

KWANTLEN POLYTECHNIC UNIVERSITY



Financial Services

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Management Discussion and Analysis 2021 – 2022



Introduction

This Management Discussion and Analysis, designed to supplement the 2022 Fiscal Year (FY) audited financial statements, provides an overview of the following:

1. BC Post-Secondary Sector Financial Context
2. Financial Highlights
3. Risks and Uncertainties
4. Current Operating Environment
5. Looking Ahead

1. BC Post-Secondary Financial Context

The publicly funded BC Post-Secondary sector must report its financial statements using *Public Sector Accounting Standards* (“PSAS”) and any supplemental guidance provided by Section 23.1 of the BC Budget Transparency and Accountability Act.

Additionally, the sector is subject to the Balanced Budget legislation. This legislation requires that, in any given fiscal period, there cannot be an operating deficit, as reported under the PSAS accounting framework and the Province’s reporting mandate. This contributes to a complex operating environment, especially in times of economic uncertainty. Longer term planning is required to ensure the University is in a balanced financial position each year, regardless of historical surpluses, deficits or cash flows. Due to the COVID 19 pandemic, the Ministry of Advanced Education and Skills Development (the Ministry) may provide the University, upon request, the opportunity to present a deficit budget for fiscal years 2023 and 2024. Kwantlen Polytechnic University (KPU) did not request to present a deficit budget as KPU’s Board of Governors has approved a balanced budget for FY 2023.

There are limited opportunities to increase tuition revenue as the provincial government has mandated a maximum 2% per year limit on domestic tuition increases. While international tuition rate increases are not currently limited by government, discretion must be used when setting rates to ensure that they are competitive within the international student market.

Government operating grants have also been relatively static over the past several years. For many organizations, including KPU, government grants are provided in parallel to government student full-time equivalent (FTE) targets, meaning that changes in student delivery FTE’s do not necessarily result in changes to financial support.



2. Financial Highlights

KPU concluded FY 2022 with a surplus of \$0.6M compared to \$4.2M for FY 2021. What was initially anticipated to be a deficit year early in FY 2022 transitioned to a surplus due to stronger than anticipated international tuition revenue.

Strong international student enrolment also supported a deferred tuition increase of \$31.6M in FY 2022. In addition to strong enrolment, international students often prepay for future semesters. These prepayments are deferred and reported as revenue when the corresponding services are provided.

A combined year over year increase of \$10.2M in deferred contributions and deferred capital contributions was also realized in FY 2022. This is largely attributable to a \$12.4M operating grant deferral that was approved by the Ministry for both operating and capital purposes.

The increases in deferred revenue, deferred contributions and deferred capital contributions are the main drivers of a \$46.9M year over year increase in the University's cash and cash equivalents position.

Revenue

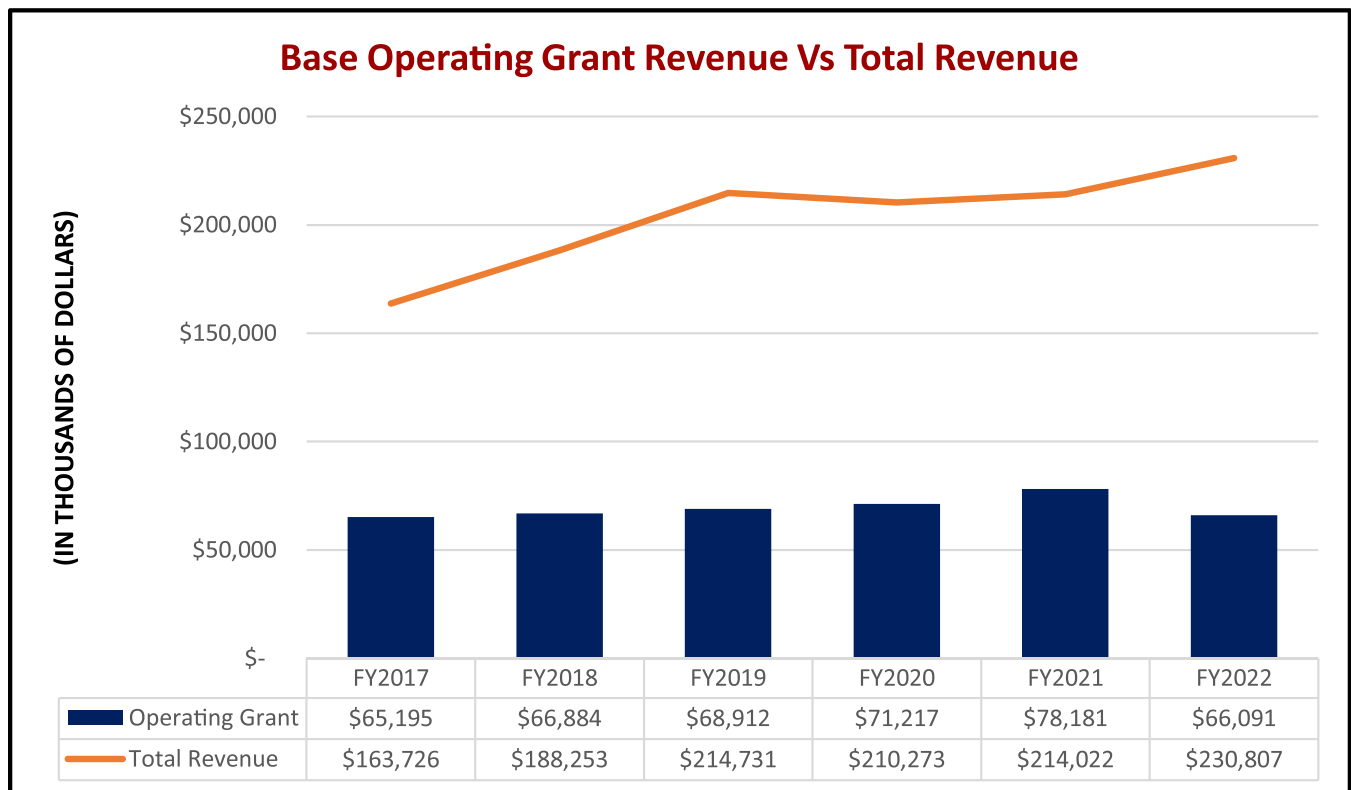


Figure 1 – Provincial Operating Grant Revenue vs. Total Revenue

Operating grant funding from the Province remained relatively stable in FY 2022 however the amount reported decreased by \$12.4M as a result of this amount being deferred for specific operating and capital purposes. When taking the deferral into consideration, the proportion of KPU's total revenue funded by provincial grants has remained relatively consistent in recent years (see Figure 1 above). This means that the University is increasingly reliant on other revenues sources to fund ongoing obligations, including inflationary pressures and amortization.

