



**THOMPSON  
RIVERS  
UNIVERSITY**

## Consolidated Financial Statements

For the year ended March 31, 2023

# THOMPSON RIVERS UNIVERSITY

## Index to Consolidated Financial Statements

Year ended March 31, 2023

### Statement of Administrative Responsibility for Consolidated Financial Statements

### Independent Auditor's Report

Consolidated Statement of Financial Position .....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Changes in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4
Consolidated Statement of Remeasurement Gains and Losses .....	5
Notes to Consolidated Financial Statements .....	6-27

# THOMPSON RIVERS UNIVERSITY

## STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended March 31, 2023**

The University is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and the Province of British Columbia direction outlined in note 2(a). This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting measurement of transactions in which objective judgment is required. In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University's management has developed and maintains a system of internal controls designed to provide reasonable assurance that the University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The system of internal controls is monitored by the University's management.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with the management and with the internal and external auditors to discuss the results of audit examinations and financial reporting matters. The auditors have full access to the Audit Committee, with and without the presence of the management.

The consolidated financial statements have been audited by KPMG LLP, Chartered Professional Accountants, the external auditors appointed by the University's Board of Governors. The Independent Auditor's Report outlines the nature of their audit and expresses an opinion on the consolidated financial statements of the University for the year ended March 31, 2023.

On behalf of the University:



Board Chair, Marilyn McLean



Vice-President, Administration and Finance, Matt Milovick



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Kamloops BC V2C 2B2  
Canada  
Tel (250) 372-5581  
Fax (250) 828-2928

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the financial statements of Thompson Rivers University (the "University"), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of rereasurement gains and losses for the year then ended
- and notes to the consolidated 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, 2023 of the University 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 University 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 2a 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.

### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 3 to the financial statements (“Note 3”), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### ***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

### ***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 University’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University’s financial reporting process.

### ***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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 University 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
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the University to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

Chartered Professional Accountants

Kamloops, Canada

June 16, 2023

# THOMPSON RIVERS UNIVERSITY

## Consolidated Statement of Financial Position

March 31, 2023, with comparative figures for 2022  
(thousands of dollars)

		2023	2022 (Restated – note 3)
<b>Financial Assets</b>			
Cash	(note 4)	\$ 79,495	\$ 71,190
Accounts receivable	(note 5)	16,391	10,016
Inventories for resale		1,118	1,208
Investments	(note 6)	104,086	93,137
		<u>\$ 201,090</u>	<u>\$ 175,551</u>

## Liabilities

Accounts payable and accrued liabilities	(note 7)	\$ 85,209	\$ 69,596
Employee future benefits	(note 8b)	2,756	2,806
Deferred contributions	(note 9)	46,600	40,995
Debt	(note 10)	33,973	34,695
Obligations under capital lease	(note 11)	33,921	34,618
Deferred capital contributions	(note 12)	138,983	127,204
Asset retirement obligations	(note 13)	1,157	1,023
		<u>\$ 342,599</u>	<u>\$ 310,937</u>

Net debt \$ (141,509)    \$ (135,386)

## Non-Financial Assets

Tangible capital assets	(note 14)	\$ 314,882	\$ 298,716
Investment in endowments	(note 16)	14,315	14,277
Inventories held for use		408	411
Prepaid expenses		5,664	4,926
		<u>\$ 335,269</u>	<u>\$ 318,330</u>

Accumulated surplus (note 15)    \$ 193,760    \$ 182,944

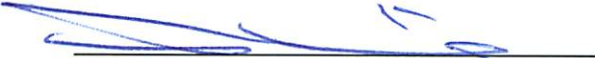
Accumulated surplus is comprised of:

Accumulated capital & other surpluses	(note 15)	\$ 177,232	\$ 164,414
Endowments	(note 16)	14,392	14,340
Accumulated remeasurement gains		2,136	4,190
		<u>\$ 193,760</u>	<u>\$ 182,944</u>

Contractual obligations and contingent liabilities (note 18)  
See accompanying notes to consolidated financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Board Chair

  
\_\_\_\_\_  
Vice-President, Administration and Finance

# THOMPSON RIVERS UNIVERSITY

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2023, with comparative figures for 2022  
(thousands of dollars)

