Mount Allison University

# Annual Financial Report

2021 - 2022

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## Message from the Vice-President, Finance and Administration

In 2021-2022 students, faculty, and staff demonstrated resilience in the face of ongoing health and safety precautions and operational adjustments as the COVID 19 epidemic continued to occupy much of the University's focus.

During this year the campus community increased the number of in person experiences. In Fall 2021, the majority of courses were offered on campus and there were many more extra-curricular activities; such as those involving athletics and performing arts. Health precautions on campus supporting this approach included a vaccine mandate and mask use indoors. Selected online course offerings continued to provide options for those who could not travel or chose to study from home.

Despite the operational impacts of COVID-19, the University continued to pursue a forward-looking and innovative agenda in numerous areas. This past year alone saw the introduction of numerous new majors, minors, and interdisciplinary degrees. An updated Strategic Academic Plan has also been prepared and will guide further academic innovation moving forward.

The University is also currently in the midst of a significant period of campus infrastructure renewal encompassing projects totaling $100 million, such as renovations to Harper Hall and Charlotte House residences, and upcoming projects like the R. P. Bell Library renovation.

The attached Annual Financial Report includes our annual audited financial statements, along with information that demonstrates how our financial resources are deployed to support the University's mission.

This and other financial reports related to the University's budget, investment holdings, salary costs and other matters are regularly posted to our website, and may be found at https://mta.ca/about/leadership-and-governance/reports-and-accountability.

Robert Inglis, CPA, CA
Vice-President, Finance and Administration

## A Year in Review

Through the effort of everyone at Mount Allison the University completed the academic year safely with a focus on our students. The year ended with a return to in person Convocations – including events for the classes of 2020 and 2021.

The University was able to mitigate the financial impact of the pandemic from the previous years on core operations through the use of reserves created for such situations. 2021-22 also included a number of major highlights for the University: Enrolment during the pandemic was positive, increasing by 3.8% overall in 2021-22 after an increase in the previous years. Enrolment is also planned to increase for 2022-23. Application numbers for 2022-23 are up approximately 9% over this time last year.

MOUNT ALLISON

183 Years since founded

25,000 alumni

$218M endowment

$0.1M endowment per FTE student

2,300 students

$8.3M in financial aid and student compensation

700 student employees

34 exchange programs in 21 countries

Students from nearly 60 countries

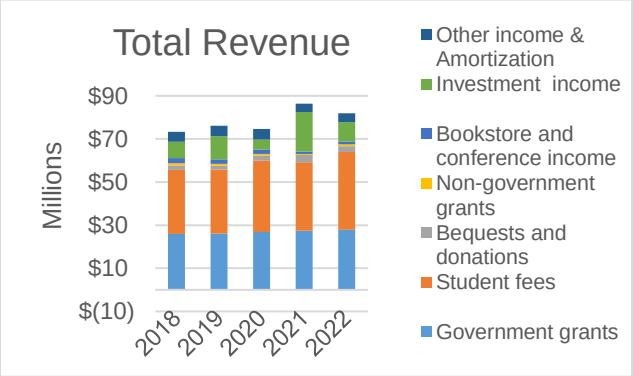
This report presents an overview of the consolidated operations of all funds of the University on a traditional accrual accounting basis. The operating fund budget and monitoring of results is presented on a modified cash basis and to assist in understanding both reports.

The University's budget document is posted on our website, and can be found at https://mta.ca/about/leadership-and-governance/reports-and-accountability.

# Financial Highlights – All Funds

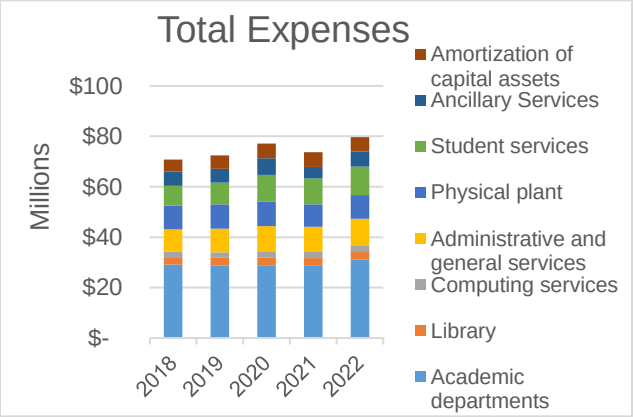
TOTAL REVENUE

- Revenue decreased 5% or $4.5M from $86.4M to $81.9M.
- Student fees income increased by 13% or $4.2M driven by an increase in tuition fees and number of students.
- Investment and trust income decreased by 52% or $9.6M driven by market adjustment after a large rebound in 2021.