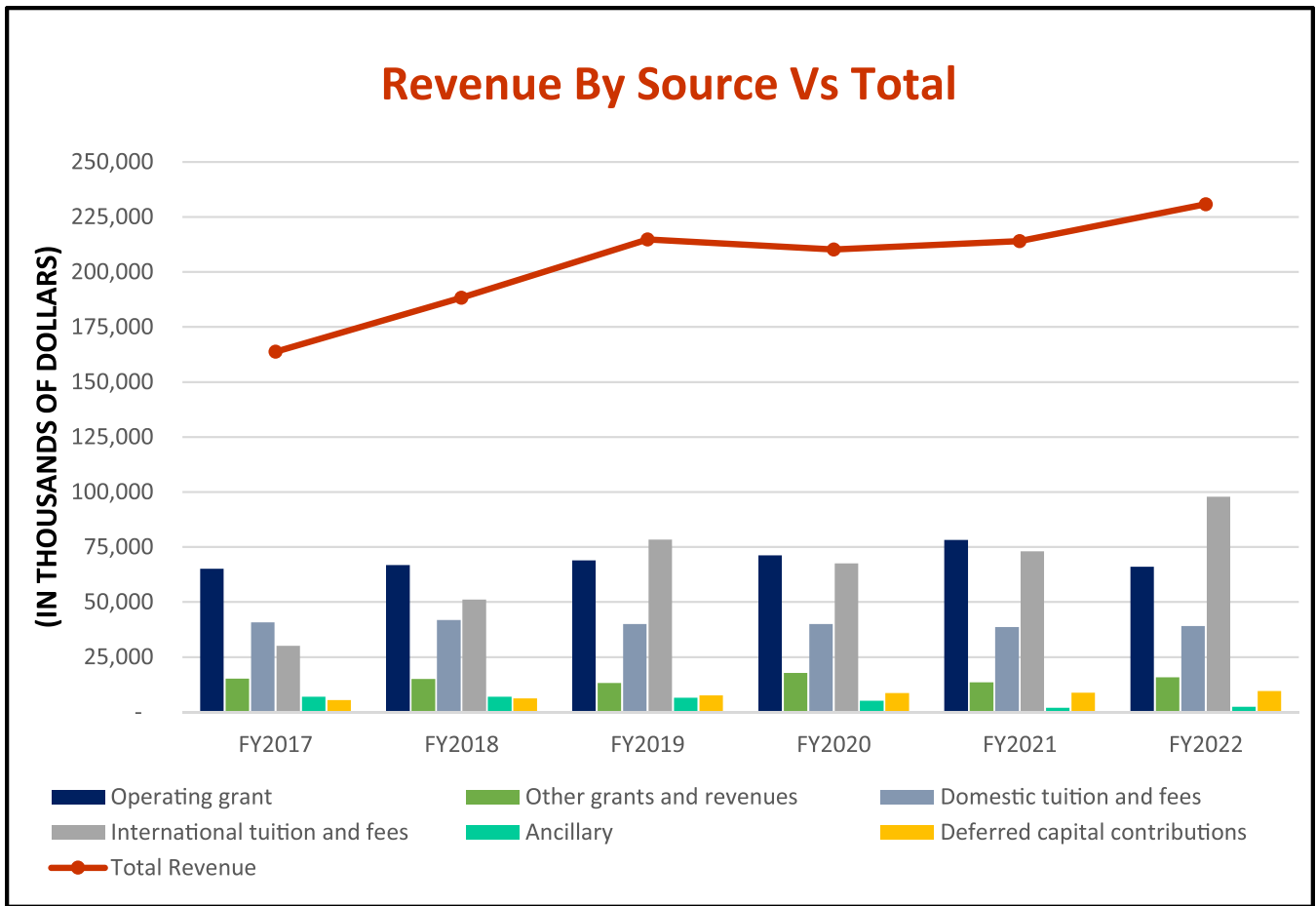


Figure 2 – Revenue by Source as compared to Total Revenue

KPU continues to rely heavily on international student revenues to be the main driver of revenue growth. In FY 2017 international student tuition and fees were the third largest source of revenue at \$30.7M (see Figure 2 above). By FY 2019 international student tuition and fees became the top revenue generator for KPU. While the University did see a decrease in international student tuition in FY 2020 and FY 2021 due to the COVID-19 pandemic, FY 2022 once again saw international student tuition and fees become the leading source of revenue at \$99.8M of \$230.8M total revenue. Over the same time frame, domestic student tuition fee revenues decreased from \$40.2M in FY 2017 to \$37.2M in FY 2022. Tuition for international students is higher than that of domestic students because there is no government grant associated with international student FTE's.



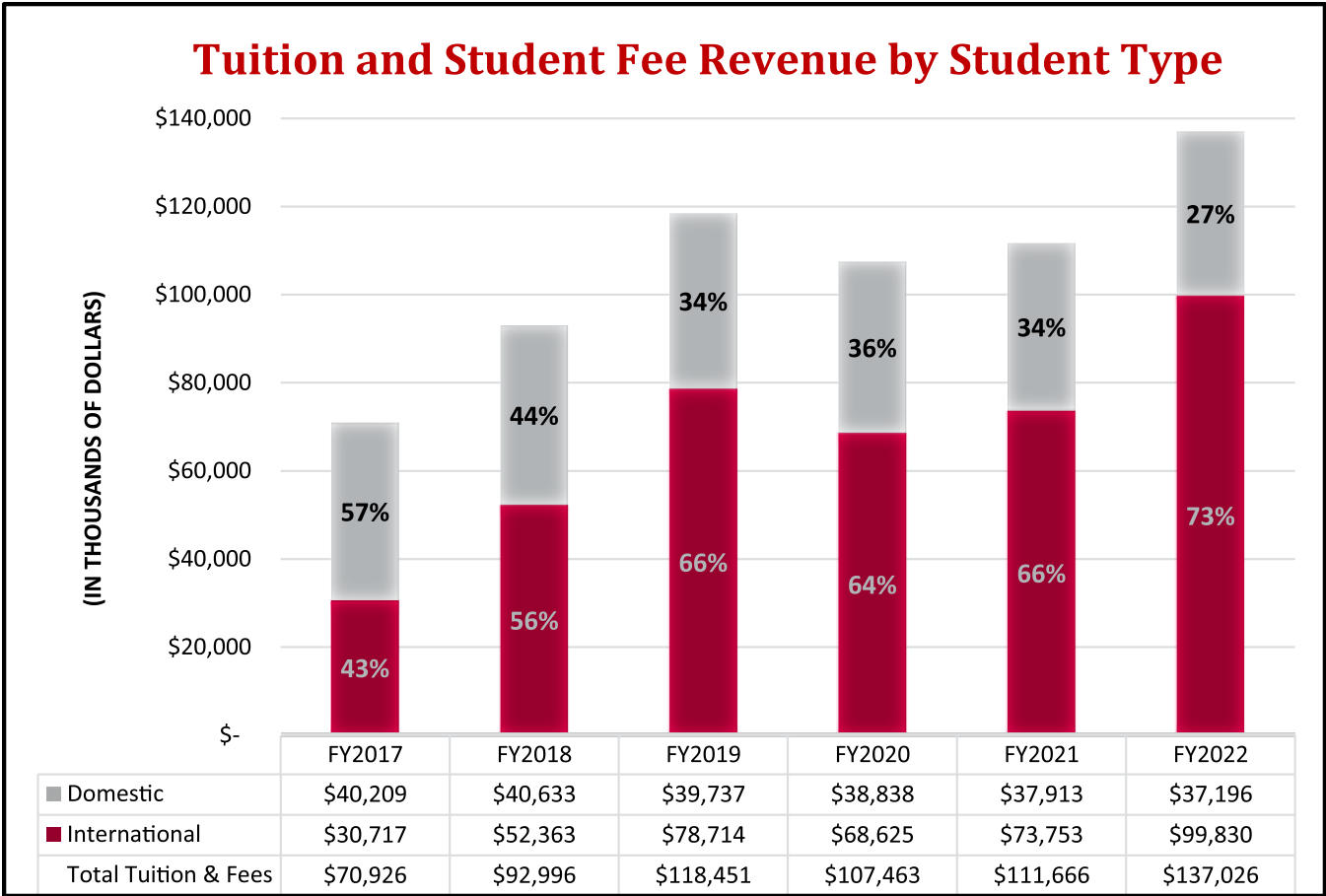


Figure 3 – Tuition and Student Fee Revenue by Student Type
Amounts in Figure 3 have been updated from prior year to include student application fees.

In FY 2017 domestic student tuition and fees accounted for 57% of tuition revenue, and international only 43% (see Figure 3 above). The following year saw the opposite to be true, with international tuition revenue and fees accounting for 56% of total tuition, and domestic tuition revenue at 44%. International student revenue remains the higher contributor in FY 2022 with international tuition representing 73% of tuition revenues and domestic representing 27% of tuition revenues.

International tuition is discussed further in the Risks and Uncertainties section below.