	2023 Budget (Note 2(l))	2023	2022 (Restated – note 3)
<b>Revenue:</b>			
Government and other grants	\$ 96,781	\$ 93,782	\$ 82,703
Tuition and other student fees	120,435	126,002	112,314
Revenue recognized from deferred capital contributions	5,075	5,110	4,764
Contract and other revenue	3,861	5,123	4,636
Donations	3,788	3,793	2,601
Investment	3,893	5,703	3,577
Retail sales, parking and residence	19,395	19,867	16,661
	<u>253,228</u>	<u>259,380</u>	<u>227,256</u>
<b>Expenses (note 19):</b>			
Academic instruction	130,464	127,960	115,707
Student support and general operations	69,720	64,295	58,314
Facility operations and maintenance	28,541	26,822	23,733
Research	6,455	7,905	6,516
Ancillary operations	17,190	19,555	16,549
	<u>252,370</u>	<u>246,537</u>	<u>220,819</u>
<b>Endowment contributions</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>Annual surplus (restricted for capital)</b>	<b>\$ 858</b>	<b>\$ 12,870</b>	<b>\$ 6,464</b>
Accumulated capital & other surpluses, beginning of year	164,414	164,414	157,977
Endowments, beginning of year	14,340	14,340	14,313
Transfer to endowments	-	25	-
Accumulated capital & other surpluses, end of year (note 15)	165,272	177,232	164,414
Endowments, end of year (note 16)	14,340	14,392	14,340
<b>Allocation of annual surplus:</b>			
Internally funded capital projects	\$ (24,994)	\$ (13,203)	\$ (5,939)
Board reserve	(2,156)	-	-
Faculty, department and other reserves	-	(133)	279
Endowment reserve	-	(27)	(27)
	<u>(27,150)</u>	<u>(13,363)</u>	<u>(5,687)</u>
<b>Annual surplus (deficit)</b>	<b>\$ (26,292)</b>	<b>\$ (493)</b>	<b>\$ 777</b>

See accompanying notes to consolidated financial statements.



# THOMPSON RIVERS UNIVERSITY

## Consolidated Statement of Changes in Net Debt

Year ended March 31, 2023, with comparative figures for 2022  
(thousands of dollars)

	2023 Budget (Note 2(l))	2023	2022 (Restated – note 3)
Annual surplus	\$ 858	\$ 12,870	\$ 6,464
<b>Capital activities</b>			
Acquisition of tangible capital assets (note 14)	(28,459)	(30,092)	(14,714)
Amortization of tangible capital assets (notes 14 & 19)	14,268	13,926	13,124
	(14,191)	(16,166)	(1,590)
<b>Changes in non-financial assets</b>			
Investment in endowments	-	(38)	(12)
Prepaid expenses	-	(738)	(1,779)
Inventories held for use	-	3	(7)
	-	(773)	(1,798)
<b>Net remeasurement losses</b>	-	(2,054)	(1,382)
Decrease (increase) in net debt for the year	(13,333)	(6,123)	1,694
Net debt, beginning of year	(135,386)	(135,386)	(137,080)
<b>Net debt, end of year</b>	<b>\$ (148,719)</b>	<b>\$ (141,509)</b>	<b>\$ (135,386)</b>

See accompanying notes to consolidated financial statements.

# THOMPSON RIVERS UNIVERSITY

## Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative figures for 2022  
(thousands of dollars)

	2023	2022 (Restated – note 3)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 12,870	\$ 6,464
Items not involving cash:		
Amortization of tangible capital assets (notes 14 & 19)	13,926	13,124
Revenue recognized from deferred capital contributions	(5,110)	(4,764)
Accretion of asset retirement obligations (notes 13 & 19)	32	31
Change in non-cash operating working capital:		
Accounts receivable	(6,375)	(867)
Prepaid expenses	(738)	(1,779)
Inventories held for use	3	(7)
Inventories for resale	90	102
Accounts payable and accrued liabilities	15,613	8,347
Employee future benefits	(50)	(718)
Deferred contributions	5,605	21,149
Net change in cash from operating activities	35,866	41,082
Capital activities:		
Abatement of asset retirement obligations (note 13)	(29)	-
Acquisition of tangible capital assets (note 14)	(30,092)	(14,714)
Less non-cash increase in tangible capital asset due to remeasurement of asset retirement obligations (note 13)	131	-
	(29,990)	(14,714)
Investing activities:		
Investments	(10,949)	(10,164)
Net remeasurement losses	(2,054)	(1,382)
Investment in endowments	(38)	(12)
Net change in cash from investing activities	(13,041)	(11,558)
Financing activities:		
Debt	(722)	(776)
Deferred capital contributions (note 12)	16,889	8,775
Obligations under capital lease	(697)	(662)
Net change in cash from financing activities	15,470	7,337
Net change in cash	8,305	22,147
Cash, beginning of year	71,190	49,043
Cash, end of year	\$ 79,495	\$ 71,190

See accompanying notes to consolidated financial statements.

