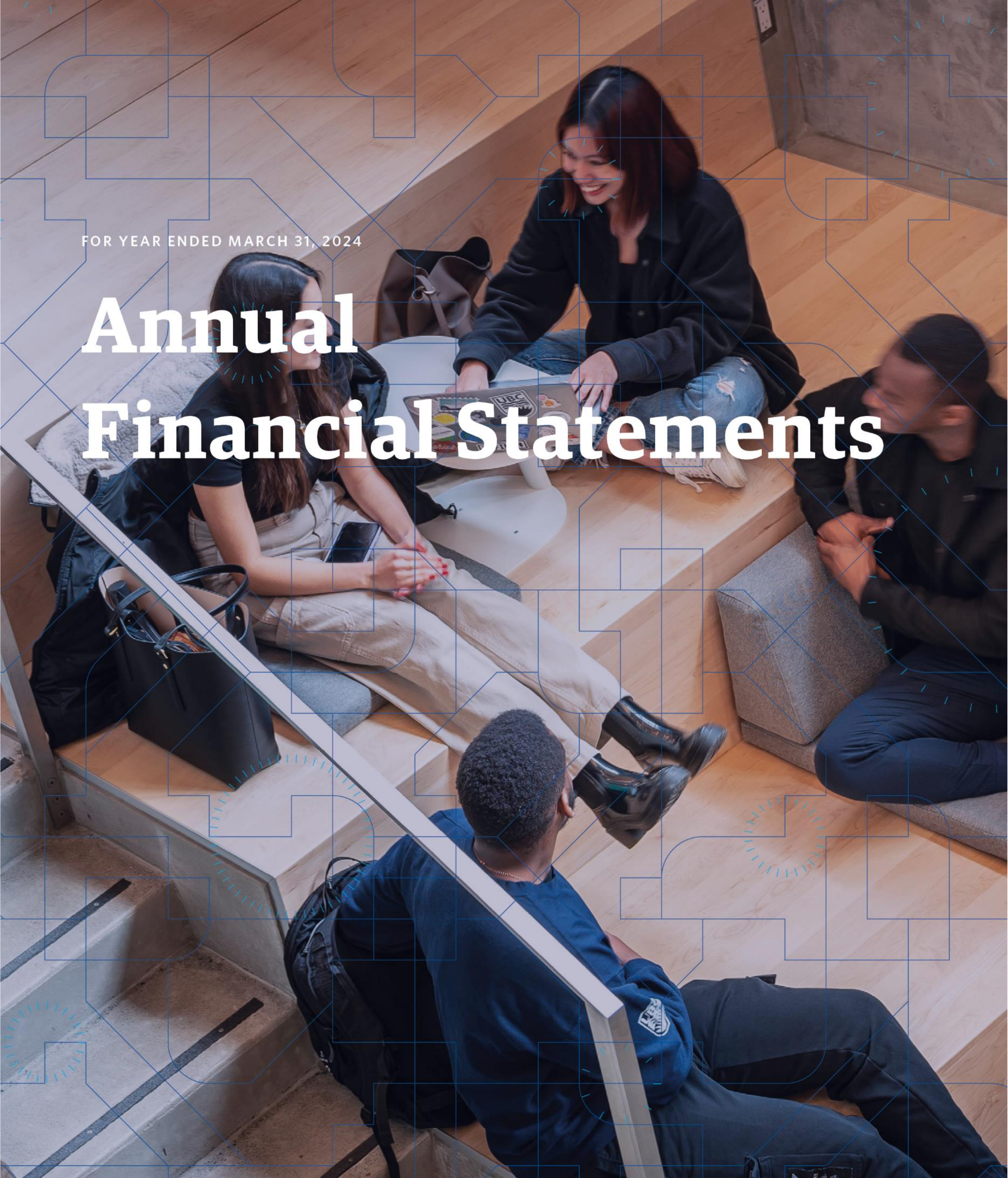

FOR YEAR ENDED MARCH 31, 2024

Annual Financial Statements

THE UNIVERSITY OF BRITISH COLUMBIA

Statement of Management Responsibility

The consolidated financial statements of the University of British Columbia (the University) have been prepared by management in conformity with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board outlined in note 2(a). The consolidated financial statements present the financial position of the University as at March 31, 2024, and the results of its operations, remeasurement gains and losses, and the changes in net debt and changes in its cash flow for the year ended March 31, 2024.

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

The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

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

The consolidated financial statements for the year ended March 31, 2024 have been reported on by the Office of the Auditor General of British Columbia. The Independent Auditors' Report outlines the scope of the audit and provides the audit opinion on the consolidated financial statements.

[signed]

Benoit-Antoine Bacon
President and Vice-Chancellor

[signed]

Frank Laezza
Vice-President Finance & Operations

June 27, 2024

Office of the Auditor General of British Columbia
623 Fort Street
Victoria, British Columbia
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Independent Auditor's Report

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

Qualified Opinion

I have audited the accompanying consolidated financial statements of the University of British Columbia “the group”, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows, and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at March 31, 2024, and the results of its operations and accumulated surplus, changes in its net debt, cash flows and remeasurement gains and losses for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

As described in Note 2(a) to the consolidated Financial Statements, the group’s accounting treatment for contributions received from governments and for externally restricted contributions received from non-government sources is to initially record them as deferred revenue (a liability) and then recognize revenue in the statement of operations either on the same basis as the related expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized. The group was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

Under Canadian Public Sector Accounting Standards, the group’s method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In my opinion, certain contributions of the entity do not meet the definition of a liability, and as such the group’s method of accounting for those contributions represents a departure from Canadian Public Sector Accounting Standards.

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. Had the group made an adjustment for this departure in the current year, the liability for deferred capital contributions as at March 31, 2024 would have been lower by $1,832 million, revenue, annual surplus and accumulated surplus would have been higher by $1,832 million and net debt would have been lower by $1,832 million.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the group in accordance with the ethical requirements that are relevant to my audit of the group's financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Those charged with governance are responsible for the oversight of the financial reporting process. 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 the 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 when the group will continue its operations for the foreseeable future.

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

My objectives are to obtain reasonable assurance about whether the group's 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 my 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Michael Pickup, FCPA, FCA
Auditor General of British Columbia

Victoria, British Columbia, Canada
July 4, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	Note	2024 $'000	2023 $'000
Financial Assets			
Cash and cash equivalents	3	282,075	249,366
Accounts receivable	4	276,884	285,396
Promissory notes receivable	5	72,472	-
Housing and other loans receivable	6	76,705	64,983
Inventories for resale		6,443	6,412
Portfolio investments	7	786,694	927,999
Endowment investments (expendable balance)	7	1,202,431	1,035,628
Investments in government business enterprises	8	33,717	56,760
Supplemental pension assets	11(a)	131,698	118,485
		2,869,119	2,745,029
Liabilities			
Accounts payable and accrued liabilities	9	350,146	381,797
Deferred revenue	10	166,166	147,149
Employee future benefits	11(c)	20,058	15,681
Supplemental pension liabilities	11(a)	131,698	118,485
Deferred contributions	12	1,652,545	1,492,817
Deferred capital contributions	13	1,831,609	1,753,943
Deferred land lease revenue	14	1,115,978	1,090,305
Debt	15	359,285	361,402
Asset retirement obligations	2, 16	49,944	53,974
		5,677,429	5,415,553
Net debt		(2,808,310)	(2,670,524)
Non-Financial Assets			
Tangible capital assets	17	4,335,357	4,109,553
Endowment investments (non-expendable balance)	7	1,134,557	1,087,854
Inventories held for use		4,361	4,096
Prepaid expenses and advances		44,739	19,807
		5,519,014	5,221,310
Accumulated surplus		2,710,704	2,550,786
Accumulated surplus is comprised of:	18		
Investment in tangible capital assets		1,582,013	1,410,155
Externally restricted endowments		1,137,557	1,087,854
Internally restricted		395,886	362,126
Unrestricted		(455,394)	(318,089)
Accumulated operating surplus		2,660,062	2,542,046
Accumulated remeasurement gains		50,642	8,740
		2,710,704	2,550,786
Contractual obligations	22		