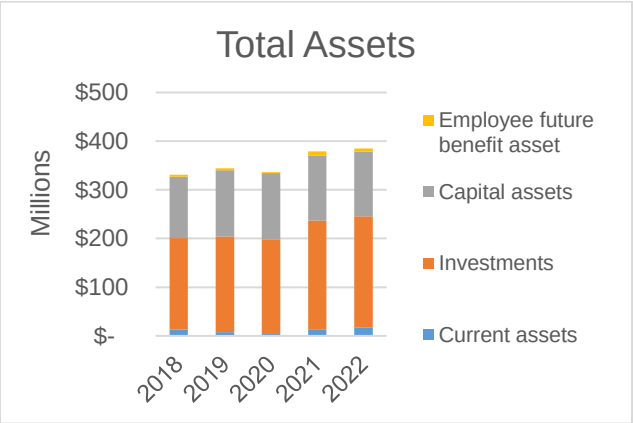

TOTAL EXPENSES

- Expenses increased by 8% or $6.0M from $73.8M to $79.7M.
- Ancillary services increased by 28% or $1.3M driven by an increase in students on campus due to the easing of restrictions relating to the pandemic.
- Student services increased by 10% or $1.0M driven by an increase in student activities due to the ease of restrictions.
- Academic departments increased by 8% or $2.4M driven by increase in salaries and benefits and research expenses.




TOTAL ASSETS

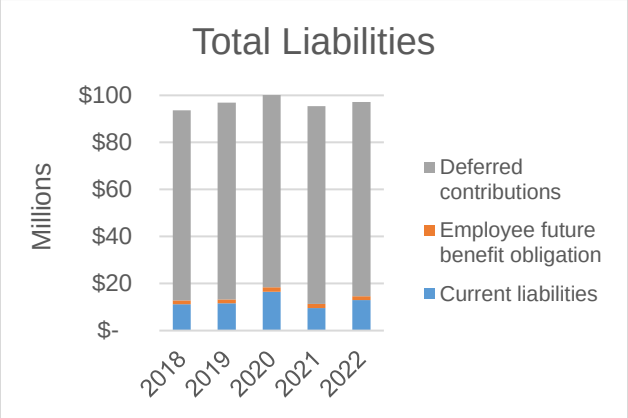
- Assets increased by 1% or $5.6M from $379.2M to $384.8M.
- Current assets increased by 28% or $3.7M due to an increase in cash and cash equivalents which fluctuates annually depending on the timing of deposits and withdrawals.
- Investments increased by 2% or $4.9M.



# Financial Highlights – All Funds

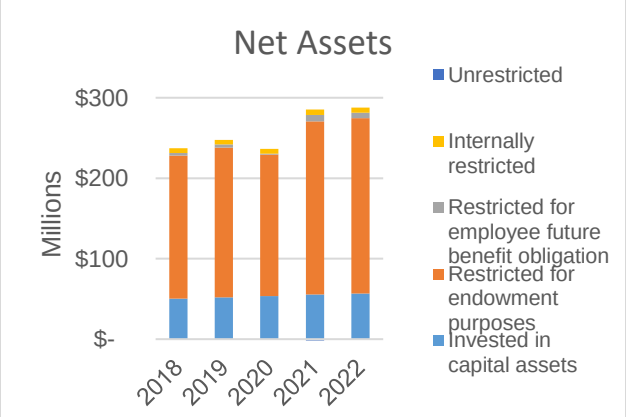
## TOTAL LIABILITIES

- Liabilities increased by 2% or $1.9M from $95.4M to $97.2M.
- Current liabilities increased by 35% or $3.4M due to an increase in deferred income and accounts payable and accrued liabilities.
- Deferred contributions decreased by 2% or $1.5M mainly due to a decrease in contributions related to capital assets.



