



# **UNIVERSITY OF CALGARY**

## **Management Discussion & Analysis**

For the Year Ended  
March 31, 2025



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## Management Discussion and Analysis Overview

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the University of Calgary’s (“the University”) consolidated financial statements and accompanying notes for the year ended March 31, 2025. The MD&A and consolidated financial statements are reviewed and approved by the University’s Board of Governors on the recommendation of the University’s Audit Committee. The University’s consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (“PSAS”).

The MD&A is an overview of the University’s financial results for the year ending March 31, 2025 and offers an analysis of the University’s:

1. Operating Environment
2. Financial Results
3. Net Assets and Net Financial Assets
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### Operating Environment

The University of Calgary is a leading institution in one of Canada’s most dynamic cities. Ranked among the top ten research universities in the country, it is home to over 70 research centers dedicated to solving society’s most pressing challenges. With more than 37,000 students enrolled in 250 undergraduate and 70 graduate programs, the University offers a diverse range of research-driven, hands-on learning experiences and robust lifelong learning opportunities. As a proud member of the prestigious U15 group, the University contributes \$16.5 billion to Alberta’s economy. More than two-thirds of its 220,000+ alumni live and work in the Calgary area, helping to drive and strengthen the local economy. The University’s Ahead of Tomorrow 2023-2030 strategy aims to expand educational access, amplify research impact, deepen community engagement, and streamline operations for greater efficiency and effectiveness.

In 2024-25, the University navigated a complex and evolving landscape. The Government of Alberta’s focus on fiscal restraint resulted in flat post-secondary funding for the third consecutive year. Domestic tuition caps, set below inflation, strained the University’s ability to keep pace with rising operational costs. Public sector wage settlements put additional pressure on the budget. Federal changes to study permit rules introduced new barriers for international students seeking to study at the University. In response, the University took decisive and strategic action to not only address these challenges but also position itself for long-term success. The University strengthened its strategic partnerships, diversified its revenue streams, and expanded services to enhance student experience. It also expanded programs in high-demand areas such as aerospace engineering, quantum computing, nursing, veterinary medicine, data science, and business. These fields align closely with labour market needs and provide students with the skills required in today’s fast-changing economy. Additionally, the University focused its research efforts on tackling societal issues, ensuring that its innovations had a meaningful impact on local and global communities. By investing strategically in talent, technology, and community engagement, the University emerged stronger from these challenges, reinforcing its reputation as a leader in research, innovation, and student success. This resilience, adaptability, and commitment to excellence have solidified its position as one of Canada’s top institutions.

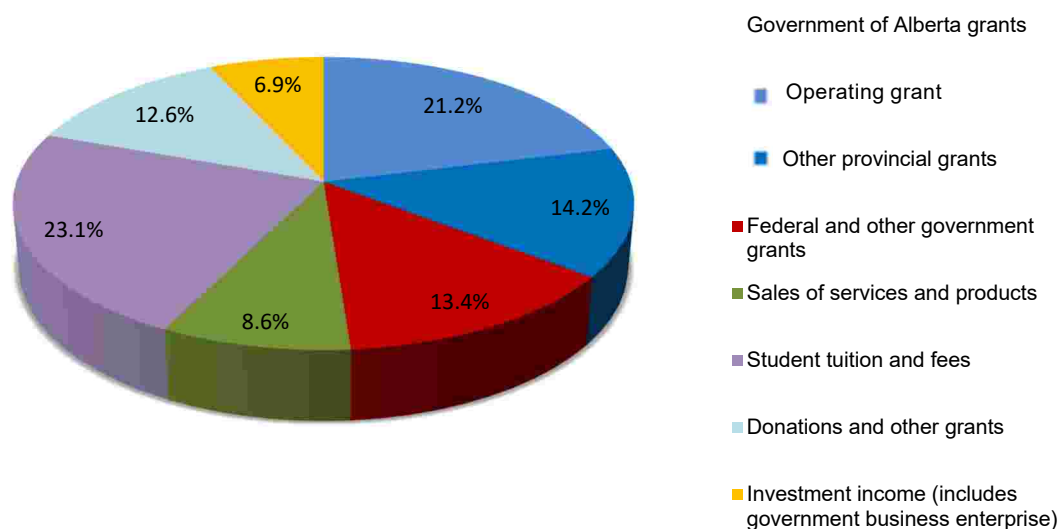
## Financial Results

For the year ended March 31, 2025, the University's revenues exceeded expenses by \$63.7 million. The most significant drivers contributing to the \$63.7 million operating surplus include higher investment income from cash and investments receiving higher interest rates, lower utilities expenditures, and decreased salaries and benefits due to lower than expected new positions, delay in hires, and lower than expected UAPP pension expense in the current year.