# THOMPSON RIVERS UNIVERSITY

## Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2023, with comparative figures for 2022  
(thousands of dollars)

	2023	2022
Unrealized gains at beginning of year on portfolio investments	\$ 4,190	\$ 5,572
Unrealized losses during the year on portfolio investments	(1,762)	(1,983)
Realized gains (losses) reclassified to investment revenue	(292)	601
Net remeasurement losses	(2,054)	(1,382)
Unrealized gains at the end of the year on portfolio investments	\$ 2,136	\$ 4,190

See accompanying notes to consolidated financial statements

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 1. Authority and purpose

Thompson Rivers University (the "University") operates under the authority of the Thompson Rivers 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 a registered charity and is therefore exempt from income taxes under section 149 of the Income Tax Act. The University offers a broad range of program options including graduate and undergraduate degrees, career diplomas, and trades training at its Kamloops and Williams Lake campuses through on campus and distance learning opportunities.

### 2. Summary of significant accounting policies

The consolidated financial statements of the University are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the University 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.

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

Regulation 257/2010 requires all taxpayer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS 4200 elections.

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.

For British Columbia taxpayer supported organizations, these contributions include government transfers and restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- 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 public sector accounting standard PS 3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS 3100.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### (b) Basis of consolidation

##### (i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the University. Controlled organizations are consolidated except for Government Business Enterprises (GBEs) which are accounted for using the modified equity method. TRU Community Corporation (TRUCC) and the TRU Legal Clinic Society (TRULCS), both 100% owned subsidiaries, are fully consolidated into these statements.

##### (ii) Investment in Government Business Enterprises

Investments in Government Business Enterprises (GBEs) are accounted for using the modified equity method. Under this method, the University records only the investment in the business enterprise, net income or loss of the GBE and other adjustments to equity but does not consolidate all transactions and balances. Under the modified equity method, no adjustment is made to conform to the accounting policies of government, with the exception that if other comprehensive income exists, it is accounted for as an adjustment to accumulated surplus. GBEs report using the International Financial Reporting Standards framework. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on transactions between entities that involve assets that remain within the entities controlled by the University.

Currently the only GBE of the University is Thompson Rivers University Community Trust (TRUCT) (Note 6b). The trustee of the TRUCT is TRUCC. The fiscal year-end of the Trust is December 31, 2022. Significant transactions between the Trust's year-end and March 31, 2023 are recognized where applicable.

#### (c) Cash

Cash includes cash on hand and short-term deposits.

#### (d) Financial instruments

- (i) Fair value category: Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Other financial instruments which the University has designated to be recorded at fair value include derivative instruments, cash and cash equivalents and portfolio investments not quoted in an active market. 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 are recognized in the Consolidated 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 Consolidated Statement of Operations and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### (d) Financial instruments (continued)

- (ii) **Cost category:** Realized gains, losses and interest expense are recognized in the Consolidated Statement of Operations when the financial asset is derecognized due to disposal or impairment. Accounts receivable, accounts payable and accrued liabilities are measured at cost. Any gains, losses or expenses are recorded in the annual surplus (deficit) depending on the nature of the financial asset or liability that gave rise to the gains, losses or expenses. Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt. Interest is accrued on loans receivable to the extent it is deemed collectible.

#### (e) Inventories for resale

Inventories held for resale, such as books, office and paper supplies, clothing and food stuffs are recorded at the lower of cost or net realizable value. Net realizable value is the estimated selling price.

#### (f) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset. The obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The liability for the removal of asbestos in certain buildings owned by the University has been recognized based on estimated future expenses upon closure of the site and determined by discounting the expected future cash flows.

The carrying amount of the obligation is reassessed at each financial reporting date. Increases in the obligation related to the passage of time are recognized as accretion expense. Changes related to the timing or amount of the undiscounted cash flows are adjusted against the cost of the related tangible capital asset. The liability is derecognized as abatement of asbestos is performed.

Amounts capitalized as a result of an asset retirement obligation are amortized with the related building in accordance with the policy outlined in note 2(g)(i).

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### (g) 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 assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated assets are recorded at fair value at the date of donation. Interest is not capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost of the tangible capital assets, excluding land, 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):

Tangible capital assets	Amortization period
Land improvements	10 - 30 years
Buildings, renovations and buildings under capital lease	15 - 50 years
Furniture, equipment, equipment under lease and library acquisitions	3 - 10 years

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services.

#### (ii) Works of art and historic assets

Works of art and historic assets are not recorded as assets in these financial statements.

#### (iii) Leased tangible capital assets

Leases which 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.

#### (iv) Inventories held for use

Inventories held for use are recorded at cost and consist of office supplies and a cattle herd of 120 head kept for research purposes.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### (h) Employee future benefits

The University and its employees make contributions to the College Pension Plan and Municipal Pension Plan which are multi-employer joint trustee 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 by the University to the plans are expensed as incurred.

The University offers an employee future benefits plan providing accumulated sick leave. For accounting purposes, the University measures the accrued benefit obligations and determines the expense of the fiscal period through actuarial valuations and extrapolations. Adjustments arising from changes in actuarial assumptions and actuarial gains and losses are amortized over the Expected Average Remaining Service Lifetime (EARSL) of active employees.