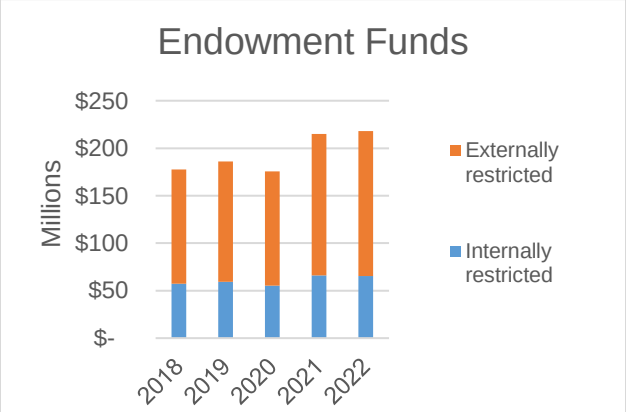

## NET ASSETS

- Net assets increased by 1% or $3.8M from $283.8M to $287.6M.
- Assets restricted for endowment purposes increased by 1% or $3.0M driven by investment returns.

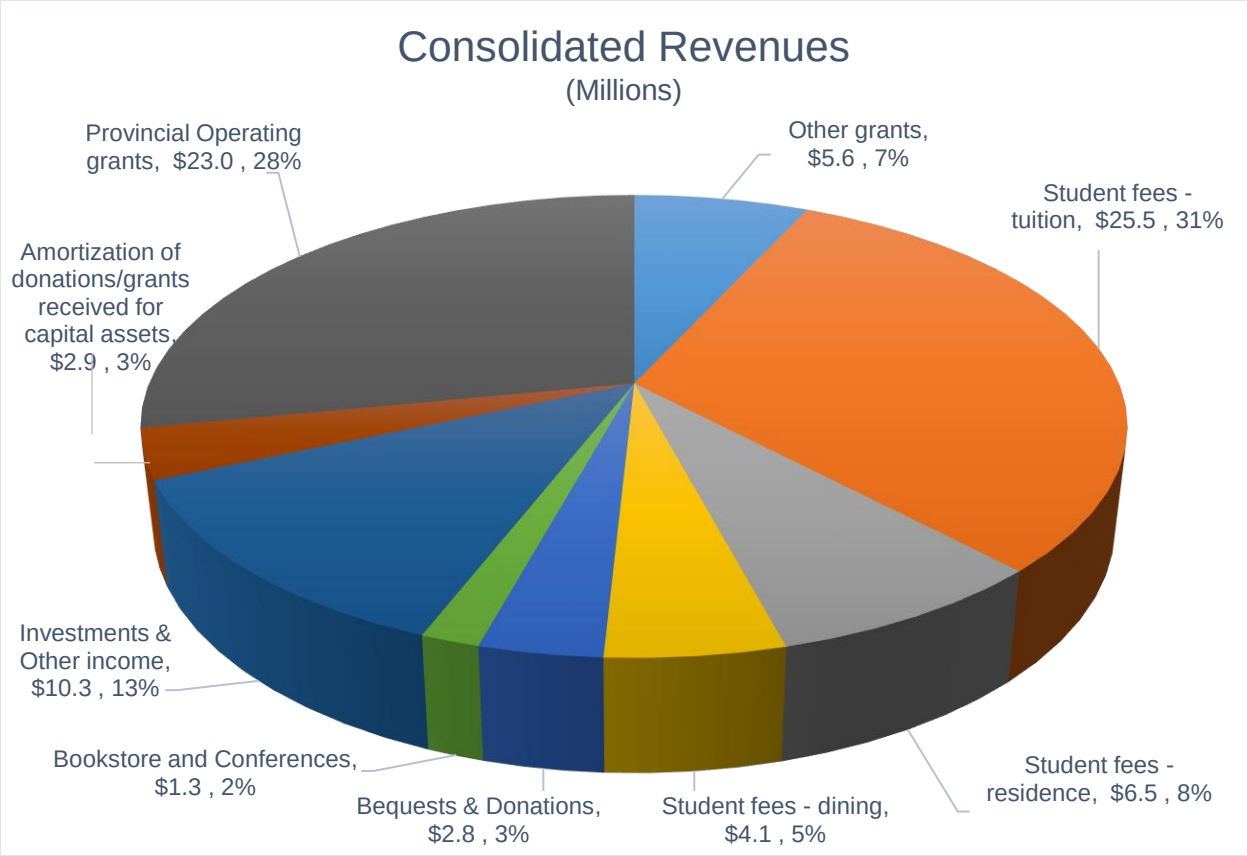



## ENDOWMENT FUNDS

- Total endowment funds increased by 1% or $3.0M from $215.1M to $218.0M.
- Externally restricted endowment funds increased by 2% or $3.5M driven by donations.