Total net assets have increased by \$319.6 million from March 31, 2024, as the result of \$63.7 million of annual operating surplus, \$91.8 million of endowment donations, \$17.5 million of capitalized endowment income, and \$146.6 million in unrealized gains on portfolio investments.

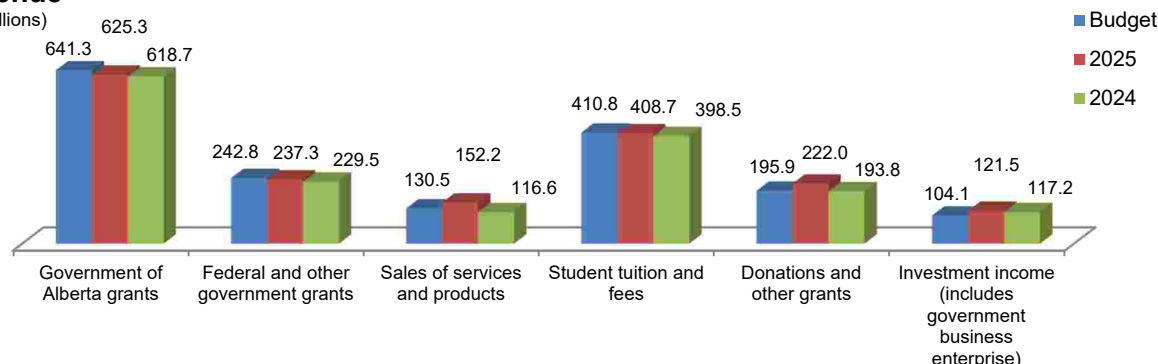
## Revenue

Total revenues for the year ended were \$1,767.0 million, an increase of \$92.7 million (5.5%) compared to the prior year and \$41.6 million (2.4%) over budget. Revenue from the Government of Alberta represented the University's single largest source of income, at 35.4% of total University revenue, and played a key role in the ability to fund University activities. The major components of revenue are as follows:



## Revenue

(\$ millions)



### Government of Alberta grants

The Government of Alberta's grant revenue of \$625.3 million was \$6.6 million higher than prior year and \$16.0 million lower than budget. The increase over prior year was mainly due to the targeted enrollment expansion grant. The decrease over budget was a result of a lower-than-expected recognition of externally restricted Government of Alberta research grants in alignment with research activities in the fiscal year.

### Federal and other government grants

Grant revenue from federal and other government sources of \$237.3 million was \$7.8 million higher than prior year and \$5.5 million lower than budget. The increase compared to prior year is a result of higher funding from Natural Sciences and Engineering Research Council, Canadian Foundation for Innovation and Social Sciences and Humanities Research Council grant awarded in the current year, which is consistent with continued growth in research activity. The budgetary shortfall is mainly the result of revenue timing differences between receiving grant contributions and when the grants are recognized into revenue over the period of conducting the related research.

### Sales of services and products

Sales of services and products revenue of \$152.2 million were \$35.6 million higher than prior year and \$21.7 million higher than budget. Of the increased variance from prior year, \$16.6 million relates to a re-examination of the recognition of the University District Trust lease agreements resulting in an adjustment in the prior year. The remaining increase from prior year relates to ancillary services, increased events and athletic program fees and widespread increases throughout the University. The budget variance is primarily due to increased services in faculties throughout campus, including increased events and athletic program fees, and increases in revenue from alumni relations.

### Student tuition and fees

Student tuition and fees of \$408.7 million were \$10.2 million higher than prior year and \$2.1 million lower than budget. The increase from prior year was primarily attributed to increases in tuition rates and higher student enrollment, increase in non-credit tuition, primarily in Continuing Education, and increased enrollment in Active Living and summer programs. The budget variance is attributed to decrease fall and winter tuition fees, partially offset by increased Continuing Education courses, higher student enrollment in Active Living, Dino summer programs and increased spring/summer fees.