Salaries and Benefits

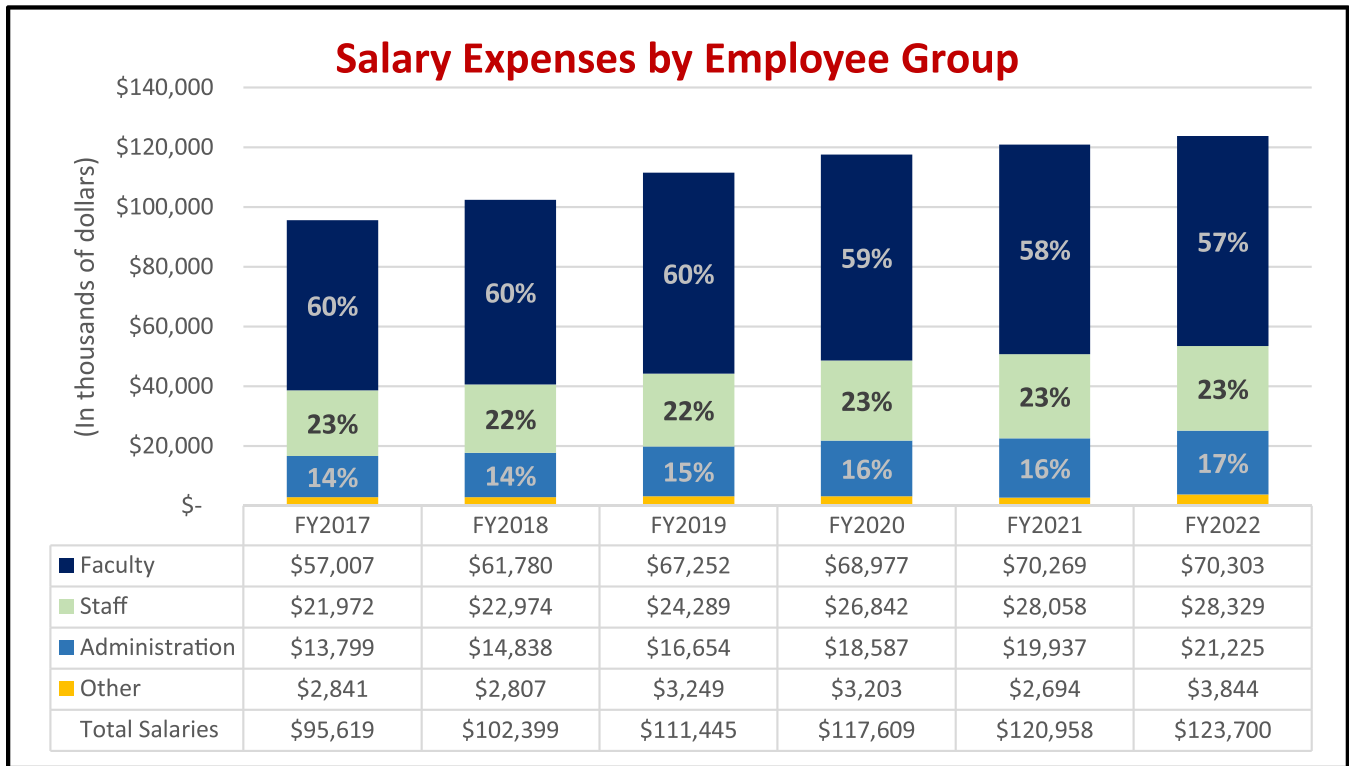


Figure 4 – Salary Expenses by Employee Group over Time

Salaries and benefits are KPU’s single largest expenditure. In FY 2022 there was an increase in salaries and benefits of approximately \$4.1 million or 3% year-over-year (FY 2021 had a \$2.4 million increase, or 2% year-over-year). This growth reflects bargained increases, step increases for administrative staff and increases in staffing levels. There was also a year over year increase in the employee benefit rate from 21.7% of salaries in FY 2021 to 22.4% of salaries in FY2022. The proportion of salary expense by employee group has remained relatively stable over time with growth noted in the Administration group over the last two years. Figure 4 above shows the salary expenses by group over a six-year period.



Amortization Expense

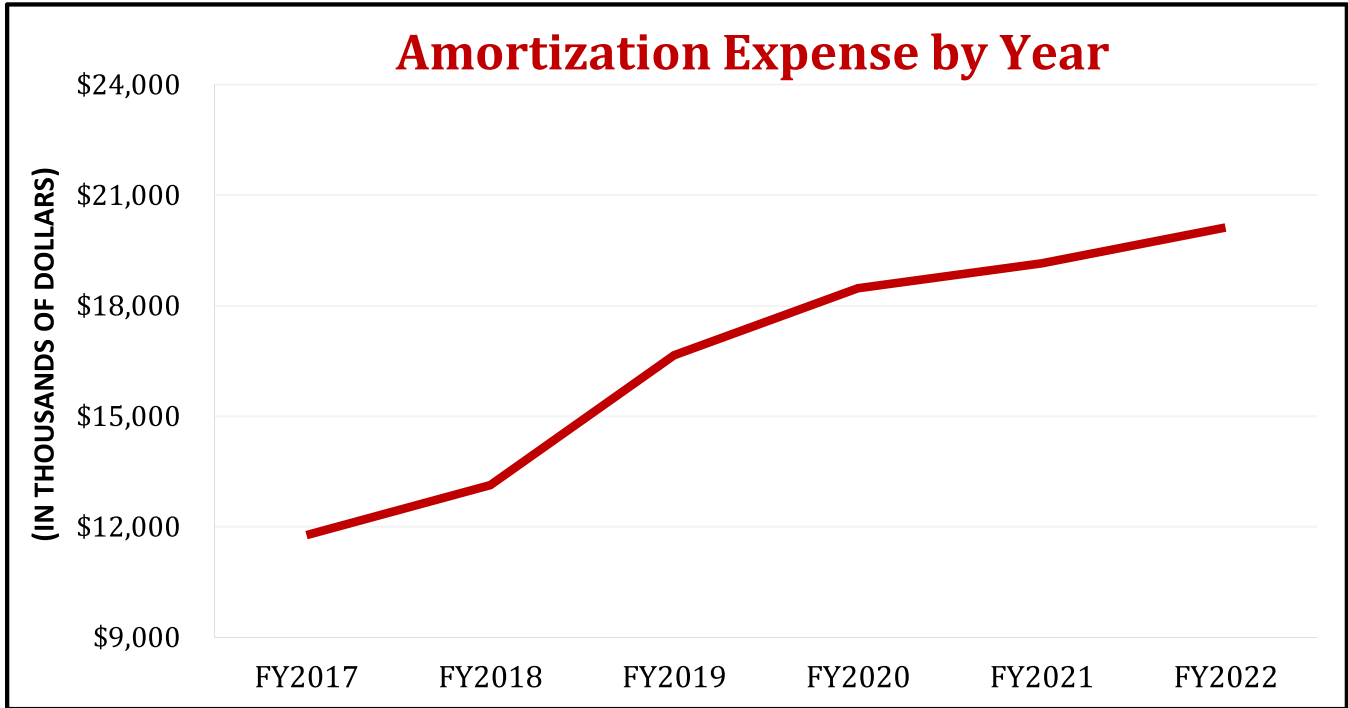


Figure 5 – Amortization Expense Trend by Year

Amortization expense reflects the ongoing operational cost of capital assets that have a useful life beyond one fiscal year. The intent of amortization expense is to distribute the one-time cost of an asset over the lifespan of the asset's useful life. The above graph also includes amortization related to third party funded capital and is the primary reason for the continued increase from the prior year. Due to the completion of several significant capital projects, including the Wilson School of Design, Civic Plaza, and the Spruce building renovation, KPU's amortization expense has grown by 71% over a six-year period (see Figure 5 Above). To manage KPU's self-funded amortization, organizational refreshes and high-priority facility and teaching assets will be prioritized for approval.