Vacation benefits for the University's unionized and exempt employees are accrued as earned. The obligations under these benefits are based on the applicable collective agreements for the faculty and support employees, and the employment contracts for exempt employees.

#### (i) Revenue recognition

Tuition, student fees and sales of goods and services are recognized as revenue in the period to which they apply.

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions placed 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 required to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as revenue for the portion to be held in perpetuity and as deferred contributions for the investment income earned thereon.



# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 2. Summary of significant accounting policies (continued)

(i) Revenue recognition (continued)

(iv) The University leases land to third parties as described in Note 11. Cash received from land leases is recognized in revenue in the period to which it applies.

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

(j) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures. Key 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. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(k) 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 were designated in the fair value category under the financial instrument standards are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the statement date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or balance sheet 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 Consolidated Statement of Remeasurement Gains and Losses and the exchange gain/loss in relation to the exchange rate at the date of the item's initial recognition is recognized in the Consolidated Statement of Operations and Accumulated Surplus.

(l) Budget figures

Budget figures have been provided for comparative purposes and have been compiled from the Annual Budget Report approved by the University's Board of Governors on April 1, 2022. The budget is reflected in the Consolidated Statement of Operations and Accumulated Surplus, Consolidated Statement of Changes in Net Debt and Note 19, Expenses by object.

(m) Future accounting standards

(i) PS 3400, Revenue

PS 3400, Revenue (PS 3400), establishes overall guidance on how to account for and report revenue. The standard makes a distinction between transactions that include performance obligations (exchange transactions) and those that do not include a performance obligation (non-exchange transactions).

PS 3400 is effective for annual reporting periods beginning on or after April 1, 2023. The University is assessing the impact this new standard will have on the consolidated financial statements.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 3. Adoption of new accounting standard

On April 1, 2022, the University adopted Public Accounting Standard PS 3280, Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on a modified retrospective basis at the date of adoption.

As at April 1, 2021, the University recognized asset retirement obligations relating to certain buildings owned by the University that contain asbestos. The liability was measured as of the date the legal obligation was incurred.

In accordance with the provisions of the standard, the University reflected the following adjustments at April 1, 2021:

- An increase to the building's capital asset account, representing the original estimate of the obligation as of the date of the enacted legislation, and an accompanying increase to accumulated amortization.
- An asset retirement obligation, representing the original \$0.6 million obligation discounted to the present value amount using a rate of 3.13%.
- A decrease to opening accumulated surplus, as a result of the recognition of the liability and accompanying increase in depreciation expense and accretion expense.

#### a) Summary of quantitative impacts on comparative figures

##### Excerpt from Consolidated Statement of Financial Position

As at March 31, 2022

The specific financial statement items impacted are as follows:

	In thousands		
	2022 As previously reported	Impact of adoption of PS 3280	2022 As restated
Asset retirement obligations	\$ -	\$ 1,023	\$ 1,023
Impact on total liabilities	\$ 309,914	\$ 1,023	\$ 310,937
Tangible capital assets	\$ 298,696	\$ 20	\$ 298,716
Impact on total non-financial assets	\$ 318,310	\$ 20	\$ 318,330
Accumulated surplus	\$ 183,947	\$ (1,003)	\$ 182,944
Impact on total accumulated surplus	\$ 183,947	\$ (1,003)	\$ 182,944

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 3. Change in accounting policies (continued)

#### a) Summary of quantitative impacts on comparative figures (continued)

##### Excerpt from Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2022

The specific financial statement items impacted are as follows:

	In thousands		
	2022 As previously reported	Impact of adoption of PS 3280	2022 As restated
Facility operations and maintenance	\$ 23,696	\$ 37	\$ 23,733
Impact on total expenses	\$ 220,782	\$ 37	\$ 220,819
Annual surplus	\$ 6,501	\$ (37)	\$ 6,464
Impact on total annual surplus	\$ 6,501	\$ (37)	\$ 6,464

### 4. Cash

	In thousands	
	2023	2022
Restricted cash	\$ 1,022	\$ 1,022
Unrestricted cash	78,473	70,168
	\$ 79,495	\$ 71,190

Restricted cash consists of \$1.0 million for monthly capital lease payments.

### 5. Accounts receivable

	In thousands	
	2023	2022
Trade	\$ 5,112	\$ 5,025
Student and sponsor	1,975	1,330
Related parties	9,591	4,011
Allowance for doubtful accounts	(287)	(350)
	\$ 16,391	\$ 10,016

Trade consists of amounts receivable from customers, various government agencies and universities not related to the Province of BC, and government tax credits and rebates.

Student and sponsor consists of amounts due from individual students and businesses or agencies paying tuition and/or fees on behalf of students.