### Donations and other grants

Donations and other grant revenue of \$222.0 million was \$28.2 million higher than the prior year and \$26.1 million higher than the budget. The increase is primarily related to higher than expected externally restricted donations from various foundations and non-profit organizations supporting continued growth in research activities, partially offset by lower clinical trial revenue due to lower than anticipated participant recruitment.

### Investment income – including investment income in government business enterprise

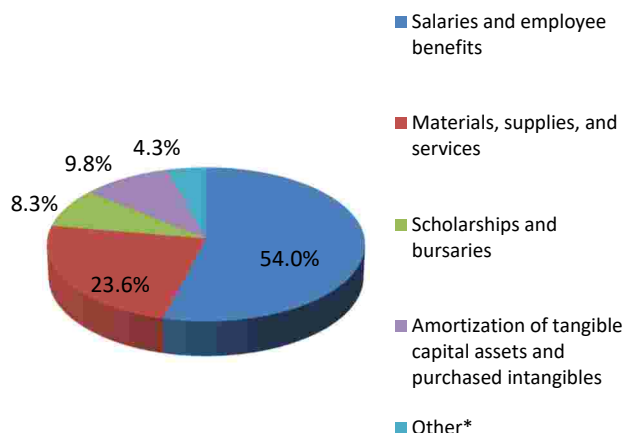
Investment income (including investment income in government business enterprise (GBE)) of \$121.5 million was \$4.3 million higher than prior year and \$17.4 million higher than budget. The increase from prior year is due to higher interest income earned on short term investments, other non-endowment investment income, and foreign exchange gains, partially offset by the one-time gain on sale of Carbon Engineering Ltd. (C12) shares in the prior year and losses from University District Trust (UDT) subsidiary. The variance from budget is mainly due to higher than expected interest rates, unbudgeted capital gains and foreign exchange gains.

## Expense

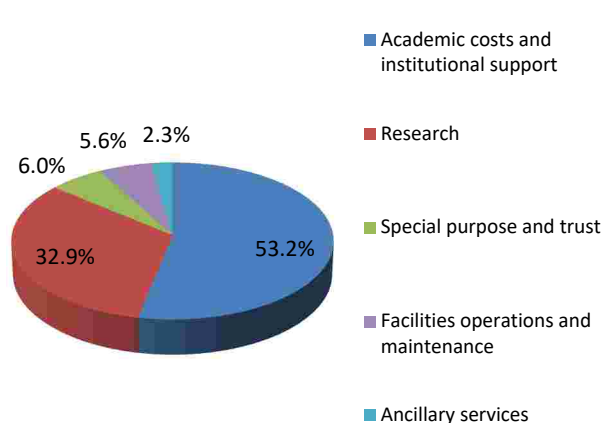
For the year ended March 31, 2025, the University incurred \$1,703.3 million in expenses representing an increase of \$81.6 million (5.0%) from prior year and \$22.1 million (1.3%) lower than budget. Salaries and benefits are the largest expenditure component at the University, representing 54.0% of the University's expenses.

Academic costs and institutional support represent the single largest function at the University, with this function representing 53.2% of the University's expenses. This includes instruction, non-research academic and administrative support activities, effectively representing the operating activities of the University.