Non-salary Expenses

Non-salary expenditures, including amortization expenses, further increased in FY 2022, by approximately 26% or \$16.2M (FY 2021 - 3%, or \$1.9M). In FY 2022 international agent commission fees were \$4.0M higher than prior year, due to an increase in international student enrolments. During the year KPU also recognized a \$4.0M expense to cover deficiencies identified at one of its campuses and incurred upfront costs to prepare for the new Entertainment Arts program commencing in Summer 2022. Additional increases were the result of increased activity on campus offset by transfers to the Kwantlen Polytechnic University Foundation. KPU transferred \$7.0M to the Kwantlen Polytechnic University Foundation in FY 2022 to support students through both a Financial Aid Endowment and a Financial Barrier Reduction Fund.



Accumulated Operating Surplus

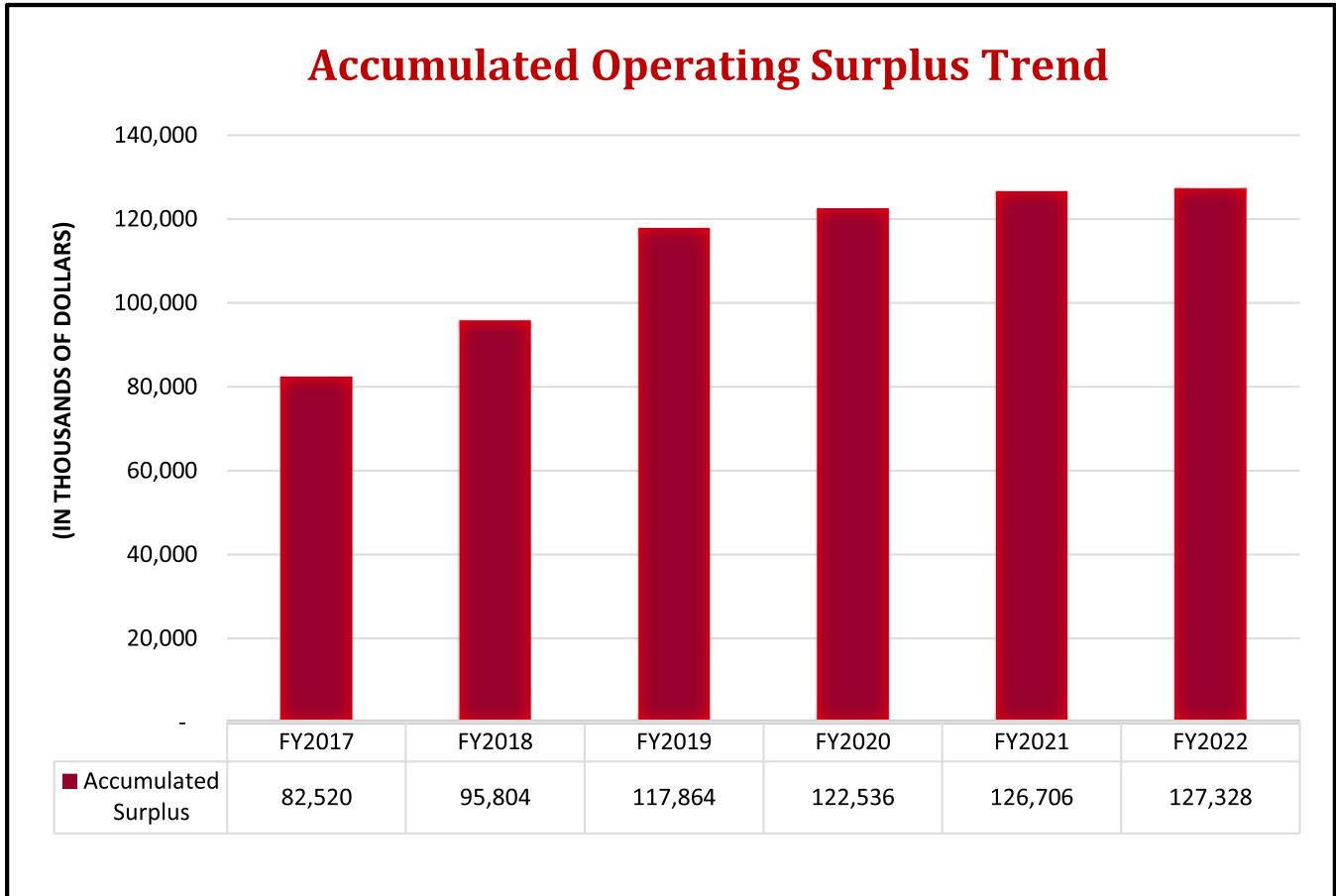


Figure 6 – Accumulated Operating Surplus Trend Over Time

Accumulated Operating Surplus (see Figure 6 above) represents the University’s remaining interest in its net assets (assets minus liabilities). This balance is largely unavailable to fund KPU operations, as it has either already been invested in capital assets, or has been internally or externally restricted. While some of this balance does reflect cash available for use, however unless preapproved by the Ministry, these funds cannot be spent without violating the Balanced Budget legislation noted above. Investment returns from these funds can be, and are, used for operating activities. The year over year change of \$0.6M represents the annual operating surplus from FY 2021 to FY 2022.



3. Risks and Uncertainties

KPU is operating in an increasingly complex environment—from a competitive, financial, regulatory, research and scholarship, and innovation perspective—and utilizes an Enterprise Risk Management (“ERM”) methodology to manage the significant risks associated with University operations.

KPU’s largest financial risk is related to international student tuition and the University’s overall reliance on this revenue stream. As KPU’s tuition revenues have grown, as a result of increasing international student demand, so have the physical infrastructure and number of employees, representing an increased reliance on the current levels of international student tuition for long-term sustainability. Of the three primary revenue drivers—government grants, domestic tuition, and international tuition—international tuition is the most volatile. A number of factors, including geo-political and immigration policy changes, and now the COVID-19 pandemic, can substantially impact this revenue stream with little notice.

Any significant decrease in international student enrolment and tuition revenue would have a substantial effect on KPU’s bottom line and would be compounded by the difficulty in being able to reduce operating expenses in a timely manner. Salaries and benefits are KPU’s largest expense and personnel changes cannot be made swiftly due to the Collective Agreements governing KPU. In addition, it would be difficult to significantly reduce the costs related to maintain KPU’s five campuses as they are largely fixed.