Related parties consist of amounts due from various provincial government entities, consolidated entities, the Thompson Rivers University ("TRU") Foundation and employees of the University.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 6. Financial instruments

Fair value of financial instruments:

Financial instruments measured at fair value are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

- 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 University's financial instruments are considered to be Level 1 instruments for which the fair value is determined based on quoted prices in active markets with the exception of the investment in Government Business Enterprise and the investment in private equities which are not determined based on active market prices. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year, there were no significant transfers of securities between the different levels.

#### (a) Investments

Investments are comprised of Canadian and foreign equities, government and corporate bonds with various maturity dates, an investment in private equities and an investment in a Government Business Enterprise. The weighted average rate of return for bonds is 3.17% (2022 – 3.59%).

	In thousands	
	2023	2022
Equities at cost (Level 1)	\$ 46,420	\$ 44,664
Equities – unrealized gain	8,437	9,835
Bonds at cost (Level 1)	55,256	42,811
Accrued interest	1,120	1,493
Bonds – unrealized gain (loss)	(3,726)	(2,332)
Investment in private equities (Level 3)	7,817	7,817
Investment in private equities, unrealized loss	(328)	-
Investment in Government Business Enterprise (Level 3) (note 6b)	3,405	3,126
	\$ 118,401	\$ 107,414
Portfolio and other investments	104,086	93,137
Endowments investments	14,315	14,277
	\$ 118,401	\$ 107,414

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 6. Financial instruments (continued)

#### (b) Investment in Government Business Enterprise

Included in investments is the University's investment in the TRUCT. The purpose of the TRUCT is to develop property on behalf of the University. The University granted the TRUCT the ability to sell 99 year leases on portions of land owned by the University. The beneficiaries of the TRUCT are the University and TRU Foundation.

	In thousands	
	2023	2022
Investment in TRUCT, beginning of year	\$ 3,126	\$ 2,817
Current year investment	488	485
Equity in loss for the year	(209)	(176)
Investment in TRUCT, end of year	\$ 3,405	\$ 3,126

#### (c) Financial information as of December 31, 2022 for the TRUCT is as follows:

	In thousands	
	2023	2022
Assets	\$ 3,298	\$ 3,076
Liabilities	(3,867)	(3,436)
Deficit	(569)	(360)
Revenues	-	-
Expenses	(209)	(176)
Loss	\$ (209)	\$ (176)

### 7. Accounts payable and accrued liabilities

	In thousands	
	2023	2022
Trade payables and accrued liabilities	\$ 57,411	\$ 47,235
Salaries and benefits payable	16,458	11,724
Accrued vacation payable	11,340	10,637
	\$ 85,209	\$ 69,596

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 8. Employee future benefit

#### (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 provided are based on a formula. As at August 31, 2022, the College Pension Plan had about 16,600 active members, and approximately 10,100 retired members. As at December 31, 2022, the Municipal Pension Plan had about 240,000 active members, including approximately 7,000 from universities and 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 provided 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, 2021, indicated a \$202 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The University paid \$11.1 million for employer contributions to the plans in fiscal 2023 (2022 - \$10.7 million).

The next valuation for the College Pension Plan will be as at August 31, 2024. The next valuation for the Municipal Pension Plan will be December 31, 2024, with results available in 2025.

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) Accumulated sick leave and other retirement benefit arrangements liability

The University sponsors a benefit plan that provides post-employment benefits to certain employees. The benefits offered to employees include vested and non-vested sick leave. The plan does not require any contributions from employees. The accrued benefit obligation and the net periodic benefit cost were estimated for a 6 year period by an actuarial valuation completed on April 13, 2021.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 8. Employee future benefit (continued)

#### (b) Accumulated sick leave and other retirement benefit arrangements liability (continued)

The benefit liability includes the following components:

	In thousands	
	2023	2022
Accrued benefit obligation, beginning of year	\$ 3,903	\$ 4,705
Current service cost	333	325
Interest cost	42	47
Benefits paid	(509)	(1,174)
Accrued benefit obligation, end of year	3,769	3,903
Unamortized net actuarial loss	(1,013)	(1,097)
Accrued benefit liability, end of year	\$ 2,756	\$ 2,806

The benefit expense for employee future benefits includes the following components:

	In thousands	
	2023	2022
Current service cost	\$ 333	\$ 325
Interest cost	42	47
Amortization of net actuarial loss	84	84
Employee future benefit expense	\$ 459	\$ 456

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

Measurement date of accrued benefit obligation:	March 31, 2023
Beginning of period discount rate, April 1, 2022	1.06%
End of period discount rate, March 31, 2027	1.06%
Expected future salary increase	2.50%
Expected average remaining service lifetime (EARSL) of active employees	5 years

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 9. Deferred contributions

Deferred contributions are comprised of funds restricted for the following purposes:

	In thousands	
	2023	2022
Tangible capital assets	\$ 26,211	\$ 18,525
Sponsored research and specific purpose	10,487	10,125
Operating and other	6,108	7,462
TRUCT deferred lease proceeds	2,534	2,561
Endowment	1,260	2,322
	<b>\$ 46,600</b>	<b>\$ 40,995</b>

Changes in the deferred contribution balance are as follows:

	In thousands					
	2023					
	Tangible capital assets	Sponsored research & specific purpose	Operating & other	TRUCT deferred lease proceeds	Endowment	Total
Balance, beginning of year	\$ 18,525	\$ 10,125	\$ 7,462	\$ 2,561	\$ 2,322	\$ 40,995
Contributions & other revenue (loss) received during the year	24,575	11,974	241,243		(466)	277,326
Transfer to deferred capital contributions	(16,889)	-	-	-	-	(16,889)
Recognition to revenue	-	(11,612)	(242,597)	(27)	(596)	(254,832)
Balance, end of year	\$ 26,211	\$ 10,487	\$ 6,108	\$ 2,534	\$ 1,260	\$ 46,600

	In thousands					
	2022					
	Tangible capital assets	Sponsored research & specific purpose	Operating & other	TRUCT deferred lease proceeds	Endowment	Total
Balance, beginning of year	\$ 2,017	\$ 9,079	\$ 3,946	\$ 2,588	\$ 2,216	\$ 19,846
Contributions & other revenue received during the year	25,283	11,723	213,829	-	938	251,773
Transfer to deferred capital contributions	(8,775)	-	-	-	-	(8,775)
Recognition to revenue	-	(10,677)	(210,313)	(27)	(832)	(221,849)
Balance, end of year	\$ 18,525	\$ 10,125	\$ 7,462	\$ 2,561	\$ 2,322	\$ 40,995



# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 10. Debt

	In thousands	
	2023	2022
Ministry of Finance loan, unsecured, bears interest at 2.95%, repayable in semi annual payments of principal and interest, matures March 2044.	\$ 22,564	\$ 23,330
Ministry of Finance commercial paper, unsecured, bears interest at 4.41%, repayable at maturity on October 19, 2023	4,609	4,565
Bank of Montreal fixed rate term loan, bears interest at 3.71% until renewal on May 31, 2023, interest only payments until maturity on May 31, 2029.	6,000	6,000
Bank of Montreal fixed rate term loan, bears interest at 4.11%, interest only payments until maturity on December 31, 2023.	800	800
	<u>\$ 33,973</u>	<u>\$ 34,695</u>

Principal repayments for the next year are estimated at \$12.2 million.

### 11. Obligations under capital lease

The University has entered into a Land Lease agreement with Dacon Corporation Ltd. ("Dacon"). Under the terms of the Land Lease, the University has leased 0.5 of a hectare of land on its Kamloops Campus to Dacon from April 1, 2005 to August 31, 2047. The land lease required Dacon to construct a student residence with approximately 580 beds in accordance with plans approved by the University. Annual rent under the Land Lease is \$5 thousand for the term of the agreement. The University will pay Dacon a surrender fee at the end of the lease equal to Dacon's net investment in the assets constructed on the land.

A Project Financing Agreement between the University, Dacon and Desjardins Trust Inc. obligates the University to make payments of principal and interest on the indebtedness incurred on the construction of the residence if for any reason the payments are not made by the primary debtor, Dacon. The interest rate on the debt is 5.14% (2022 – 5.14%).

The University has also entered into a sublease with Dacon. Under the terms of the sublease, the University leases the student residence from Dacon from September 1, 2006 for the term of the land lease less one day. Rent under the sublease is (i) Dacon's debt service costs associated with the financing of the residence, and (ii) 60% of the free cash flow each year (net of a contribution to a capital reserve fund) from the residence as defined in the sublease.

The University has entered into a Management Agreement with Dacon and Campus Living Centres Inc. ("CLC"). Under the terms of the Management Agreement, the University retains CLC, for the term of the sublease, to manage the residence and to comply with the obligations of the University under the sublease.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 11. Obligations under capital lease (continued)

The above agreements are recognized in the financial statements of the University as assets acquired under a capital lease and a capital lease obligation. The minimum future lease payments are as follows:

	In thousands	
	2023	2022
Year ending March 31:		
2023	\$ -	\$ 2,441
2024	2,442	2,442
2025	2,441	2,441
2026	2,442	2,442
2027	2,441	2,441
2028	2,441	2,441
Thereafter	46,837	46,837
Total minimum lease payments	59,044	61,485
Less amounts representing interest	(25,123)	(26,867)
Present value of net minimum capital lease payments	\$ 33,921	\$ 34,618

Total interest under capital lease payments for the year was \$1.7 million (2022 - \$1.8 million).

### 12. Deferred capital contributions

Contributions for the purpose of acquiring tangible capital assets are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Province of British Columbia Treasury Board regulation 198/2011 provided direction on accounting treatment of restricted capital contributions.