Expense by Object



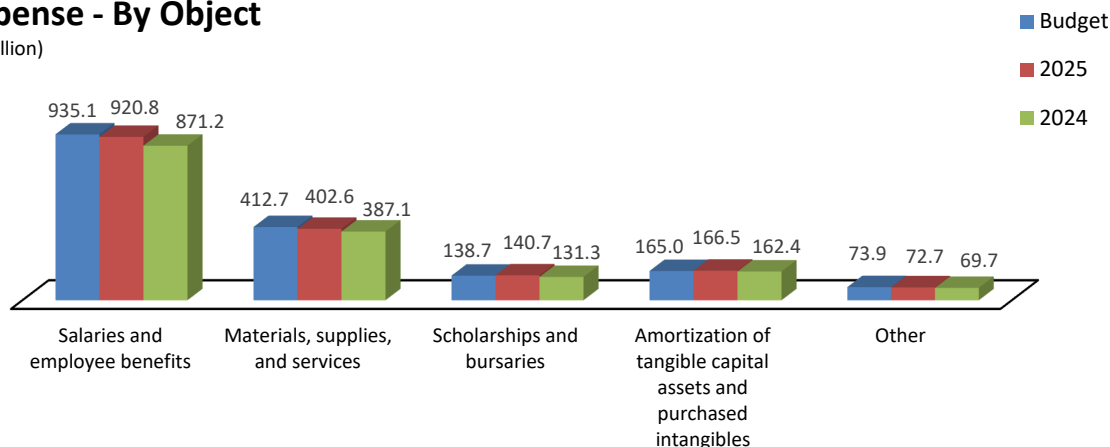
Expense by Function



\*Other expenses include Utilities, Maintenance and repairs, and Cost of goods sold.

## Expense - By Object

(\$ million)



### Salaries and employee benefits

Salaries and employee benefits of \$920.8 million were \$49.6 million higher than the prior year and \$14.3 million lower than budget. The increase over prior year is attributed to approved pay increases, filling vacancies, new positions, partially offset by Universities Academic Pension Plan (UAPP) actuarial cost adjustment. The budget variance is primarily attributed to lower than expected new positions, delay in hires, and lower than expected UAPP pension expense.

### Materials, supplies and services

Materials, supplies and services of \$402.6 million represent the second largest expense component of the University with the current year costs \$15.5 million higher than prior year and \$10.1 million lower than budget. The increase in materials, supplies, and services over prior year is primarily attributable to continuous growth in research related activities and process improvement initiatives undertaken throughout campus. The variance from budget is primarily as a result of timing of spending related to the Targeted Enrolment Expansion (TEE) program and adjustments related to consolidated entities, partially offset by higher foreign exchange losses.

### Scholarships and bursaries

Scholarships and bursaries of \$140.7 million were \$9.4 million higher than the prior year and \$2.0 million higher than budget. The increase in scholarships and bursaries over the prior year and budget is in line with the University's goal to attract students and its continued focus on providing support opportunities to students across various faculties.

### Amortization of tangible capital assets and purchased intangibles

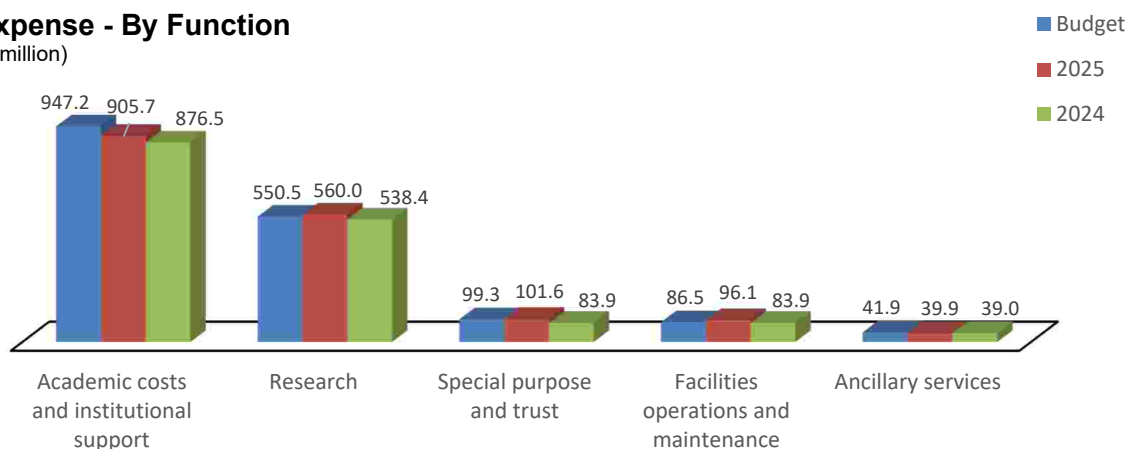
Amortization of tangible capital assets and purchased intangibles expense of \$166.5 million was \$4.1 million higher than prior year and \$1.5 million above budgeted expectations. The increase from prior year and budget is a result of new assets transferred into service during the year, primarily related to the Capital Maintenance Renewal program.