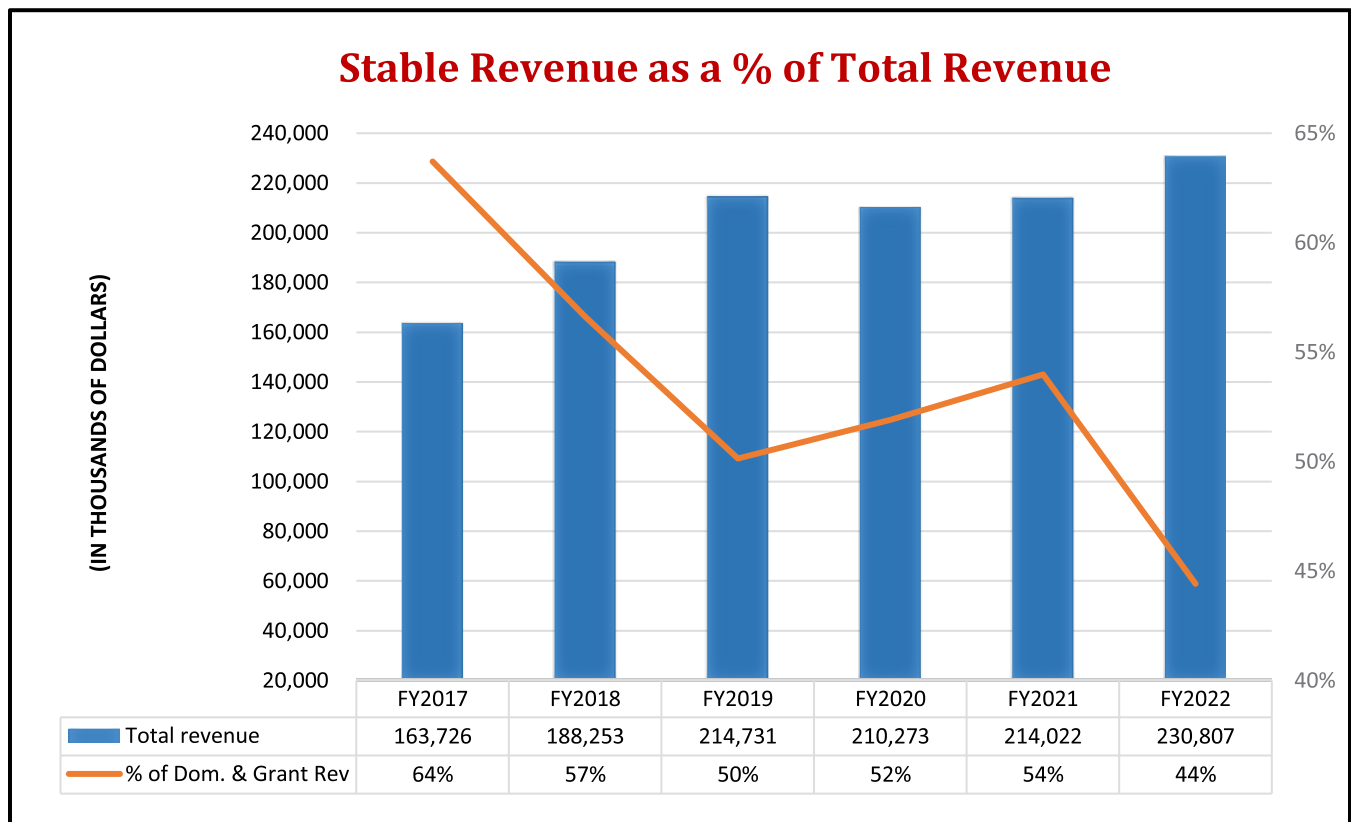


Figure 7 – Stable Revenue As Percentage of Total Revenue

Figure 7 above shows KPU’s stable revenues, which comprises of domestic tuition and fees plus the operating grant from the Province, as a percentage of KPU’s total revenues. In FY 2017 stable revenues made up 64% of KPU’s total revenues, however, this has decreased to 44% in FY 2022 as KPU saw a decrease in stable revenues

with the increase in international student tuition revenues. Increasing total revenues over time have allowed for growth in faculty, staff and infrastructure, however, the reduced proportion of stable revenues represents a significant financial risk as KPU must ensure a balanced budget regardless of any decline in international student tuition revenue.

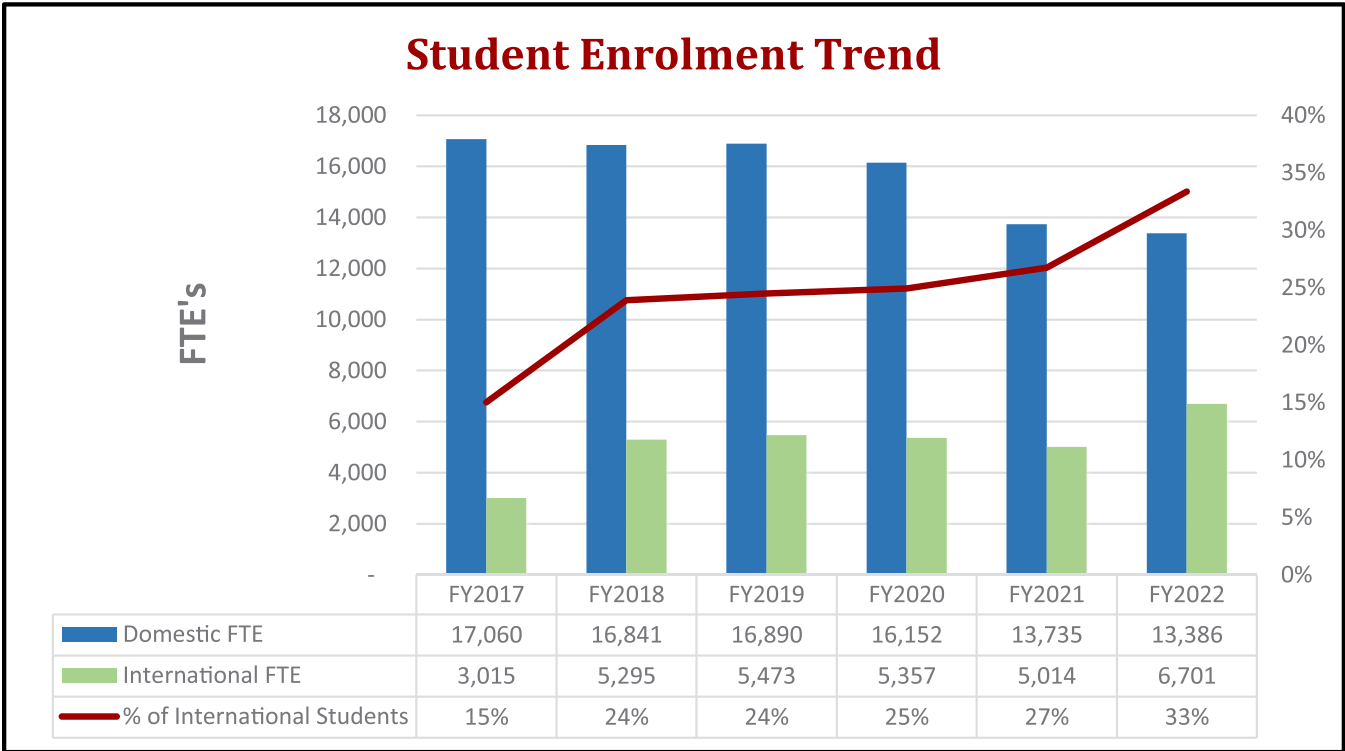


Figure 8 – Six year Enrolment FTE Trend

Figure 8 above shows the enrolment trend of international and domestic student FTE’s over the past six years. The graph shows an overall increase in the total proportion of international student enrolments from FY 2017 to FY 2022. Domestic student enrolments have declined overall since FY 2017 with FY 2022 being the lowest of the past 6 years. FY 2022 saw an increase in total students which can be attributed to more international students who have embraced the online delivery of courses.

4. Current Operating Environment

The financial context for the BC post-secondary sector is one that is tightly constrained by the provincial government and institutions continue to face increasing cost pressures. Of particular concern for KPU is inflation, which continues to put significant pressure on operating costs due to the nature and geographical location of KPU’s multi-campus, asset-rich, environment. In addition, expenditures are increasing as a result of new activities largely driven by the success of KPU’s scholarship and research programs, as well as from faculty and student innovation.

5. Looking Ahead

The current fiscal year continued to be unprecedented and challenging for the global economy. While KPU continued to face cost pressures, there was a positive financial impact due to the University's ability to offer online courses combined with strong student enrolments. On January 24, 2022 KPU moved to a phased return to campus for the Spring term and expects to continue to offer both in class and online course offerings in FY 2023. As of the time of writing, management is optimistic of the effects of the COVID-19 pandemic on KPU's finances for FY 2023. Enrolment for the summer 2022 semester is stronger than summer 2021, but as the summer is traditionally KPU's semester with the smallest student enrolment, it is not generally indicative of enrolment for the fall and spring semesters, which are traditionally the larger student enrolment semesters.

As KPU continues to manage cost pressures, effective strategic enrolment management will be essential element in moving forward into the post-pandemic state. KPU is cautiously optimistic that student numbers will continue to increase moving forward out of the pandemic.