## Consolidated Revenues




As displayed in the above graph, approximately 72% of consolidated revenue was driven from three main sources: student tuition fees, provincial operating grants, and investments and other income. The remaining 28% of revenue was derived from student residence fees, other grants, student dining services, amortization of donations and grants received for capital assets, bequests and donations, and bookstore and conferences.

Revenue from students and government grants are the predominant sources of revenue, which continue to be under pressure due to a decline in the number of potential students from traditional markets, competition from other universities with respect to student recruitment, and the financial health of the Province of New Brunswick, which impacts the province's ability to provide support to New Brunswick's public, post-secondary institutions. The University has a multi-prone approach to increase enrolment, including academic program development, expanded experiential learning opportunities and increased financial aid. These enrolment initiatives are also in response to labour market needs of N.B.

Overall, consolidated revenues decreased by 5% or $4.5M from the prior year. The main driver of the decrease is due to decreased investment and trust income driven by market adjustment, offset by an increase in student fees relating to an increase in both tuition fees and students.

## Consolidated Revenues

### Student Fees

Student fees include tuition and other fees as well as residence and dining services. In fiscal 2022 these fees overall were $36.0M, an increase of 13% or $4.2M from the prior year. The increase was mainly driven from higher tuition fees and an increase in the number of students enrolled.

### Operating Grants Revenue

The Provincial operating grant increased 2% or $0.4M as per as the MOU with the government of New Brunswick.

### Research Grants and Contracts

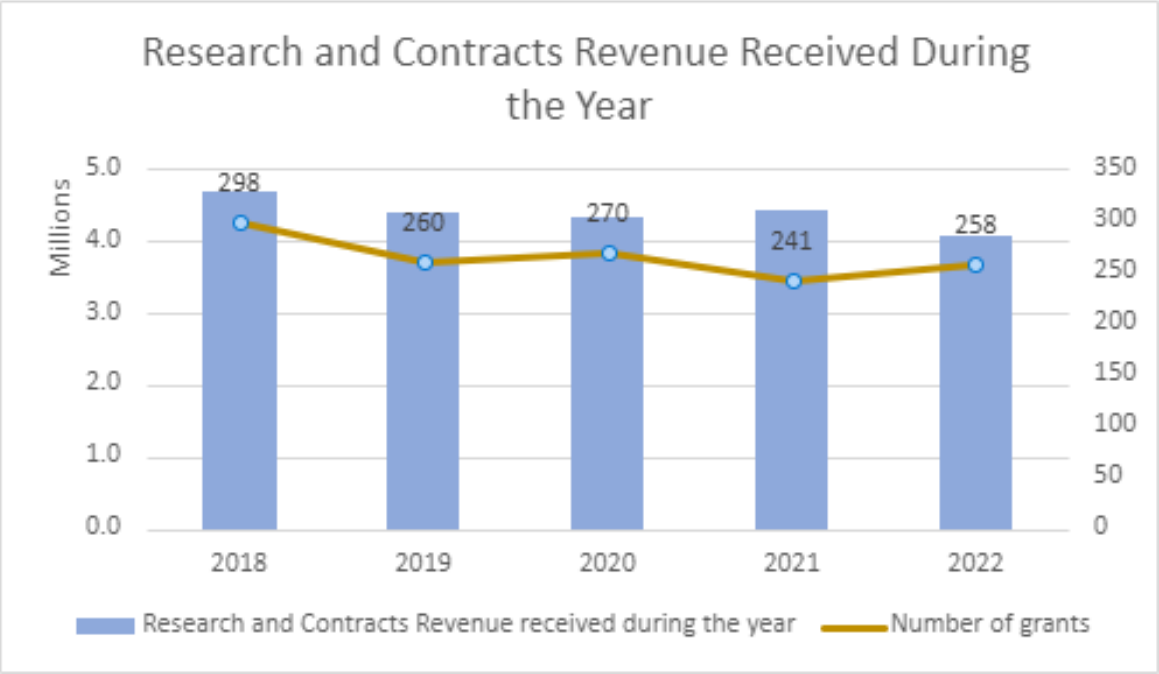
Research revenue is recognized as income in the year related expenditures occur. Unspent research funds and funds spent on capital equipment and infrastructure are reflected as deferred contributions. Research revenue recognized in fiscal 2022 increased from prior year with research activities returning to normal with the ease of restrictions relating to the pandemic.