Changes in the deferred capital contributions balance are as follows:

	In thousands	
	2023	2022
Balance, beginning of year	\$ 127,204	\$ 123,193
Additions during the year:		
Government grants	10,186	8,430
Donations and other	421	39
Changes in amounts deferred	6,282	306
	16,889	8,775
Less revenue recognized from deferred capital contributions	(5,110)	(4,764)
Balance, end of year	\$ 138,983	\$ 127,204

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 13. Asset retirement obligations

The University has asset retirement obligations related to certain buildings that contain asbestos. The obligations are expected to be settled at future dates ranging from 4 to 59 years after the reporting date. The estimated undiscounted expenditures to settle the obligations total \$2.5 million. These costs have been discounted to the present value using a rate of 3.55% (2022 - 3.13%).

Changes to the asset retirement obligation in the year are as follows:

	In thousands	
	2023	2022 As restated (note 3)
Balance, beginning of year	\$ 1,023	\$ 992
Remeasurement of asset retirement obligation	131	-
Abatement of asset retirement obligation	(29)	-
Accretion expense	32	31
Balance, end of year	\$ 1,157	\$ 1,023

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 14. Tangible capital assets

In thousands					
2023					
	Land and improvements	Buildings	Building and equipment under capital lease	Furniture, equipment and library acquisitions	Total
Cost, beginning of year	\$ 39,559	\$315,368	\$ 42,785	\$ 44,647	\$ 442,359
Additions	987	22,451	-	6,654	30,092
Disposals	-	-	-	(4,236)	(4,236)
Cost, end of year	40,546	337,819	42,785	47,065	468,215
Accumulated amortization, beginning of year	11,454	93,263	17,918	21,008	143,643
Amortization expense	609	7,371	1,111	4,835	13,926
Disposals	-	-	-	(4,236)	(4,236)
Accumulated amortization, end of year	12,063	100,634	19,029	21,607	153,333
Net book value	\$ 28,483	\$237,185	\$ 23,756	\$ 25,458	\$ 314,882

In thousands					
2022					
As restated (note 3)					
	Land and improvements	Buildings	Building and equipment under capital lease	Furniture, equipment and library acquisitions	Total
Cost, beginning of year	\$ 38,336	\$306,524	\$ 42,436	\$ 40,896	\$ 428,192
Additions	1,223	8,844	349	4,298	14,714
Disposals	-	-	-	(547)	(547)
Cost, end of year	39,559	315,368	42,785	44,647	442,359
Accumulated amortization, beginning of year	10,862	86,424	16,824	16,956	131,066
Amortization expense	592	6,839	1,094	4,599	13,124
Disposals	-	-	-	(547)	(547)
Accumulated amortization, end of year	11,454	93,263	17,918	21,008	143,643
Net book value	\$ 28,105	\$222,105	\$ 24,867	\$ 23,639	\$ 298,716

Assets under construction having a value of \$12.9 million (2022 - \$7.6 million) have not been amortized. Amortization of these assets will commence when the asset is put into service.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 15. Accumulated surplus

Accumulated capital and other surpluses consist of the following:

	In thousands	
	2023	2022 As restated (note 3)
Invested in tangible capital assets:		
Tangible capital assets	\$ 314,882	\$ 298,716
Debt used for tangible capital asset acquisition	(33,973)	(34,695)
Amounts financed by deferred capital contributions	(138,983)	(127,204)
Obligations under capital lease	(33,921)	(34,618)
	108,005	102,199
Internally restricted:		
Designated and specific purpose reserves	8,991	8,871
Faculty and department reserves	7,547	6,296
Capital reserves	48,911	43,371
Residence repair and replacement reserve	778	677
	66,227	59,215
Unrestricted	3,000	3,000
Total accumulated capital and other surpluses	\$ 177,232	\$ 164,414
Endowments	14,392	14,340
Accumulated rereasurement gains	2,136	4,190
Accumulated surplus	\$ 193,760	\$ 182,944

Invested in tangible capital assets represent assets purchased with unrestricted and internally restricted surpluses.

Designated and specific purpose reserves are set aside for future operations and projects for which specific funding has been received or allocated.

Faculty and department reserves are the unspent operating funds which faculties and departments are permitted to carry forward at the end of each year. These also include professional development and other operating funds.

Capital reserves are amounts restricted for purchases of land, buildings and equipment.

Residence repair and replacement reserve is an amount set aside for repairs to the building and repairs or replacement of furniture, fixtures and equipment.

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 16. Endowments

Endowment principal is to be maintained in perpetuity. The investment income generated from endowments is restricted and can be spent only in accordance with the various purposes established by the donors or the University's Board of Governors.

Proceeds received from the TRUCT are to be deferred and recognized over a 99 year period. As such, only the portion of the proceeds recognized in the year will be added to the endowment balance.