Financial Statements



Management's Statement of Responsibility

To the Board of Governors of Kwantlen Polytechnic University

Management is responsible for the preparation and presentation of the accompanying financial statements for the year ended March 31, 2022, including responsibility for significant accounting judgments and estimates in compliance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Board of Governors (the "Board") and the Finance and Audit Committee (the "Committee") are composed primarily of those who are neither management nor employees of the University. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial statements. The Committee has the responsibility of meeting with management and external auditors to discuss the financial reporting process, auditing matters, financial reporting issues, and recommends approval of the financial statements to the Board. The Committee is also responsible for recommending the appointment of the University's external auditor.

KPMG LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the financial statements and report directly to them through the Committee. The external auditor has full and free access to, and meets periodically and separately with, both the Committee and management to discuss their audit findings.

On behalf of Kwantlen Polytechnic University



Dr. Alan Davis
President and Vice-Chancellor



Chervahun Emilien
Chief Financial Officer

Financial Statements of

KWANTLEN POLYTECHNIC UNIVERSITY

March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Kwantlen Polytechnic University, and to the Minister of the
Ministry of Advanced Education and Skills Training, Province of British Columbia

Opinion

We have audited the financial statements of Kwantlen Polytechnic University (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- the statement of rereasurement gains and losses for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2022 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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.



Chartered Professional Accountants

Vancouver, Canada
May 25, 2022

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Financial Position
 (in thousands of dollars)
 As at March 31, 2022

		2022		2021
Financial assets				
Cash and cash equivalents	(Note 3)	\$ 135,836	\$	88,891
Accounts receivable	(Note 4)	3,874		1,928
Inventories for resale		383		447
Investments	(Note 5)	32,999		31,614
		173,092		122,880
Liabilities				
Accounts payable and accrued liabilities	(Note 6)	45,140		43,114
Deferred revenue		72,418		40,860
Deferred contributions	(Note 8)	11,225		5,497
Deferred capital contributions	(Note 9)	157,020		152,503
Obligations under capital lease	(Note 10)	-		33
		285,803		242,007
Net debt		(112,711)		(119,127)
Non-financial assets				
Tangible capital assets	(Note 11)	237,346		243,096
Endowment investments	(Note 5)	2,817		2,817
Prepaid expenses and deposits		1,955		2,088
		242,118		248,001
Accumulated surplus		\$ 129,407	\$	128,874
Accumulated surplus is comprised of:				
Accumulated operating surplus	(Note 12)	\$ 127,328	\$	126,706
Accumulated remeasurement gains		2,079		2,168
		\$ 129,407	\$	128,874

Contractual obligations (Note 14)
 Commitments and contingent liabilities (Note 15)
 Contractual rights (Note 17)

Approved on behalf of the Board:



Michael McAdam
 Chair, Board of Governors



Chervahun Emilien
 Chief Financial Officer

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Operations and Accumulated Operating Surplus

(in thousands of dollars)

Year Ended March 31, 2022

	Budget	2022	2021
	(Note 2(k))		
Revenue:			
Grants from the Province of British Columbia	\$ 80,001	\$ 66,978	\$ 79,344
Revenue from deferred contributions (Note 8)	5,522	7,892	6,228
International tuition and student fees	74,985	99,830	73,753
Domestic tuition and student fees	39,047	37,196	37,913
Ancillary services	2,961	2,440	1,926
Other revenue	3,091	6,979	6,123
Revenue from deferred capital contributions (Note 9)	8,989	9,492	8,735
	214,596	230,807	214,022
Expenses:	(Note 18)		
Instruction, research and support	214,354	227,005	207,143
Ancillary operations	3,834	3,180	2,709
	218,188	230,185	209,852
Annual surplus (deficit)	(3,592)	622	4,170
Accumulated operating surplus, beginning of year	122,536	126,706	122,536
Accumulated operating surplus, end of year	\$ 118,944	\$ 127,328	\$ 126,706

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Changes in Net Debt
 (in thousands of dollars)
 Year Ended March 31, 2022

	Budget	2022	2021
	(Note 2(k))		
Annual surplus	\$ (3,592) \$	622 \$	4,170
Acquisition of tangible capital assets, net of write-offs	(14,073)	(14,371)	(13,237)
Amortization of tangible capital assets	20,599	20,121	19,146
	6,526	5,750	5,909
Net use of prepaid expenses and deposits	-	133	336
Net remeasurement gains (losses)	-	(89)	2,114
Change in net debt	2,934	6,416	12,529
Net debt, beginning of year	(119,127)	(119,127)	(131,656)
Net debt, end of year	\$ (116,193) \$	(112,711) \$	(119,127)

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Cash Flows
 (in thousands of dollars)
 Year Ended March 31, 2022

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus *	\$ 622	\$ 4,170
Items not involving cash:		
Amortization of tangible capital assets	20,121	19,146
Write-off of tangible capital assets	33	413
Revenue recognized from deferred capital contributions	(9,492)	(8,735)
Change in non-cash operating working capital:		
Accounts receivable	(1,946)	740
Prepaid expenses and deposits	133	336
Inventories for resale	64	85
Accounts payable and accrued liabilities	2,026	(1,115)
Deferred revenue	31,558	9,903
Deferred contributions	5,728	1,545
Net change from operating activities	48,847	26,488
Capital activities:		
Cash used to acquire tangible capital assets	(14,404)	(13,650)
Net change from capital activities	(14,404)	(13,650)
Financing activities:		
Contributions received for tangible capital assets	14,009	5,449
Principal payments on capital lease obligations	(33)	(59)
Net change from financing activities	13,976	5,390
Investing activities:		
Increase in investments	(1,474)	(1,554)
Net change from investing activities	(1,474)	(1,554)
Net change in cash and cash equivalents	46,945	16,674
Cash and cash equivalents, beginning of year	88,891	72,217
Cash and cash equivalents, end of year	\$ 135,836	\$ 88,891

* Total interest paid during the year \$52 (2021 - \$59)

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Remeasurement Gains and Losses

(in thousands of dollars)

Year Ended March 31, 2022

	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 2,168	\$ 54
Unrealized gains (losses) generated during the year from:		
Fixed income investments	805	1,246
Pooled investments, mortgage-backed securities and mutual funds	(109)	2,517
Foreign currency translation	(30)	(114)
Remeasurement (gains) losses realized and reclassified to the Statement of Operations and Accumulated Surplus from:		
Fixed income investments	-	(1,278)
Pooled investments, mortgage-backed securities and mutual funds	(797)	(460)
Foreign currency translation	42	203
Net remeasurement gains (losses) for the year	(89)	2,114
Accumulated remeasurement gains, end of year	\$ 2,079	\$ 2,168

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

1. Authority and purpose

Kwantlen Polytechnic University (“the University”) operates under the authority of the *University Act* of British Columbia. The University is a not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the Provincial Government of British Columbia. The University is exempt from income taxes under section 149 of the *Income Tax Act*.

The University offers career, vocational, developmental and academic programs from its Richmond, Langley and three Surrey campuses located in southwestern British Columbia. The academic governance of the University is vested in the Senate.

2. Summary of significant accounting policies

(a) Basis of accounting

The 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.

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that are comprised of generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that are comprised of generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Government Organization Accounting Standards Regulation 257/2010 requires all taxpayer supported organizations in the schools, universities, colleges and hospitals sectors to adopt the Canadian Public Sector Accounting Standards (“PSAS”) without any public sector (“PS”) 4200 elections, effective their first fiscal year commencing after January 1, 2012.

Government Organization Accounting Standards Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

Regulation 198/2011 also requires that the contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the period when the stipulation or restriction on the contributions have been met.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued)

(a) Basis of accounting (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which requires government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410. Externally restricted contributions are recognized in revenue in the period when the resources are used for the purpose specified in accordance with PS 3100.

As a result, revenue recognized in the Statement of Operations and Accumulated Surplus and certain related deferred capital contributions in the Statement of Financial Position would be recorded differently under PSAS.

(b) 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.