Approved on behalf of the Board of Governors:

[signed] *[signed]*

Bill Sundhu
Chair, Board of Governors

Jessie Dusangh
Chair, Audit Committee

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31

	Note	Budget $'000 Note 28	2024 $'000	2023 $'000 Restated Note 2(m)
Revenues				
Government grants and contributions	20	1,621,000	1,607,651	1,446,526
Tuition and student fees		1,057,000	1,031,039	999,470
Sales and services		500,000	500,482	480,777
Non-government grants, contributions and donations		221,000	241,000	225,302
Investment income		117,000	125,778	100,365
Income from government business enterprises	8	18,000	24,341	18,750
Amortization of deferred capital contributions	13	120,000	85,557	87,025
		3,654,000	3,615,848	3,358,215
Expenses	25			
Learning		1,841,000	1,846,909	1,690,297
Research		612,000	628,464	598,406
Facilities		358,000	378,215	361,317
Students		474,000	451,732	409,225
Community engagement		93,000	100,485	88,049
Administration		191,000	139,642	128,218
		3,569,000	3,545,447	3,275,512
Annual operating surplus		85,000	70,401	82,703
Restricted endowment donations		25,000	47,615	24,341
Annual surplus		110,000	118,016	107,044
Accumulated surplus, beginning of year		2,542,046	2,542,046	2,435,002
Accumulated surplus, end of year		2,652,046	2,660,062	2,542,046

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31

	Budget $'000	2024 $'000	2023 $'000
	Note 28		
Annual surplus	110,000	118,016	107,044
Exclude items not affecting net debt:			
Endowment donations and transfers received	(25,000)	(46,703)	(25,450)
	85,000	71,313	81,594
Acquisition of tangible capital assets, net of dispositions	(662,000)	(478,893)	(414,966)
Amortization of tangible capital assets	320,000	253,089	246,142
	(342,000)	(225,804)	(168,824)
Acquisition of inventories held for use	-	(9,759)	(6,783)
Acquisition of prepaid expenses and advances	-	(44,515)	(19,655)
Consumption of inventories held for use	-	9,494	6,752
Use of prepaid expenses	-	19,583	19,705
	-	(25,197)	19
	(257,000)	(179,688)	(87,211)
Net remeasurement gains (losses)	(29,000)	41,902	(5,804)
Increase in net debt	(286,000)	(137,786)	(93,015)
Net debt, beginning of year	(2,670,524)	(2,670,524)	(2,577,509)
Net debt, end of year	(2,956,524)	(2,808,310)	(2,670,524)

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2024 $'000	2023 $'000
Cash provided by operating activities		
Annual surplus	118,016	107,044
Items not affecting cash:		
Amortization of tangible capital assets	253,089	246,142
Amortization of deferred capital contributions	(85,557)	(87,025)
Amortization of deferred land lease revenue	(12,050)	(11,969)
Income from government business enterprises	(24,341)	(18,750)
Losses on sale of investments	5,443	3,928
Other	163	(9,114)
	254,763	230,256
Change in non-cash operating balances:		
Accounts receivable	45,000	(62,104)
Inventories and prepaid expenses	(2,961)	(1,305)
Accounts payable and accrued liabilities	(31,651)	47,094
Deferred revenue	19,017	6,196
Deferred contributions	23,707	5,229
	307,875	225,366
Cash used in capital activities		
Acquisition of tangible capital assets	(478,893)	(416,710)
Proceeds from disposition of tangible capital assets	-	1,117
Deferred capital contributions received	149,923	149,910
Advances for construction costs	(22,267)	-
Receipts of infrastructure development charges	9,643	-
Settlement of asset retirement obligation	(891)	-
	(342,485)	(265,683)
Cash provided by investing activities		
Purchase of portfolio investments	(59,022)	(108,395)
Proceeds from sale of portfolio investments	189,998	98,464
Distributions received from government business enterprises	17,000	20,500
Net receipt of endowment funds	(23,229)	(9,932)
	124,747	637
Cash used in financing activities		
Issuance of promissory notes	(57,000)	-
Payment of long-term debt and sinking fund	(2,006)	(2,456)
Issuance of housing loans	(4,073)	(6,550)
Repayment of housing and other loans	5,651	3,827
	(57,428)	(5,179)
Net increase (decrease) in cash and cash equivalents	32,709	(44,859)
Cash and cash equivalents, beginning of year	249,366	294,225
Cash and cash equivalents, end of year	282,075	249,366
Supplemental cash flow information		
Cash paid for interest	20,660	20,680
Cash receipts from interest	53,287	40,086

(See accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED MARCH 31

	2024 $'000	2023 $'000
Accumulated remeasurement gains, beginning of year	8,740	14,544
(Gains) losses reclassified to the Consolidated Statement of Operations from:		
Equity investments quoted in active markets	8,758	8,973
Other investments designated at fair value	(3,315)	(4,990)
Unrealized gains (losses) from:		
Equity investments quoted in active markets	37,019	(19,564)
Other investments designated at fair value	(560)	9,777
Net remeasurement gains (losses) for the year	41,902	(5,804)
Accumulated remeasurement gains, end of year	50,642	8,740

(See accompanying notes to the consolidated financial statements)

Notes to the Consolidated Financial Statements

1 Authority and Purpose

The University of British Columbia ("UBC" or "the University") operates under the authority of the *University Act* of British Columbia. UBC is a comprehensive research university offering a full range of undergraduate, graduate, and continuing studies programs. The academic governance of the University is vested in the Senate. As a not-for-profit entity, UBC is governed by a Board of Governors, the majority of whom are appointed by the provincial government of British Columbia. UBC is also a registered charity and is therefore exempt from income taxes under Section 149 of the *Income Tax Act*.

2 Summary of Significant Accounting Policies

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

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, referred to as the Financial Reporting Framework ("FRF").

The *Budget Transparency and Accountability Act* requires that the consolidated financial statements be prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") except as modified by regulation 198/2011. This regulation requires that restricted contributions for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset be accounted for as deferred capital contributions as described in note 2(d)(i).

Revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain related deferred capital contributions are recorded differently under FRF than under PSAS. Note 27 summarizes the impact of FRF versus PSAS on the consolidated financial statements.

(b) Basis of Consolidation

(i) Consolidated Entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations that are controlled by UBC, as well as its proportional interest in government partnerships. Government business enterprises are accounted for using the modified equity method.

The following organizations, which are 100% controlled by the University, are consolidated in these financial statements. Inter-organizational transactions, balances, and activities have been eliminated on consolidation.

- UBC Investment Management Trust Inc. is an investment manager that manages the University's main endowment fund, working capital fund and the Staff Pension Plan.
- UBC Foundation was established under the University Foundations Act to encourage financial support for the University.
- American Foundation for UBC is a registered public charity that was created to develop public awareness and encourage financial support for the University in the United States.

2 Significant Accounting Policies (continued)

(b) Basis of Consolidation (continued)

(i) Consolidated Entities (continued)

- Hong Kong Foundation for UBC is a charitable institution that was created to develop public awareness and encourage financial support for the University in Hong Kong.

- UK Foundation of the University of British Columbia is a registered charity that was established to advance and promote education and research activities for the University.

- UBC Asia Pacific Regional Office Limited, a Hong-Kong based association that promotes and advances the academic and research interests of the University and its partners in the Asia Pacific region.