### Other

Other expenses totaling \$72.7 million were \$3.0 million higher than prior year and \$1.2 million lower than budget. The increase from prior year is primarily due to increases in maintenance and repairs being offset by reduced utilities charges. The decrease from budget is mainly due to reduced utility rates being partially offset by increased maintenance and repairs.

## Expense - By Function

(\$ million)



### Academic costs and institutional support

Academic costs and institutional support expenses of \$905.7 million increased by \$29.2 million over the prior year while being \$41.6 million lower than budgeted expectations. The increase from prior year is primarily due to approved salary increases and new hires, additional materials and supplies primarily related to internally funded projects, and increased amortization. Although academic costs and institutional support were higher than prior year, the costs were lower than budget primarily due to lower than expected new positions, delay in hires and benefit savings offset by increased maintenance and repairs and materials and supplies.

### Research and Special purpose and trust

Research costs of \$560.0 million were \$21.6 million higher than the prior year and \$9.5 million higher than budget. This increase is mainly the result of the University's continued growth in externally funded research activities, resulting from increased salary costs and increased scholarships. Special purpose and trust costs of \$101.6 million were \$17.7 million higher than prior year and \$2.2 million higher than budgeted. The increase from prior year was primarily due to increases in salaries, materials, supplies, and services, scholarships, and amortization primarily as a result of TEE program spending. The increase from budget is due to increased TEE program spending on materials and supplies partially offset by lower than budgeted scholarships for non-research activities.

### Facilities operations and maintenance

Facilities operations and maintenance costs of \$96.1 million were \$12.2 million higher than the prior year and \$9.6 million higher than budget. The increase from prior year and budget is due to increased internally funded capital projects to maintain a growing and aging campus infrastructure resulting in higher materials and supplies, partially offset by lower utility charges due to decreased natural gas rates and usage.

### Ancillary services

Ancillary expenditures of \$39.9 million were \$0.9 million higher than prior year and \$2 million lower than budgeted amounts. The increase from prior year is primarily related to increased salaries and benefits for ancillary staff. The decrease from budget is attributed to lower than expected materials, supplies and services, and cost of goods sold from campus activities

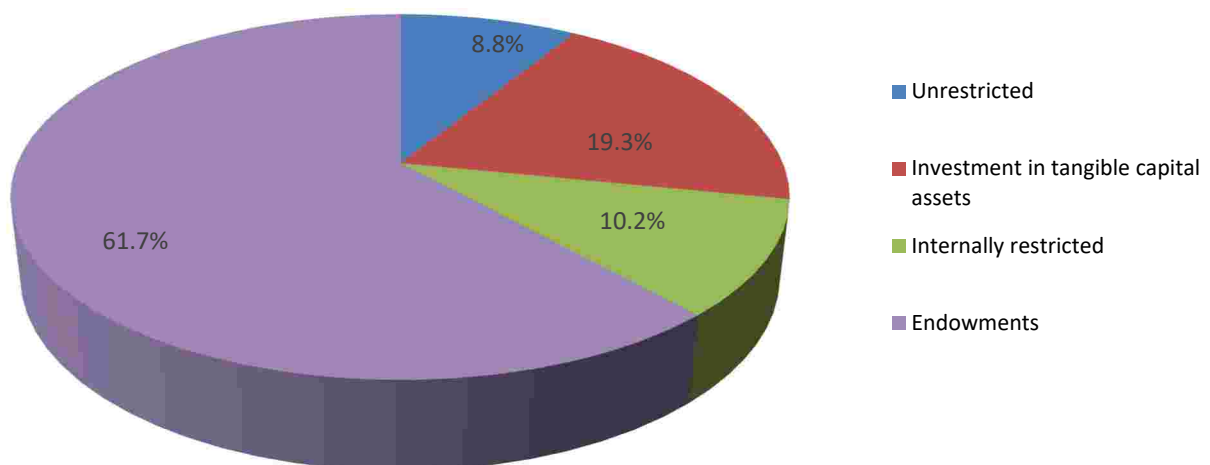


## Net Assets and Net Financial Assets

### Net Assets

The University's net asset balance is an important indicator of financial health for the University. Prudent financial planning and strategic decision-making combined with capitalized investment income from portfolio investments have contributed to the University's \$2,521.0 million in net assets. Endowments of \$1,554.7 continue to represent the largest component of net assets. Endowments must be maintained in perpetuity. Endowment investment income earned is used to fund specific research, scholarships, and donor supported initiatives.