(c) Financial instruments

Financial instruments are classified into two categories: fair value or cost.

(i) Fair value category: The University manages and reports performance for groups of financial assets on a fair-value basis. Cash and cash equivalents and investments are 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. Unrealized gains and losses on financial assets except for those related to restricted endowments are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. Unrealized gains and losses on endowment investment assets, where earnings are restricted as to use, are recorded as deferred contributions and recognized in revenue when disposed or when the related expenses are incurred.

(ii) Cost category: Amounts receivable are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued)

(d) Inventories for resale

Inventories for resale, including new and used textbooks, course manuals, stationery, art supplies, clothing, and crested and non-crested giftware, are recorded at the lower of cost or net realizable value.

Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated proceeds on sale less any costs to sell. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable.

When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write-down previously recorded is reversed.

(e) Contaminated sites

A liability for contaminated sites is recognized when the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The University is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(f) Non-financial assets

Non-financial assets are not available 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 asset acquisitions are initially recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and air space parcels, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value. Work in progress is not amortized until the asset is available for productive use.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued)

(f) Non-financial assets (continued)

(i) Tangible capital assets (continued)

	Term
Buildings	40 years
Major site improvements	10 years
Major equipment	10 - 20 years
Library holdings	10 years
Technology infrastructure	8 years
Furniture and equipment	5 years
Computing equipment	4 years
Leased capital assets	lesser of 5 years or lease term

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

(ii) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as obligations under capital lease and are reflected as part of tangible capital assets in the financial statements. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(g) Employee future benefits

The University and its employees make contributions to the College and Municipal pension plans which are multi-employer joint trustee pension plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the University to the plans are expensed as incurred.

The University's sick leave benefits do not vest or accumulate and related costs are expensed as incurred.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued)

(h) Revenue recognition

Tuition and student fees, and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

Unrestricted donations and grants are recorded as revenue if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received by the University or the transfer of property is completed.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as endowment donations and as deferred contributions for any unspent restricted investment income earned thereon.

Investment income is reported as part of Other Revenue on the Statement of Operations and Accumulated Surplus and includes interest recorded on an accrual basis, dividends recorded as declared, and realized gains and losses on the sale of investments.

(i) Use of estimates

In accordance with PSAS, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas where management has made estimates and assumptions include those related to the determination of useful lives of tangible capital assets for amortization and the amortization of related deferred capital contributions, accrued liabilities, valuation of accounts receivable, and provisions for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

2. Summary of significant accounting policies (continued)

(j) Foreign currency translation

The University's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which are designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the Statement of Financial Position date.

Any gains or losses resulting from a change in rates between the transaction date and the settlement date or Statement of Financial Position date is recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Statement of Remeasurement Gains and Losses and the exchange gains or losses in relation to the exchange rate at the date of the item's initial recognition is recognized in the Statement of Operations and Accumulated Surplus.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the 2021-2022 University Budget approved by the Board of Governors on March 31, 2021. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

3. Cash and cash equivalents

	2022	2021
Cash	\$ 132,860	\$ 85,861
Cash equivalents	2,976	3,030
	<u>\$ 135,836</u>	<u>\$ 88,891</u>

4. Accounts receivable

	2022	2021
Accounts receivable	\$ 5,032	\$ 3,669
Allowance for doubtful accounts	(1,158)	(1,741)
	<u>\$ 3,874</u>	<u>\$ 1,928</u>

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

5. Investments and endowment investments

Investments and endowment investments recorded at fair value are comprised of the following:

	2022	2021
Designated to the fair value category (Level 1)		
Fixed income pooled investments	\$ 19,970	\$ 19,164
Canadian equities pooled investments	8,723	6,971
International equities pooled investments	6,381	7,914
Total Level 1 Category Investments	35,074	34,049
Designated to the fair value category (Level 3)		
Infrastructure pooled investments	294	198
Real estate pooled investments	448	184
Total Level 3 Category Investments	742	382
Total Investments	35,816	34,431
Endowment investments	2,817	2,817
Investments	\$ 32,999	\$ 31,614

All fixed income investments held at March 31, 2022 mature at various dates to October 2083 (2021 – October 2083) and bear interest at rates varying from 0.36% to 8.23% (2021 – 0.18% to 11.75%).

PSAS defines the fair value of a financial instrument as the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The University uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which the carrying amounts are included in the Statement of Financial Position under the following captions:

- Cash and cash equivalents, accounts receivable, and accounts payables and accrued liabilities – the carrying amounts approximate fair value because of the short maturity of these instruments.
- Investments – the carrying amounts are shown at fair value based on quoted prices (unadjusted) in active markets.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

5. Investments and endowment investments

The financial instruments measured at fair value held within each investment are classified according to a hierarchy which 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).

The following table reconciles the changes in the fair value of investments classified as Level 3 during the year.

	2022	2021
Balance, beginning of year	\$ 382	\$ -
Purchases	520	687
Dispositions	(198)	(305)
Income Distribution	19	-
Unrealized Gain	19	-
Balance, end of year	\$ 742	\$ 382

6. Accounts payable and accrued liabilities

	2022	2021
Accounts payable and accrued liabilities	\$ 25,137	\$ 21,544
Salaries and wages payable	7,788	9,496
Accrued vacation payable	12,215	12,074
	\$ 45,140	\$ 43,114

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

7. Employee future benefits

(a) Pension benefits

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2021, the College Pension Plan has about 16,500 active members, and approximately 9,500 retired members. As at December 31, 2020, the Municipal Pension Plan has about 220,000 active members, including approximately 7,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2018, indicated a \$303,000 surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866,000 funding surplus for basic pension benefits on a going concern basis. The University paid \$11,286 for employer contributions to the plans in the fiscal year 2022 (2021 – \$10,562).

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available in 2022. The next valuation for the Municipal Pension Plan will be as at December 31, 2021, with results available in fiscal 2023.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

(b) Maternity or parental leave

The University provides supplemental employee benefits for faculty, staff and administration on maternity or parental leave. For the duration of the leave, employees on maternity or parental leave receive a supplemental payment added to employment insurance benefits. Employer-paid benefits also continue to be paid on the employees' behalf. The University has expensed \$798 in the current year (2021 – \$1,005). As at March 31, 2022, the University has an obligation of \$710 (2021 – \$393) which has been included in salaries and wages payable.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

8. Deferred contributions

Deferred contributions represent the unspent externally restricted grants and contributions that will be used in future periods for academic programming and student awards, as specified by the contributor.

	2021	Amounts received	Recognized as revenue	2022
Provincial	\$ 3,294	\$ 10,007	\$ (5,517)	\$ 7,784
Federal	935	1,840	(1,058)	1,717
Other sources	1,268	1,773	(1,317)	1,724
	\$ 5,497	\$ 13,620	\$ (7,892)	\$ 11,225

9. Deferred capital contributions

Changes in deferred capital contributions balance are as follows:

	2021	Amounts received	Recognized as revenue	2022
Provincial	\$ 129,890	\$ 13,043	\$ (8,080)	\$ 134,853
Federal	8,892	966	(732)	9,126
Other sources	13,721	-	(680)	13,041
	\$ 152,503	\$ 14,009	\$ (9,492)	\$ 157,020

10. Obligations under capital lease

The University has paid off its remaining capital lease obligation and has not entered into any new capital lease agreements in 2022.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