- entrepreneurship@UBC Management Inc., which manages UBC’s investments in start-up ventures.

(ii) Investment in Government Business Enterprises

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

The following organizations are government business enterprises and are accounted for using the modified equity method

- UBC Properties Investments Ltd. (“UBCPIL”) (100% interest)
- Great Northern Way Campus Trust (“GNWCT”) (25% interest)

(iii) Investment in Government Partnerships

Government partnerships are accounted for using the proportionate consolidation method. The consolidated financial statements include the University’s 20% interest in Western Canadian Universities Marine Sciences Society, which operates as Bamfield Marine Sciences Centre.

(c) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

2 Significant Accounting Policies (continued)

(d) Revenue Recognition

(i) Grants, Contributions, and Donations

Revenue recognition for grants, contributions, and donations depends on whether external restrictions exist over the use of the funds as set out by the contributor.

Unrestricted

Grants, contributions, and donations without external restrictions are recognized as revenue when received or receivable.

Restricted for Specific Purposes Other than Endowment or the Acquisition or Development of Tangible Capital Assets

Grants, contributions, and donations with external restrictions are initially recorded as deferred contributions and are recognized to revenue when the expenditures that satisfy the restrictions are incurred.

Restricted for the Acquisition or Development of Tangible Capital Assets

Grants, contributions, and donations received for the acquisition or development of tangible capital assets are initially recorded to deferred capital contributions and are recognized to revenue at the same rate that the amortization of the related tangible capital asset is recorded.

Restricted for Endowment

Donations received for restricted use endowments are recorded directly to the annual surplus in the Consolidated Statement of Operations and Accumulated Surplus when received or receivable.

(ii) Tuition and Student Fees and Sales and Services

Tuition and student fees, as well as sales and services, are recorded as revenue when the performance obligations are met. Amounts received in advance of the provision of services or goods are recorded as deferred revenue.

(iii) Land Lease Revenue

The University enters into prepaid lease agreements for residential and commercial properties for a period of 99 years. The prepaid amount is initially recognized as deferred land lease revenue when the lease contract has been entered into and then recognized as revenue over the 99-year lease term.

2 Significant Accounting Policies (continued)

(d) Revenue Recognition (continued)

(iv) Investment Income

Portfolio Investments and Unrestricted Endowment Investments

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

Unrealized gains and losses representing the change in fair value of investments are initially recorded in the Statement of Remeasurement Gains and Losses and recognized as investment income upon the sale of the investments.

Restricted Endowment Investments

The total investment earnings on restricted endowment investments are initially recorded as deferred contributions and recorded as investment income when the expenditures that satisfy the restrictions are incurred.

Total investment earnings include investment income and unrealized gains and losses representing the change in fair value of the endowment investments.

(e) Financial Instruments

Financial instruments are classified into the following two categories:

(i) Fair Value Category

Portfolio investments that are quoted in an active market, derivatives, private equity investments managed on a fair value basis, and sinking fund investments are all reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense.

The carrying value of University's cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to the short-term maturity of these financial instruments.

The financial instruments measured at fair value held within each investment are classified according to a hierarchy that includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2 Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(ii) Cost / Amortized Cost Category:

Cash and cash equivalents, and private equity investments not managed on a fair value basis are recorded at cost. Fixed income investments held for specific purposes are recorded at amortized cost. Other financial instruments including accounts receivable, promissory notes receivable, housing and other loans receivable, and accounts payables, are recorded at amortized cost. Debt is measured at amortized cost adjusted for discounts, premiums, and issue costs using the effective interest rate method. Gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus upon derecognition or impairment.

(f) Inventories for Resale

Inventories held for resale are recorded at the lower of cost or net realizable value. Cost is determined using the weighted average basis. It includes invoice cost and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable.

(g) Non-financial Assets

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

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts directly attributable to the acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution.

Tangible capital assets are amortized on a straight-line basis over their estimated useful life as shown below. Land is not amortized as it is deemed to have a permanent value.

Site improvements	15-80 years
Buildings and renovations	5-50 years
Furnishings, equipment and systems	3-10 years
Library books	10 years

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

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

2 Significant Accounting Policies (continued)

(g) Non-financial Assets (continued)

(ii) Leased Tangible Capital Assets

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

(iii) Unrecognized Assets

Major categories of unrecognized assets include works of art and historical collections and licenses.

(iv) Inventories Held for Use

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

(h) Employee Benefits

The pension plan for faculty members is a defined contribution plan, and the pension plan for staff is a target benefit plan. The assets and liabilities of these plans are not recognized in the University's financial statements. The University's contributions to these plans are recorded as an expense in the period in which they are due.

The supplemental pension arrangement is a defined contribution plan. The liabilities under this arrangement are the general liabilities of the University. The University is the sole legal and beneficial owner of the assets under this arrangement. These assets and liabilities are recognized in the University's financial statements and are managed on a fair value basis. The University's contributions to this arrangement are recorded as an expense in the period in which they are due.

Certain employee benefits that vest or accumulate are recognized as expenses and liabilities in the period in which the employee provides the services.

(i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment by a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the University is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

2 Significant Accounting Policies (continued)

(j) Asset Retirement Obligation

Asset retirement obligations are legal or statutory obligations related to future costs associated with the retirement of tangible capital assets. These costs include the removal of hazardous materials such as asbestos and the decommissioning of facilities and equipment.

Asset retirement obligations are initially measured on the estimated future cash flows required to settle the liability and discounted using the University's cost of borrowing. Subsequent to initial measurement, asset retirement obligations are adjusted to reflect the passage of time and changes in the estimated future cash flows. The increase in the obligation due to the passage of time is recognized as accretion expense in the Statement of Operations.

The increases and decreases due to changes to the estimated future cash flows are recognized to the carrying value of the underlying asset and amortized over the asset's remaining useful life. For those changes associated with fully amortized tangible capital assets (and unrecognized tangible capital assets), these are recorded to expense in the Consolidated Statement of Operations and Accumulated Surplus. Actual costs incurred upon settlement are charged against the obligation.

(k) Use of Estimates

The preparation of these consolidated financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates and assumptions relate to the determination of useful lives of tangible capital assets for amortization and the amortization of related deferred capital contributions, valuation of financial instruments, the present value of employee future benefits, provisions for contingencies, and future cash flows associated with asset retirement obligations. When actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(l) Functional Classification of Expenses

Expenses in the Consolidated Statement of Operations and Accumulated Surplus have been classified based on functional lines of service provided by the University. The outline of services provided by each function is as follows:

(i) Learning - This function includes expenses related to all direct educational delivery within the institution and activities that directly support the academic functions of the institution. This includes credit and non-credit courses, diploma, certificate and degree programs, continuing education, curriculum and program development, libraries and galleries, online delivery and information technology. Costs associated with this function include contract expenses, Deans/Directors and/or Chairs, instructional administration (general and financial), support staff, and support costs directly related to these activities.

(ii) Research - This function includes research activities specifically funded by contracts and/or grants from external organizations and undertaken within the institution to produce research outcomes. Costs associated with this function include research administration, research accounting, support costs established to conduct all research projects, and research-related amortization.

(iii) Facilities - This function includes all capital asset related expenditures for the operation of the University. These include the operation and maintenance of physical plant and equipment for all institutional activities, utilities, facilities administration, custodial services; landscaping and groundskeeping, major repairs and renovations, security services, administration of infrastructure development, amortization expense (other than research related), and debt servicing costs related to the entire University.