The remaining \$966.3 million in net assets, includes \$487.6 million of funds previously spent as a net investment in capital assets and \$256.9 million of funds formally restricted by the University's Board of Governors for spending on strategic initiatives in support of capital construction projects on campus. In addition, the University used unrestricted net assets to fund \$21.8 million of capital construction and capital purchases and \$7.6 million to repay University debt. After amounts spent on capital assets, Board of Governors restrictions, and debt repayment, \$221.7 million remains in unrestricted net assets. Net assets at March 31, 2025 are comprised of the following balances and related summarized transactions:



## Net Assets (continued)

(\$ thousands)	Unrestricted	Investment in capital assets <sup>(1)</sup>	Internally restricted	Endowment	Total
<b>Net assets, beginning of year</b>	<b>\$ 153,603</b>	<b>\$ 506,920</b>	<b>\$ 212,475</b>	<b>\$ 1,328,423</b>	<b>\$ 2,201,421</b>
<b>Annual operating surplus</b>	63,716	-	-	-	63,716
<b>Transfer to internally restricted net of expenditures</b>	(55,956)	-	55,956	-	-
<b>Endowment</b>					
New contributions	-	-	-	91,807	91,807
Capitalized investment income	-	-	-	17,523	17,523
<b>Tangible capital assets and purchased intangibles</b>					
Acquisitions	(21,835)	33,335	(11,500)	-	-
Amortization	59,501	(59,501)	-	-	-
Debt repayment	(7,598)	7,598	-	-	-
Net book value of disposal	222	(222)	-	-	-
Increase in asset retirement obligations	495	(495)	-	-	-
<b>Change in accumulated remeasurement gains</b>	29,592	-	-	116,954	146,546
<b>Net assets at March 31, 2025</b>	<b>\$ 221,740</b>	<b>\$ 487,635</b>	<b>\$ 256,931</b>	<b>\$ 1,554,707</b>	<b>\$ 2,521,013</b>

<sup>(1)</sup> Includes Investment in tangible capital assets and purchased intangibles.

## Net Financial Assets

The University's liquidity needs are met primarily through operating cash flows, working capital balances and capital expansion funding received through grants or long-term debt. The Net Financial Asset indicator is intended to identify the availability of net financial resources of an organization to fund future operations after considering liabilities owed to third parties. The University presents the Net Financial Asset indicator in a manner directed by the Controller of the Province of Alberta. The presentation includes endowments valued at \$1,554.7 which is comprised of \$1,540.5 million of investments that are restricted for endowments, \$7.5 million of endowment receivable from Government of Alberta, and \$6.7 million legacy gifts comprising of land and art. Portfolio investments - restricted for endowments - must be maintained in perpetuity and are therefore not available to pay for University liabilities, nor can the University use the endowment portfolio investments to pay for future operating or capital purchases. As a result, net financial assets excluding portfolio investments restricted for endowments are presented in the Consolidated Statement of Financial Position.

At March 31, 2025, Net Financial Assets excluding portfolio investments restricted for endowments is \$259.8 million, representing a \$120.2 million increase from the prior year figures. The University continues to have sufficient positive Net Financial Assets, demonstrating financial strength and commitment to managing the University's financial position.

## Capital Expansion and Renewal

Continuation of capital expansion and renewal projects remains a critical priority for the University, contributing not only to the student learning experience and to the quality of research activity, but also positively to the Calgary economy. In 2025, the University expended \$164.7 million (2024 - \$143.2) on construction and other capital asset acquisitions. This capital activity represents the continuation of the University's multi-year capital building program through construction of new buildings as well as redevelopment, renovation, and numerous instructional facilities upgrade projects.