Changes to the endowment balances are as follows:

	In thousands	
	2023	2022
Endowment investment balance, beginning of year	\$ 14,277	\$ 14,265
Contributions received during the year	25	-
	14,302	14,265
TRUCT lease proceeds deferred, beginning of year	1,173	1,185
TRUCT lease proceeds deferred, end of year	(1,160)	(1,173)
Endowment investment balance, year end	14,315	14,277
Cumulative non-cash recognition of TRUCT lease proceeds	77	63
Endowment equity balance, end of year	\$ 14,392	\$ 14,340

The market value of the endowment investments is \$16.7 million which includes cash of \$0.8 million.

Change in portion available for distribution is as follows:

	In thousands	
	2023	2022
Portion available for distribution, beginning of year	\$ 2,322	\$ 2,216
Restricted investment income	(466)	938
Recovery of loss of principal	25	-
Distribution during the year	(621)	(832)
Portion available for distribution, end of year	\$ 1,260	\$ 2,322

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

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### 17. Financial risk management

The Board of Governors, through management, ensures that the University has processes in place to identify and monitor major risks.

(a) Interest rate risk

The University is exposed to the interest rate risk in respect of its portfolio investments, which earn interest income at various rates, and its debt which bears interest at rates as disclosed in Note 10.

(b) Credit risk

Unless otherwise disclosed in these financial statements, the University is not subject to significant credit risk associated with its financial instruments. The maximum credit risk for the University's financial assets is the carrying value of the asset.

(c) Market risk

Market risk is the risk that changes in market prices, as a result of changes in interest rates and equity prices will affect the University's income and the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while maximizing the return. The composition of the University's investments includes fixed income, equities, and other investments. The composition varies based on the University's needs and investment objectives as outlined in the University's investment policy.

(d) 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 stress conditions, without incurring unacceptable losses or risking damage to the University's reputation.

### 18. Contractual obligations and contingent liabilities

(a) The University is committed to payments under various contracts and leases with various expiry dates through 2028 as detailed below:

Year	In thousands		
	Equipment and operating leases	Janitorial and other service contracts	Total
2024	\$ 1,200	\$ 4,414	\$ 5,614
2025	814	2,683	3,497
2026	615	1,035	1,650
2027	404	-	404
2028	80	-	80

# THOMPSON RIVERS UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended March 31, 2023

### 18. Contractual obligations and contingent liabilities (continued)

- (b) The University has agreed to contribute one third of the net operating loss of the City of Kamloops Aquatic Centre to a maximum of \$150 thousand annually. The University's proportionate contribution of the 2023 Aquatic Centre operating loss amounted to \$150 thousand (2022 - \$150 thousand).
- (c) From time to time, the University is involved in litigation or proceedings relating to claims arising out of its operations in the ordinary course of business. It is expected that the ultimate outcome of these claims will not have a material effect on the financial position of the University. The majority of these claims are covered by the University's insurance coverage. Any University obligations that may result from these claims will be recorded in the period when it becomes likely and determinable.

### 19. Expenses by object

The following is a summary of expenses by object:

	In thousands		
	Budget	2023	2022 As restated (note 3)
Accretion of asset retirement obligations	\$ -	\$ 32	\$ 31
Advertising, donations and public relations	4,625	4,834	4,279
Amortization of tangible capital assets	14,268	13,926	13,124
Bank charges, interest and bad debt	1,923	1,822	1,590
Building, equipment, operations and maintenance	12,437	11,976	9,162
Bursaries, awards and scholarships	6,390	6,493	5,403
Computer supplies and licenses	4,732	4,408	3,975
Cost of materials sold	4,695	5,405	3,571
Interest on capital lease obligation	1,744	1,742	1,776
Interest on debt	2,152	1,036	969
Leases and rentals	3,298	2,889	3,195
Professional fees and contracted services	18,620	22,333	21,444
Salaries and benefits	166,775	158,700	145,370
Supplies, postage and freight	6,415	5,895	5,004
Travel	4,296	5,046	1,926
	<b>\$ 252,370</b>	<b>\$ 246,537</b>	<b>\$ 220,819</b>

### 20. Related organizations

The University is associated with the following organizations, which have not been consolidated into the University's financial statements.

#### (a) The TRU Foundation

The TRU Foundation (the "Foundation") has been established for the benefit of the University and its students. During the fiscal period ending March 31, 2023, the Foundation fundraised and donated to the University \$0.4 million for capital projects (2022 - \$0.3 million), and \$3.8 million for bursaries, scholarships, and other projects (2022 - \$3.1 million).



# THOMPSON RIVERS UNIVERSITY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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## 20. Related organizations (continued)

### (b) Other provincial government operations

The University is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities are considered to be in the normal course of operations and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.