2 Significant Accounting Policies (continued)

(l) Functional Classification of Expenses (continued)

(iv) Students - This function includes activities that directly support individual students or groups of students. These include student service administration, counseling, career services, social development and recreation, financial aid administration, scholarships and bursaries, any other centralized general and financial administration, and support costs related to these activities. It also includes ancillary operations that provide goods and services to the students, endowment award related funding, and award funds that support students. Costs associated with this function include general and financial administration and support costs directly related to these activities.

(v) Community engagement - This function includes activities that support the relationship between the University and the community. It includes campus planning, advancement and development office, alumni, public / government relations, community affairs, and any other centralized institution-wide external affairs. Costs associated with this function include general, financial administration, and support costs directly related to these activities.

(vi) Administration - This function includes activities that support the institution as a whole, such as executive management; governance committees; the Board and Senate; corporate finance; human resources; purchasing; and any other centralized institution-wide general administrative activities.

(m) New Accounting Standard

PS 3400 Revenue

Effective April 1, 2023, the University adopted PS 3400 Revenue and applied the standard using the retroactive approach with restatement to prior year comparative information.

This standard differentiates between revenue arising from transactions with performance obligations and those transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer for consideration. Revenue from transactions with performance obligations is recognized when the University satisfies the performance obligations.

The application of the standard resulted in a decrease to University's prior year sales and services and tuition and student fees revenues by $5.4 million, with a corresponding decrease to Learning expenses. There was no impact on the annual surplus for the year ended March 31, 2023.

3 Cash and Cash Equivalents

	2024 $'000	2023 $'000
Cash	78,191	40,478
Cash equivalents	203,884	208,888
	282,075	249,366

4 Accounts Receivable

	2024 $'000	2023 $'000
Research receivables	101,544	116,301
Distribution receivable from UBCPIL	80,884	44,397
Receivables from the Province of British Columbia	20,696	47,576
Other receivables	84,182	86,897
Total accounts receivable	287,306	295,171
Allowance for doubtful accounts	(10,422)	(9,775)
Net accounts receivable	276,884	285,396

5 Promissory notes receivable

	2024 $'000	2023 $'000
UBCPIL	57,000	-
Great Northern Way Campus Trust	15,472	-
	72,472	-

UBCPIL issued unsecured promissory notes to the University bearing an annual interest which is the greater of 2.5% or the Royal Bank of Canada prime rate less 1% and maturing on September 30, 2025. The notes are payable on demand.

Great Northern Way Campus Trust issued a $15.2 million promissory note to the University which is payable on demand and bears interest at the CRA prescribed rate for shareholder loans (Note 8(b)). This rate is reset quarterly benchmarked to the Government of Canada Treasury bills. As at March 31, 2024, $0.2 million of accrued interest was included in the amortized cost of the promissory note.

6 Housing and Other Loans Receivable

	2024 $'000	2023 $'000
Loans receivable	27,797	17,408
Housing and other loans receivable	48,908	47,575
	76,705	64,983

(a) Loans receivable are issued for building construction and improvements in accordance with loan agreements between the University and student societies or student union, and are paid by student fees. The loans have terms ranging from 20 to 35 years at an interest rate of 5.75% per annum, are repayable at any time, and are unsecured.

(b) Housing loans are issued in accordance with the University's Housing Action Plan. These loans include first and second mortgages with maturities of up to 30 years and are either interest-free or at the CRA prescribed interest rate. Payment terms involve interest only payments, with the principal becoming payable at the earliest occurrence of the following events: borrower's option, sale of the residence, termination of employment, or maturity of the loan.

7 Investments

(a) Investments are presented in the consolidated financial statements as follows:

	2024 $'000	2023 $'000
Portfolio investments	786,694	927,999
Endowment (expendable balance)	1,202,431	1,035,628
Endowment (non-expendable balance)	1,134,557	1,087,854
	3,123,682	3,051,481

(b) The composition of investments recorded at fair value is as follows:

March 31, 2024	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Portfolio investments:				
Fixed income and pooled mortgage	733,217	732,217	-	1,000
Canadian equities	2,449	2,449	-	-
United States equities	14,658	14,658	-	-
Private equity	4,770	-	-	4,770
Total portfolio investments recorded at fair value	755,094	749,324	-	5,770
Endowment investments:				
Cash and short-term notes	73,210	73,210	-	-
Fixed income mutual funds	47,929	47,929	-	-
Canadian equities	74,862	74,862	-	-
Canadian equities mutual funds	1,602	1,602	-	-
International equities mutual funds	1,054,854	1,054,854	-	-
Real estate	176,693	-	-	176,693
Private equity	241,028	-	-	241,028
Hedge fund	124,474	-	-	124,474
Infrastructure equity	269,135	-	-	269,135
Private debt	252,193	-	-	252,193
Other	21,008	-	20,967	41
Total endowment investments recorded at fair value	2,336,988	1,252,457	20,967	1,063,564
Total investments at fair value	3,092,082	2,001,781	20,967	1,069,334
Portfolio investments at amortized cost	31,600			
Total	3,123,682	2,001,781	20,967	1,069,334

7 Investments (continued)

(b) The composition of investments recorded at fair value is as follows (continued):

March 31, 2023	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Portfolio investments:				
Fixed income and pooled mortgage	889,189	888,189	-	1,000
Canadian equities	5,953	1,267	-	4,686
United States equities	24,368	24,368	-	-
Private equity	8,489	-	-	8,489
Total portfolio investments recorded at fair value	927,999	913,824	-	14,175
Endowment investments:				
Cash and short-term notes	60,907	60,907	-	-
Fixed income mutual funds	48,006	48,006	-	-
Canadian equities	63,895	63,895	-	-
Canadian equities mutual funds	1,559	1,559	-	-
International equities mutual funds	950,885	950,885	-	-
Real estate	197,037	7,514	-	189,523
Private equity	213,948	-	-	213,948
Hedge fund	148,036	-	-	148,036
Infrastructure equity	230,394	-	-	230,394
Private debt	188,231	-	-	188,231
Other	20,584	-	19,950	634
Total endowment investments recorded at fair value	2,123,482	1,132,766	19,950	970,766
Total	3,051,481	2,046,590	19,950	984,941

(c) The following table reconciles the changes in fair value of financial instruments classified as Level 3 during the year:

	2024 $'000	2023 $'000
Balance, beginning of year	984,941	844,555
Unrealized gains	13,013	62,624
Purchases	209,418	260,183
Dispositions	(138,038)	(182,421)
Balance, end of year	1,069,334	984,941

7 Investments (continued)

(d) Endowment Investments

(i) Endowments investments are recorded as financial assets (expendable) and non-financial assets (non-expendable). The non-expendable component represents the original donation that is held in perpetuity and its use is restricted by the donors. The expendable portion represents the accumulated net investment earnings less the accumulated spend.

The University's policy sets out an objective to maintain the purchasing power of the original contributions. Accordingly, on an annual basis, an amount based on inflation is internally allocated within the expendable portion of the endowment assets. However, in the event that net investment income is insufficient to fund the spending amount, this amount is available to fund the spending amount.

	2024 $'000			2023 $'000		
	Non-expendable	Expendable	Total	Non-expendable	Expendable	Total
Balance, beginning of year	1,087,854	1,035,628	2,123,482	1,062,404	1,042,319	2,104,723
Donations received	44,615	-	44,615	24,341	-	24,341
Internal transfers	2,088	-	2,088	1,109	15,500	16,609
Transfers to/from cash	-	1,686	1,686	-	2,765	2,765
Investment income (loss)	-	265,039	265,039	-	76,426	76,426
Expenses	-	(99,922)	(99,922)	-	(101,382)	(101,382)
Balance, end of year	1,134,557	1,202,431	2,336,988	1,087,854	1,035,628	2,123,482

(ii) Endowments Held by Vancouver Foundation

Endowments with a fair value of $19.4 million (March 31, 2023 - $18.3 million) are held and managed by Vancouver Foundation and are included in the University's consolidated financial statements. The University has the discretion to direct Vancouver Foundation to transfer the whole or any part of the capital of these endowment funds to the University. During the year ended March 31, 2024, $nil transfers were made to the University's endowment (March 31, 2023 - $nil) from these funds.