11. Tangible capital assets

	Land	Buildings	Major site improvements	Major equipment	Library holdings	Technology infrastructure	Furniture & equipment	Computing equipment	Leased capital assets	Work in progress (WIP)	2022	2021
Cost												
Opening balance	\$ 21,485	\$ 266,712	\$ 46,622	\$ 12,062	\$ 9,400	\$ 3,866	\$ 77,624	\$ 11,443	\$ 91	\$ 4,065	453,370	440,412
Additions	-	107	652	27	339	-	4,005	3,329	-	5,145	14,404	13,650
Dispositions	-	-	-	-	-	-	-	-	(91)	-	(91)	(692)
Transfer to/(from) WIP	-	-	-	3,515	-	-	-	-	-	(3,515)	-	-
Closing balance	21,485	266,819	47,274	15,604	9,739	3,866	82,429	14,772	-	5,695	467,683	453,370
Accumulated amortization												
Opening balance	-	(102,490)	(21,705)	(2,104)	(7,575)	(2,132)	(65,372)	(8,838)	(58)	-	(210,274)	(191,407)
Amortization	-	(6,670)	(4,499)	(986)	(378)	(482)	(5,316)	(1,790)	-	-	(20,121)	(19,146)
Dispositions	-	-	-	-	-	-	-	-	58	-	58	279
Closing balance	-	(109,160)	(26,204)	(3,090)	(7,953)	(2,614)	(70,688)	(10,628)	-	-	(230,337)	(210,274)
Net book value	\$ 21,485	\$ 157,659	\$ 21,070	\$ 12,514	\$ 1,786	\$ 1,252	\$ 11,741	\$ 4,144	\$ -	\$ 5,695	\$ 237,346	\$ 243,096

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

12. Accumulated surplus

The accumulated surplus is comprised of the following:

	2022	2021
Investment in tangible capital assets	\$ 80,326	\$ 90,593
Endowments (note 5)	2,817	2,817
Internally restricted	6,170	6,170
Unrestricted	38,015	27,126
Accumulated remeasurement gains	2,079	2,168
	\$ 129,407	\$ 128,874

13. Financial risk management

The University has exposure to certain risks from its financial instruments.

The Board of Governors ensures that the University has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk

Credit risk is the risk of financial loss to the University if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the University consisting of cash and cash equivalents, investments and accounts receivable.

The University manages credit risk with established investment guidelines for its investment management companies to follow in managing its investment portfolios. The guidelines limit investments to those with BBB- or greater credit rating. The University does not invest in any derivatives.

(b) Market risk

Market risk is the risk that changes in the market prices, such as interest rates, will affect the University's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

It is management's opinion that the University is not exposed to significant market or interest rate risk arising from its financial instruments.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

13. Financial risk management (continued)

(c) 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.

(d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The University is exposed to foreign exchange risk on investments that are dominated in foreign currencies.

The functional currency of the University is the Canadian dollar. The University conducts some transactions in foreign currencies, particularly the U.S. dollar. The University maintains a U.S. dollar denominated bank account to minimize foreign exchange risk on these transactions.

(e) COVID-19 Pandemic

The COVID-19 outbreak has continued to cause disruption in operations for institutions of higher education. The ongoing effects of the pandemic, both in terms of impact and duration, are still uncertain at this time. These factors present uncertainty over future cash flows, may cause significant changes to the carrying values of assets or liabilities and may have a significant impact on futures operations. An estimate of the financial effect is not practicable at this time.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

14. Contractual obligations

The nature of the University's activities can result in multi-year contracts and obligations whereby the University will be committed to make future payments. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2023	2024	2025	2026	2027
Capital commitments	\$ 3,760	\$ 17	\$ 2	\$ -	\$ -
Operational commitments	17,620	5,033	1,667	1,060	725
	\$ 21,380	\$ 5,050	\$ 1,669	\$ 1,060	\$ 725

15. Commitments and contingent liabilities

(a) The University may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of operations.

There are several lawsuits pending in which the University is involved. It is considered that the potential claims against the University resulting from such litigation would not materially affect the financial statements of the University.

(b) The University has the ability to draw on a line of credit with a commercial bank for \$7,500 (2021 – \$7,500). As at March 31, 2022, the University has not utilized the available line of credit.

(c) As at March 31, 2022, the University has issued two letters of credits to the City of Surrey totalling \$189 (2021 – \$294) which expire on January 25, 2023. There is an automatic renewal that occurs each year thereafter and will terminate once the City of Surrey advises the University that the guarantee is no longer required.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

16. Related party transactions

The University has entered into certain transactions and agreements in the normal course of business with certain of its related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Significant related party transactions with the provincial government entities are as follows:

Revenue and expenses:

Included in revenue	2022	2021
Ministry of Advanced Education, Skills and Training grants	\$ 66,978	\$ 79,344
Other provincial government entity – grants and revenue recognized from deferred contributions	5,518	4,554
Other provincial government entity – grants and revenue recognized from deferred capital contributions	8,080	7,310
	\$ 80,576	\$ 91,208

Included in expenses	2022	2021
Ministry of Advanced Education, Skills and Training	\$ 261	\$ 249
Other provincial government entities	1,327	1,395
Other provincial universities	397	376
	\$ 1,985	\$ 2,020

Receivables and payables:

Included in accounts receivable	2022	2021
Ministry of Advanced Education, Skills and Training	\$ 700	\$ 565

Related party transactions with key management personnel:

During the year ended March 31, 2022, the key management personnel, comprised the Board and the University's Executives, have nil (2021 – nil) related party transactions with the University with respect to the delivery of goods and services, and payment of fees that were transacted at non-arms' length. As at March 31, 2022, the University had a net receivable of nil (2021 – nil) and a net payable of nil (2021 – nil) with respect to these transactions.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
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Year ended March 31, 2022

17. Contractual rights

The University may, from time to time, enter into contracts or agreements in its normal course of operations that will result in the realization of assets and revenues in future fiscal years. The University is a recipient of research grants from various federal, provincial and municipal funding agencies.

The University enters into various multi-year research funding agreements whereby the University has the opportunity to earn revenue in future years by incurring qualified expenditures. These research funding agreements do not abnormally impact the University's financial position and do not guarantee the University the right to future funding.

18. Expense by object

The following is a summary of expenses by object:

	Instruction, research, and support	Ancillary operations	2022
Salaries and benefits	\$ 150,482	\$ 876	\$ 151,358
Travel and professional development	1,960	7	1,967
Supplies	4,795	7	4,802
Student awards, bursaries and donations	9,246	-	9,246
Fees and services	28,000	469	28,469
Facilities	11,706	284	11,990
Cost of sales	-	1,502	1,502
Leases, property taxes, insurance	695	35	730
Amortization of tangible capital assets	20,121	-	20,121
	\$ 227,005	\$ 3,180	\$ 230,185

	Instruction, research, and support	Ancillary operations	2021
Salaries and benefits	\$ 146,302	\$ 924	\$ 147,226
Travel and professional development	1,458	2	1,460
Supplies	3,160	6	3,166
Student awards, bursaries and donations	11,393	-	11,393
Fees and services	14,594	246	14,840
Facilities	10,365	99	10,464
Cost of sales	-	1,408	1,408
Leases, property taxes, insurance	725	24	749
Amortization of tangible capital assets	19,146	-	19,146
	\$ 207,143	\$ 2,709	\$ 209,852

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

19. Kwantlen Polytechnic University Foundation

The Kwantlen Polytechnic University Foundation (the “Foundation”) was established on July 14, 2000 and is registered under the Societies Act of British Columbia. The Foundation is a registered charity under the Income Tax Act of Canada. The purpose of the Foundation, is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of the University and to advance the University’s engagement with and within communities it serves. The Foundation is governed by an independent board of directors, the voting members of which can include employees and officers of the University. The University does not exercise control over the Foundation.

During the year, as part of its ordinary course of business, the University transferred certain funds to the Foundation.

	2022	2021
KPU Equity, Diversity, Inclusion and Indigenous Affairs Endowment	\$ -	\$ 4,000
KPU Financial Aid Endowment	3,300	2,000
KPU Research Initiatives Endowment	-	4,000
KPU Financial Barrier Reduction Fund	3,700	-
	<u>\$ 7,000</u>	<u>\$ 10,000</u>

The University also provides administrative, management and staff resources to the Foundation at no charge.

20. Comparative information

Certain comparative figures have been reclassified to conform to the current year financial statement presentation. These changes do not affect prior year’s annual surplus.