The following represents progress on the largest four major construction projects on campus:

Major Capital Project Costs (\$ thousands)	2025	Project to Date	Total Budget
Multi-Disciplinary Science Hub (MDSH)	3,547	3,935	450,000
Veterinary Medicine Expansion Project	35,640	48,285	68,500
Taylor Family Kinesiology Building	1,301	1,301	19,698
Kananaskis and Rundle Washroom	2,581	3,163	14,907

### Multi-Disciplinary Science Hub (MDSH)

MDSH is envisioned to be a new facility with associated renovations within the Biological Sciences building to support 2,000 new students, provide a modern vivarium that meets external agency compliance, and create space for new research initiatives. The MDSH will allow for the intake of new students to meet Alberta's key sector needs, including computer science, environmental science, geoscience, and health. The MDSH will allow for new training in aerospace, agriculture science and technology, and energy science – programs specifically designed for Alberta's strategic growth sectors.

### Veterinary Medicine Expansion Project

The project consists of the construction of a new instructional and administrative building of approximately 6,500 square meters at the University of Calgary's Spyhill campus. The project also consists of barn upgrades, temporary trailer facilities at W.A. Ranches, and a portion of renovations to existing Faculty of Veterinary Medicine infrastructure at the Spyhill campus.

### Taylor Family Kinesiology Building

This project creates a new freestanding, two-storey, 2,300 square meters building that will expand the existing research facilities for the Faculty of Kinesiology. The current kinesiology buildings have reached capacity for enhancing current research and a new building relieves space pressure with approximately 600 square meters of specialty clinical research space, and 1000 square meters of open space supporting a range of disciplinary and transdisciplinary research projects. The new facility will also include clinic spaces, offices, open research areas, a sprint track, and dry research laboratories supporting innovative and transformative research in biomechanics, physiology, sport technology, concussions, sport performance, strength and conditioning. The new building is expected to increase research capacity, boosting graduate student enrolment to contribute to the recruitment and retention of world-class faculty and postdoctoral associates.

### Kananaskis and Rundle Washroom Renovation

Kananaskis Hall and Rundle Hall are student residence buildings located on the main campus. The project consists of a complete demolition and full renovation of 42 large, shared washrooms and four single washrooms throughout these buildings. Work will also include renovations to existing kitchenette and laundry facilities impacted by the washroom renovations.

## Areas of Significant Financial Risk

### Deferred Maintenance

The University directs significant resources to ensure that University buildings are updated with relevant technology, operated efficiently, and meet or exceed University and external regulatory standards. The University has an outstanding deferred maintenance balance of \$810.6 million (2024 - \$798.6 million). The Capital Maintenance and Renewal (formerly named Infrastructure Maintenance Program) funding from the province was \$22.5 million (2024 - \$24.8 million) and was used to address deferred maintenance.

### Unfunded Pension Liability

The University participates, with other Alberta post-secondary institutions, in the Universities Academic Pension Plan (UAPP) to provide defined-benefit pensions for participating faculty and staff. The extrapolated valuation of the pension plan at March 31, 2025 resulted in a surplus of \$426.8 million (2024 – deficit \$10.9 million) consisting of a pre-1992 deficit of \$832.1 million (2024 -\$854.4 million) and a post-1991 surplus of \$1,258.9 million (2024 - \$843.5 million). This unfunded deficiency in the UAPP is currently being funded by the Government of Alberta, employee, and employer contributions. The deficiency is expected to be eliminated by 2043.

### Budgetary Pressure

After four years of cuts to the University of Calgary's provincial Operating Grant totaling over \$100 million, the grant remains unchanged from 2023-24 to 2024-25. The lack of inflationary increases meant that rising costs had to be addressed through measures such as spending reductions, resource reallocation, and the deferral of planned initiatives. These actions, combined with ongoing cost pressures from inflation and collective agreement obligations, have made it increasingly difficult to fund priorities. In 2024-25, these challenges were further compounded by domestic tuition caps set below inflation, escalating operating costs, and new federal restrictions on international student permits. In response, the University took strategic action, strengthening partnerships, diversifying revenues, and expanding high-demand programs in fields such as aerospace engineering, data science, and nursing. These efforts help meet labour market needs and reinforce the University's leadership in innovation, research, and student success. Through disciplined financial management and continued collaboration with government, the University remains committed to navigating fiscal constraints while advancing its long-term goals.