7 Investments (continued)

(e) Derivative Instruments

The notional and fair values of the University's derivative financial instruments are as follows:

	2024 $'000		2023 $'000	
	Notional Amount	Fair Value Asset (Liabilities)	Notional Amount	Fair Value Asset (Liabilities)
Foreign currency forwards:				
Portfolio investments	5,000	138	16,980	(95)
Total	5,000	138	16,980	(95)

Unrealized gains and losses on forward currency contracts held within the endowment funds are recognized in endowment investments on the Consolidated Statement of Financial Position. Unrealized gains and losses on forward currency contracts held within portfolio investments are recognized in accounts payable and accounts receivable on the Consolidated Statement of Financial Position.

During the year ended March 31, 2024, the University recognized $nil (March 31, 2023 - $4.4 million) of net realized loss on forward currency contracts of which $nil (March 31, 2023 - $1.1 million) was recorded in investment income on the Consolidated Statement of Operations and Accumulated Surplus and $nil (March 31, 2023 - $3.3 million) was recorded in deferred contributions on the Consolidated Statement of Financial Position.

8 Investments in Government Business Enterprises

The University's investment in government business enterprises is as follows:

	Note	2024 $'000	2023 $'000
UBC Properties Investments Ltd.	8(a)	34,713	43,126
Great Northern Way Campus Trust	8(b)	(996)	13,634
Total		33,717	56,760

The University's income from government business enterprises is as follows:

	Note	2024 $'000	2023 $'000
UBC Properties Investments Ltd.	8(a)	23,728	18,715
Great Northern Way Campus Trust	8(b)	613	35
Total		24,341	18,750

8 Investments in Government Business Enterprises (continued)

(a) UBC Properties Investments Ltd.

UBCPIL was created on January 20, 1999, under the Business Corporations Act of British Columbia, and is the corporate trustee of UBC Properties Trust ("UBCPT"). The University is the sole shareholder of UBCPIL and the sole beneficiary of UBC Properties Trust. UBCPT develops, owns and operates a diversified portfolio of residential, mixed use and commercial properties for the sole benefit of the University.

The continuity of the University's investment in UBCPIL is as follows:

	2024 $'000	2023 $'000
Investment, beginning of year	43,126	34,294
Net income	51,808	26,766
Other comprehensive loss	(6,733)	-
Distributions declared	(53,488)	(17,934)
Investment, end of year	34,713	43,126

Condensed financial information of UBCPIL is as follows:

Consolidated Statement of Financial Position	2024 $'000	2023 $'000
Financial assets	175,171	154,276
Liabilities	949,083	800,615
Net liabilities	(773,912)	(646,339)
Non-financial assets	808,625	689,465
Accumulated surplus	34,713	43,126

Consolidated Statement of Operations	2024 $'000	2023 $'000
Revenue	115,566	82,445
Expenses	63,758	55,680
Surplus for the year	51,808	26,765
Adjustment to defer land sales	(28,080)	(8,050)
Surplus	23,728	18,715

UBCPIL recognizes revenue from sales of 99-year leases when the contract has been entered into and all performance obligations have been met, including the transfer of control of the prepaid lease. The University defers these revenues in its Consolidated Statement of Financial Position and amortizes the balance to its Consolidated Statement of Operations and Accumulated Surplus over the duration of the leases (Note 14).

During the year ended March 31, 2024, UBCPIL declared $53.5 million in distributions to the University (March 31, 2023 - $17.9 million). UBCPIL invoiced the University $6.9 million (March 31, 2023 - $4.9 million) for project management fees. The University collected $11.7 million in infrastructure development charges from UBCPIL (March 31, 2023 - $1.0 million).

8 Investments in Government Business Enterprises (continued)

(b) Great Northern Way Campus Trust

GNWCT was formed on September 15, 2002 for the benefit of the University, Simon Fraser University, the British Columbia Institute of Technology, and the Emily Carr University of Art + Design. GNWCT manages and operates real estate and property management, financial and endowment management and supports the academic programs at the Centre for Digital Media, including the Master of Digital Media graduate degree program. The University has a 25% interest in GNWCT.

The continuity of the University's investment in GNWCT is as follows:

	2024 $'000	**2023 $'000**
Investment, beginning of year	13,634	13,599
Share of net income	613	35
Distributions declared	(15,243)	-
Investment, end of year	(996)	13,634

Condensed financial information of GNWCT is as follows:

Consolidated Statement of Financial Position	**2024 $'000**	**2023 $'000**
Financial assets	50,428	47,117
Liabilities	69,321	8,085
Net assets	(18,893)	39,032
Non-financial assets	14,908	15,503
Accumulated surplus	(3,985)	54,535
UBC's proportionate share of accumulated surplus (25%)	(996)	13,634

Consolidated Statement of Operations	**2024 $'000**	**2023 $'000**
Revenue	10,215	6,245
Expenses	7,765	6,106
Net income	2,450	139
UBC's proportionate share of net income (25%)	613	35

During the current year, GNWCT was subject to a deemed disposition of its assets. Under Canadian tax law, certain trusts are deemed to dispose of their assets every 21 years and immediately reacquire these assets at their fair value. This deemed disposition resulted in taxable income to GNWCT which was distributed equally to each of the beneficiaries by issuing promissory notes. The University has recorded this as a promissory note receivable (Note 5).

9 Accounts Payable and Accrued Liabilities

	2024 $'000	2023 $'000
Accounts payable and accrued liabilities	205,938	201,179
Salaries and benefits payable	67,304	110,770
Accrued vacation pay	50,831	46,361
Amounts payable to UBCPIL	26,073	23,487
	350,146	381,797

10 Deferred Revenue

	2024 $'000	2023 $'000
Tuition and fees	92,565	78,740
Student housing	29,762	29,393
Infrastructure funding	20,001	17,381
Other	23,838	21,635
	166,166	147,149

11 Employee Future Benefits

(a) Description of the Pension Plans

The University has two pension plans and a supplemental arrangement providing pension and other benefits to its employees.

Faculty Pension Plan

The Faculty Pension Plan is a defined contribution plan that provides benefits on a money purchase basis. The cost of pension benefits includes the current service cost based on 10.0% of salary (2023 - 10.0%), less a fixed offsetting amount related to Canada Pension Plan contributory earnings. The University recognizes its contributions as expenses when the related service is provided.

Staff Pension Plan

The Staff Pension Plan is a target benefit plan that provides benefits based on 1.8% (March 31, 2023 - 1.8%) of the average best three years' basic salary multiplied by the number of years of contributory service. The University's contribution for the Staff Pension Plan is 9.4% of salary (March 31, 2023 - 9.4%). In the event of funding deficiencies, the University's contributions remain fixed and benefits for members may be reduced. The University accounts for this as a defined contribution plan and expenses its contributions when the related service is provided. Benefits security for employees is improved by the plan maintaining a contingency reserve. The contingency reserve ceiling recommended by the plan's actuary and approved by the pension board and Canada Revenue Agency is 40% of liabilities.

11 Employee Future Benefits (continued)

(a) Description of the Pension Plans (continued)

Supplemental Arrangement

The Supplemental Arrangement was established for employees whose aggregate annual pension contributions exceed the contribution limit allowed under the Income Tax Act for registered plans. The University contributes the excess amounts to each member's supplemental account. These supplemental accounts under this arrangement are the general liability of the University. The University invests these funds and retains the sole legal and beneficial ownership of the assets.

The Supplemental Arrangement is a money purchase plan, and the amount in the member's supplemental account will be adjusted for investment experience. No payments are made out of the Supplemental Arrangement account before the earliest of the member's termination, retirement, or death.

(b) Contributions to Pension Plans

The University's contributions to each of the pension plans were as follows:

	2024 **$'000**	**2023** **$'000**
Faculty Pension Plan	57,128	51,745
Staff Pension Plan	80,282	68,091
Supplemental Arrangement	6,306	4,312
	143,716	124,148

(c) Income Replacement Plan (IRP) / Disability Benefit Plan (DBP) and Accumulated Sick Leave Benefit

(i) Income Replacement Plan / Disability Benefit Plan

The income replacement plan for faculty and the disability benefit plan for all other employees provide income for disabled employees. The costs of these plans are employee funded. The University is not required to contribute to the plans or responsible for any deficit that the plans may incur. These plans commence after a qualifying period of four months for CUPE 2950 employees and six months for all other employees. When an employee receives income replacement or disability benefits, the University continues to cover the costs of certain employee benefits. An actuarial valuation of these benefits was carried out as at March 31, 2024.

(ii) Sick Leave Benefits

The University's employees are entitled to sick leave in accordance with the terms and conditions of their employment contracts. The costs of these benefits which vest or accumulate, are actuarially determined based on service, estimates of retirement ages, and expected future salary or wage increases. The obligation is accrued based on projected benefits as employees render services necessary to earn the future benefits. Actuarial gains and losses from event-driven benefits that do not vest or accumulate are recognized immediately in the Consolidated Statement of Operations and Accumulated Surplus. An actuarial valuation of these benefits was carried out as at March 31, 2022.

11 Employee Future Benefits (continued)

(c) Income Replacement Plan (IRP)/Disability Benefit Plan (DBP) and Accumulated Sick Leave Benefit (continued)

(iii) The accrued benefit obligations of these benefits are as follows:

	Sick Leave $'000	**IRP and DBP $'000**	**2024 $'000**	**2023 $'000**
Balance, beginning of year	3,085	12,596	15,681	15,260
Current service and interest cost	1,142	2,422	3,564	3,444
Benefits paid	(1,200)	(1,912)	(3,112)	(3,023)
Actuarial loss	-	3,925	3,925	-
Balance, end of year	3,027	17,031	20,058	15,681

Components of net benefit expense:	**2024 $'000**	**2023 $'000**
Service cost	3,099	2,991
Interest cost	465	453
Net benefit expense	3,564	3,444

(iv) The actuarial assumptions are as follows:

	Sick Leave $'000		**IRP and DBP $'000**	
	2024	**2023**	**2024**	**2023**
Discount rate	3.10%	3.10%	4.60%	2.60%
Expected wage and salary increases	2.50%	2.50%	2.00%	2.00%

12 Deferred Contributions

Deferred contributions represent unspent externally restricted grants, contributions, and donations. The deferred contributions for endowments represent the accumulated investment return, which includes an amount for the preservation of capital purchasing power, less the accumulated expenditure on restricted endowments.

	2024 $'000	2023 $'000
Research	552,321	561,292
Trust	212,741	181,819
Endowment	887,483	749,706
Balance, end of year	1,652,545	1,492,817

Changes in deferred contributions are as follows:

2024 $'000	Research	Capital	Trust	Endowment	Total
Balance, beginning of year	561,292	-	181,819	749,706	1,492,817
Grants, donations and endowment investment income	532,733	-	383,978	214,823	1,131,534
Recognized to revenue	(541,704)	-	(353,056)	(77,046)	(971,806)
Balance, end of year	552,321	-	212,741	887,483	1,652,545

2023 $'000	Research	Capital	Trust	Endowment	Total
Balance, beginning of year	571,045	41,791	188,293	754,854	1,555,983
Grants, donations and endowment investment income	529,428	-	296,097	63,058	888,583
Transferred to deferred capital contributions (Note 13)	(11,672)	(41,791)	(9,784)	-	(63,247)
Recognized to revenue	(527,509)	-	(292,787)	(68,206)	(888,502)
Balance, end of year	561,292	-	181,819	749,706	1,492,817

13 Deferred Capital Contributions

Contributions that are restricted for the purpose of acquiring or developing a tangible capital asset are recorded as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the related tangible capital asset and at the same rate that amortization of the tangible capital asset is recorded.

Changes in deferred capital contributions are as follows:

	2024 $'000	2023 $'000
Balance, beginning of year	1,753,943	1,624,327
Transferred from deferred contributions (Note 12)	-	63,247
Grants, contributions and donations	163,223	153,394
Current year amortization	(85,557)	(87,025)
Balance, end of year	1,831,609	1,753,943

Deferred capital contributions are comprised of the following:

Contributions used to acquire tangible capital assets	1,718,463	1,680,477
Unspent capital contributions	113,146	73,466
	1,831,609	1,753,943

Effective April 1, 2022, contributions restricted for capital are directly recorded to deferred capital contributions when received. Previously, contributions for capital were initially recorded to deferred contributions and transferred to deferred capital contributions when spent.

14 Deferred Land Lease Revenue

Deferred land lease revenue represents the unamortized balance of the 99-year prepaid land leases:

	2024 $'000	2023 $'000
Balance, beginning of year	1,090,305	1,094,224
Additions	37,723	8,050
Current year amortization	(12,050)	(11,969)
Balance, end of year	1,115,978	1,090,305

15 Debt

Debt is measured at amortized cost as follows:

	Maturity Date	Interest Rate	2024 $'000	2023 $'000
Debentures, Series A, unsecured	2031	6.65%	127,093	127,001
Debentures, Series B, unsecured	2035	4.82%	125,687	125,642
Debentures, Province of BC, unsecured	2037	4.70%	126,655	126,636
Debentures, Province of BC, unsecured	2050	2.95%	18,452	18,535
Demand loan	Demand	2.45% - 3.76%	233	233
			398,120	398,047
Less sinking fund investments			(38,835)	(36,645)
Total			359,285	361,402

The principal portion of debt repayments over the next five years and thereafter are as follows:

	2025 $'000	2026 $'000	2027 $'000	2028 $'000	2029 $'000	Thereafter $'000
Debentures, Series A	-	-	-	-	-	125,000
Debentures, Series B	-	-	-	-	-	125,000
Debentures Province of BC	-	-	-	-	-	140,282
Demand loan	233	-	-	-	-	-
Total	233	-	-	-	-	390,282

Interest expense for the year on outstanding debt was $20.7 million (March 31, 2023 - $20.7 million) and is recorded on the Consolidated Statement of Operations and Accumulated Surplus.

Sinking fund payments are made annually and are invested in fixed income securities as directed by the Province of BC. The cumulative balance will be applied towards the repayment of the Province of BC debenture maturing in 2037. The market value of sinking fund investments as at March 31, 2024 was $38.8 million (March 31, 2023 - $36.6 million).

The University will make sinking fund payments over the next five years and thereafter as follows:

	2025 $'000	2026 $'000	2027 $'000	2028 $'000	2029 $'000	Thereafter $'000
Sinking fund investments	2,006	2,006	2,006	2,006	2,006	18,052

The University has a seasonal revolving line of credit. From September 1 to May 31, the line of credit is CAD $40 million, and from June 1 to August 31, the line of credit is increased to CAD $60 million. This operating facility includes, as a sub-limit, a US dollar current account overdraft facility of up to US $5 million (March 31, 2023 - $5 million). As at March 31, 2024 and 2023, there were no amounts outstanding on the line of credit.

The University has a letter of credit facility of $1.2 million available as of March 31, 2024 (March 31, 2023 - $5.6 million). This letter of credit is provided as security to BC Hydro for electrical infrastructure upgrade work completed in November 2020. The University does not anticipate any draws on the letter of credit as BC Hydro is expected to recover its costs through increased electrical billings.

16 Asset Retirement Obligations

	2024 $'000	2023 $'000
Balance, beginning of year	53,974	61,424
Accretion expense	1,673	1,406
Change in estimates	(4,812)	(8,856)
Liabilities settled	(891)	-
Balance, end of year	49,944	53,974

During the year ended March 31, 2024, the University recorded $4.8 million (March 31, 2023 - $8.9 million) as a recovery to Facilities expense in the Consolidated Statement of Operations and Accumulated Surplus related to the change in the estimates.

Estimated undiscounted cash flows required to settle asset retirement obligations are $91.9 million (March 31, 2023 - $99.3 million), which are expected to be paid during the years ending March 31, 2025 to 2069. As at March 31, 2024, the estimated future cash flows were discounted using the University's estimated long-term borrowing rate of 4.52% (March 31, 2023 – 4.35%).

17 Tangible Capital Assets

Cost	2023 $'000	Additions and Transfers $'000	Change in Assets Under Construction $'000	Disposals $'000	2024 $'000
Land	18,094	-	-	-	18,094
Site improvements	292,477	2,111	1,690	1,535	294,743
Buildings	4,631,464	18,512	121,104	44,947	4,726,133
Furnishings, equipment and systems	722,685	48,469	55,887	78,774	748,267
Library books	158,219	14,161	-	12,391	159,989
Assets under construction	424,779	395,022	(178,758)	-	641,043
Leasehold improvements	8,871	618	77	2	9,564
Total	6,256,589	478,893	-	137,649	6,597,833

Accumulated Amortization	2023 $'000	Amortization $'000	Disposals $'000	2024 $'000
Site improvements	74,278	7,256	1,535	79,999
Buildings and renovations	1,636,797	126,467	44,947	1,718,317
Furnishings, equipment and systems	355,683	102,399	78,774	379,308
Library books	79,047	15,713	12,391	82,369
Leasehold improvements	1,231	1,254	2	2,483
Total	2,147,036	253,089	137,649	2,262,476

17 Tangible Capital Assets (continued)

Cost

	2022 $'000	Additions and Transfers $'000	Change in Assets Under Construction $'000	Disposals $'000	2023 $'000
Land	18,094	-	-	-	18,094
Site improvements	289,105	3,450	1,005	1,083	292,477
Buildings	4,427,538	31,911	212,235	40,220	4,631,464
Furnishings, equipment and systems	712,884	50,844	33,270	74,313	722,685
Library books	154,709	15,247	-	11,737	158,219
Assets under construction	357,662	313,627	(246,510)	-	424,779
Leasehold improvements	7,867	1,004	-	-	8,871
Total	5,967,859	416,083	-	127,353	6,256,589

Accumulated Amortization

	2022 $'000	Amortization $'000	Disposals $'000	2023 $'000
Site improvements	68,170	7,191	1,083	74,278
Buildings	1,553,053	123,964	40,220	1,636,797
Furnishings, equipment and systems	330,266	98,613	73,196	355,683
Library books	75,248	15,536	11,737	79,047
Leasehold improvements	393	838	-	1,231
Total	2,027,130	246,142	126,236	2,147,036

Net Book Value

	2024 $'000	2023 $'000
Land	18,094	18,094
Site improvements	214,744	218,199
Buildings	3,007,816	2,994,667
Furnishings, equipment and systems	368,959	367,002
Library books	77,620	79,172
Assets under construction	641,043	424,779
Leasehold improvements	7,081	7,640
Total	4,335,357	4,109,553

18 Accumulated Surplus

Accumulated surplus is comprised of the following:	2024 $'000	2023 $'000
Investment in tangible capital assets	1,582,013	1,410,155
Externally restricted endowments	1,137,557	1,087,854
Internally restricted	395,886	362,126
Unrestricted	(455,394)	(318,089)
Accumulated remeasurement gains	50,642	8,740
Total	2,710,704	2,550,786

Investment in tangible capital assets represents the cost of capital assets acquired by the University, net of funding from restricted capital contributions, debt, amounts received from land development activities, and asset retirement obligations.

Externally restricted endowments represent donor funding held in perpetuity.

Internally restricted represents amounts set aside by the University's Board of Governors for research, academic support, student financial aid, and the University's Liquidity Fund.

Unrestricted represents amounts from the University's operating and ancillary activities.

19 Financial Risk Management

The University is exposed to financial risks from its financial instruments.

Market Risk

Market risk is the risk of fluctuations in the value of financial instrument due to changes in market prices, whether caused by factors specific to the individual financial instrument or factors affecting financial instruments traded in the market.

The University's primary exposure to market risk is through its financial instruments that are held in cash and cash equivalents, portfolio and endowment investments. The market risks that the University is exposed to include interest rate risk, foreign exchange risk, and price risk.

The University manages these risks by establishing investment policies and frameworks for these investments. These policies set out the return and risk objectives of each fund and establish parameters for asset mix, investment managers, credit quality, and foreign exchange exposure. These policies are approved by the University's Board of Governors who also reviews and monitors the financial performance against these frameworks and policies.

Liquidity and Working Capital Fund (WCF)

The University's cash and cash equivalents and portfolio investments are primarily held in the Liquidity Fund and WCF.

The Liquidity Fund represents $100 million of the University's working capital held to meet short-term operating requirements and is invested to preserve capital and maintain liquidity. Investments are limited to bank deposits, high quality money market securities, and senior government deposits. The Liquidity Fund is not exposed to foreign exchange risk as it does not hold any foreign currency investments.

19 Financial Risk Management (continued)

The primary objective of the WCF is to preserve capital and provide additional liquidity to the University beyond the $100 million in the Liquidity Fund. The WCF is invested in pooled institutional fixed income and mortgage funds, and the Province of B.C.'s Provincial Central Deposit Program. Foreign currency risk is managed by limiting foreign currency exposure to 10% of the investment portfolio.

Main Endowment Pool (MEP)

The MEP holds 95% of the carrying value of the endowment funds and is governed by a statement of investment policy (SIP) approved by the University's Board of Governors. The SIP defines the investment governance structure, return objective and tolerance for investment risk. The objective of the MEP is to earn investment returns to support a long-term sustainable spend rate and maintain the inflation-adjusted value of the capital to preserve intergenerational equity within the stated risk tolerance level.

The UBC Board of Governors has approved a reference portfolio for the MEP that represents the University's risk tolerance and serves as a benchmark to measure the investment risk in the actual investment portfolio. Market risk is managed by setting parameters and constraints for the weighting of various investment asset classes and with careful evaluation and due diligence in the selection of investment managers. The University reviews the investment portfolio returns, asset mix weightings and the forward-looking volatility of the investment portfolio compared to the reference portfolio on a quarterly basis to ensure it is in alignment with the University's selected risk tolerance. The University also considers Environmental, Social and Governance (ESG) factors as potential investment risks in the MEP and integrates monitoring of ESG risks into its assessment and monitoring of investment managers as well as climate risk analysis into the evaluation of the MEP's future returns.

The remaining endowment assets are held in investment funds as per the agreements with the respective donors.

Credit Risk

Credit risk is the risk a counterparty to a financial instrument fails to meet its contractual obligations. The University is exposed to credit risk through its accounts receivable balances, which includes receivables from the Province of British Columbia and the federal government of Canada, tuition receivables, the distribution receivable from UBCPIL, and promissory notes receivable from UBCPIL and GNWCT. The remaining receivables from other sources are limited.

Credit risk from receivables from senior governments is low. Credit risk from tuition receivables is managed by restricting enrollment activities for students with delinquent balances and through collection management. The University manages credit risk to the distribution receivable and promissory notes receivable from UBCPIL by monitoring its real estate development activities and has representation on the Board of Directors of UBCPIL. The University manages credit risk to the promissory note receivable from GNWCT by monitoring activities through its representation on GNWCT's Board of Directors and Advisory Committees. Counterparties to derivative instruments must have a long-term credit rating of A or higher.

Foreign Exchange Risk

The functional currency of the University is the Canadian dollar. The University conducts some transactions in foreign currencies, particularly the U.S. dollar

Foreign exchange risk is the risk that the fair value of financial instruments or future cash flows associated with those instruments will fluctuate due to changes in foreign exchange rates. The University is exposed to foreign exchange risk on financial instruments denominated in foreign currencies, including foreign currency bank accounts and currency forward contracts. The foreign exchange risk of these instruments has an insignificant impact on the University's results of operations.

19 Financial Risk Management (continued)

Liquidity Risk

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

The University manages liquidity risk through active cash management through the Liquidity Fund and the Working Capital Fund. The University maintains a short-term liquidity target of 45 days of operating expenses, and an intermediate liquidity target of 90 days of operating expenses. In addition, the University maintains a seasonal line of credit ranging from $40 to $60 million and a $5 million USD current account overdraft facility.

The University prepares an annual operating budget to ensure that the University does not allocate any funding beyond its expected earnings. The operating budget, including capital expenditures, is monitored and updated as necessary. Significant capital projects require approval by the Board of Governors before commencement.

Interest Rate Risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with those instruments will fluctuate due to changes in market interest rates.

The University is not exposed to changes in its cash flow due to changes in interest rates on its long-term debt as these borrowings are at fixed rates of interest. The University is exposed to interest rate risk through its sinking fund which is invested in fixed income funds

20 Government Grants and Contributions

	2024 $'000			2023 $'000		
	Operating	Restricted	Total	Operating	Restricted	Total
Province of BC	891,676	305,758	1,197,434	788,955	252,018	1,040,973
Government of Canada	34,565	345,882	380,447	34,988	337,883	372,871
Other governments	193	29,577	29,770	656	32,026	32,682
	926,434	681,217	1,607,651	824,599	621,927	1,446,526

During the current year, the University received restricted and unrestricted funding from the Province of British Columbia in the amount of $1,329 million (March 31, 2023 - $1,082 million). The amount recognized as revenue from funding received in the current year and prior years was $1,197 million (March 31, 2023 - $1,041 million). Unspent funding represents restricted contributions and is deferred in the Consolidated Statement of Financial Position.

21 Contractual Rights

The University has entered into multi-year research funding agreements whereby it has the opportunity to earn revenue of $20.0 million up to the year ending March 31, 2031. The timing of revenue is dependent on the University incurring eligible expenditures as defined within the funding agreements.

22 Contractual Obligations

The University has entered into multi-year contracts for property leases, delivery of services, and the purchase of private equity investments. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Amounts related to the unperformed portion of the contracts are shown in the tables below.

a) Commitments related to property leases and delivery of services are as follows:

	2025 $'000	**2026 $'000**	**2027 $'000**	**2028 $'000**	**2029 $'000**	**Thereafter $'000**
Construction contracts	513,581	195,455	68,696	1,560	850	257
Property leases	5,044	6,380	5,267	4,824	4,305	36,467
Services contracts	10,086	7,433	7,433	-	-	-
Student awards	4,211	-	-	-	-	-
Total	532,922	209,268	81,396	6,384	5,155	36,724

Construction contracts include $310.7 million (March 31, 2023 - $72.8 million) in construction commitments of UBCPIL.

b) Commitments related to the purchase of private equity investments are as follows:

	2025 $'000	**2026 $'000**	**2027 $'000**	**2028 $'000**	**2029 $'000**	**Thereafter $'000**
Private equity investments	395,268	82,249	43,173	19,451	8,094	12,045

23 Contingent Liabilities

The University is involved in litigation from time to time, which arises in the normal course of operations. Liabilities related to litigation are recognized in the consolidated financial statements when the outcome becomes reasonably determinable. In management's judgement, there is currently no significant negative exposure from existing litigation.

24 Related Party Transactions

Entities Under Common Control

The University is related through common control to the Province of British Columbia's ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed upon between the University and the related parties.

During the current year, the University recorded expenses in the Statement of Operations of $228.9 million (March 31, 2023 - $211.6 million), mostly related to medical education programs and research activities with health authorities and other post-secondary institutions.

Grants received from the Province of British Columbia are discussed in Note 20.

24 Related Party Transactions (continued)

The University has entered into operating leases and licensing agreements with entities under common control and non-business government partnerships in which the University charges nominal rates. Due to the nature and exchange of benefits between the University and the related parties, the fair values of these leases and licensing transactions are currently not determinable. All properties are located at either the Vancouver or Okanagan campus. The related parties are responsible for their operational and other applicable costs as defined in the agreements.

	Type	Term	Expiry
Vancouver Coastal Health Authority	Building lease	Monthly	-
Vancouver Coastal Health Authority	Building lease	25 years	2038
BC Transit	License	15 years	2032

UBC Properties Investments Ltd.

During the current year, the University agreed to advance UBCPIL up to $30.0 million related to construction costs for tenant improvements. As at March 31, 2024, the University paid $22.3 million and recorded this as Prepaid expenses and advances on the Statement of Financial Position.

Other transactions and balances between the University and UBCPIL have been reported separately in Notes 4, 5, 8 and 9.

25 Expenses by Object

	2024 $'000	2023 $'000 Restated Note 2(m)
Salaries	1,907,128	1,749,795
Employee benefits	365,231	326,968
Supplies and sundries	358,022	331,655
Amortization of tangible capital assets	253,089	246,142
Scholarships, fellowships and bursaries	182,176	174,852
Grants and reimbursements to other agencies	178,787	167,538
Professional and consulting fees	138,601	127,155
Travel and field trips	57,053	45,728
Cost of goods sold	48,970	48,442
Utilities	35,658	36,542
Interest on long-term debt	20,732	20,695
	3,545,447	3,275,512

26 Grants and Reimbursements to Other Agencies

During the year ended March 31, 2024, the University distributed research and other funds to agencies totalling $178.8 million (March 31, 2023 - $167.5 million). These funds were distributed under agreements where the University acts as the administrative head and a portion of the activities are carried out at other agencies.

Reimbursements amounting to $132.7 million (March 31, 2023 - $119.0 million) were made to BC health authorities for payments made on behalf of the University for the Postgraduate Medical Education program.

27 Difference between FRF and PSAS

	2024 $'000		
	FRF	PSAS	Difference
Liabilities			
Deferred capital contributions	1,831,609	-	1,831,609
Accumulated surplus	2,710,704	4,542,313	(1,831,609)
Revenues			
Government grants and contributions	1,607,651	1,753,767	(146,116)
Non-government grants, contributions and donations	241,000	258,107	(17,107)
Amortization of deferred capital contributions	85,557	-	85,557
Annual surplus	118,016	195,682	(77,666)

	2023 $'000		
	FRF	PSAS	Difference
Liabilities			
Deferred capital contributions	1,753,943	-	1,753,943
Accumulated surplus	2,550,786	4,304,729	(1,753,943)
Revenues			
Government grants and contributions	1,446,526	1,625,402	(178,876)
Non-government grants, contributions and donations	225,302	263,067	(37,765)
Amortization of deferred capital contributions	87,025	-	87,025
Annual surplus	107,044	236,661	(129,617)

28 Budget Figures

The budget was approved by the Board of Governors on April 14, 2023. These figures have been provided for comparative purposes.

29 Comparative Information

Certain comparative figures have been reclassified in order to provide presentational consistency with the current year.


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