The University receives research grant and contract funding from a variety of sources and for many different projects. Over the past three years such grants received have averaged $4.3M per year. This funding also provides students with opportunities to work with faculty on various research projects.

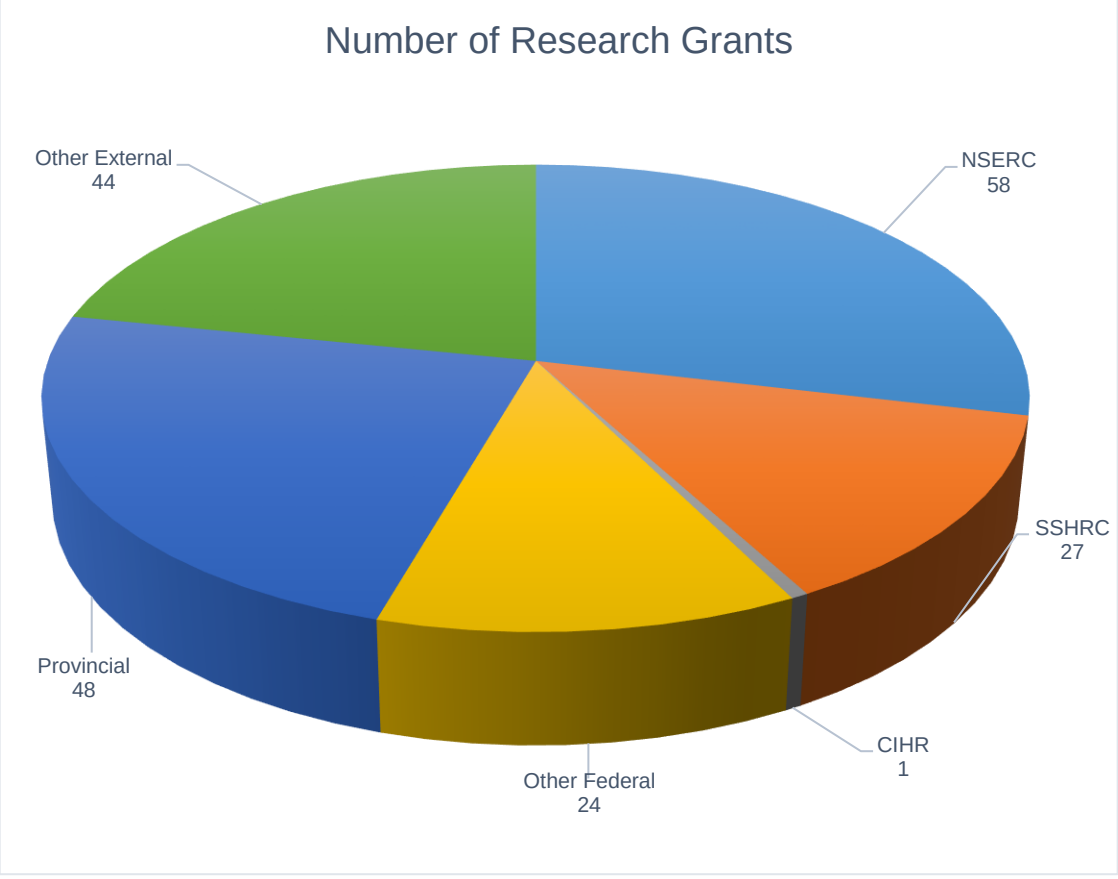
RESEARCH GRANTS

- Over 200 research grants
- NSERC provides largest source of funding by dollars for science-related research
- The University provides over $500,000 to support faculty members and instructors with professional development grants
- Research funding supported over $800,000 in student fellowships

## Consolidated Revenues



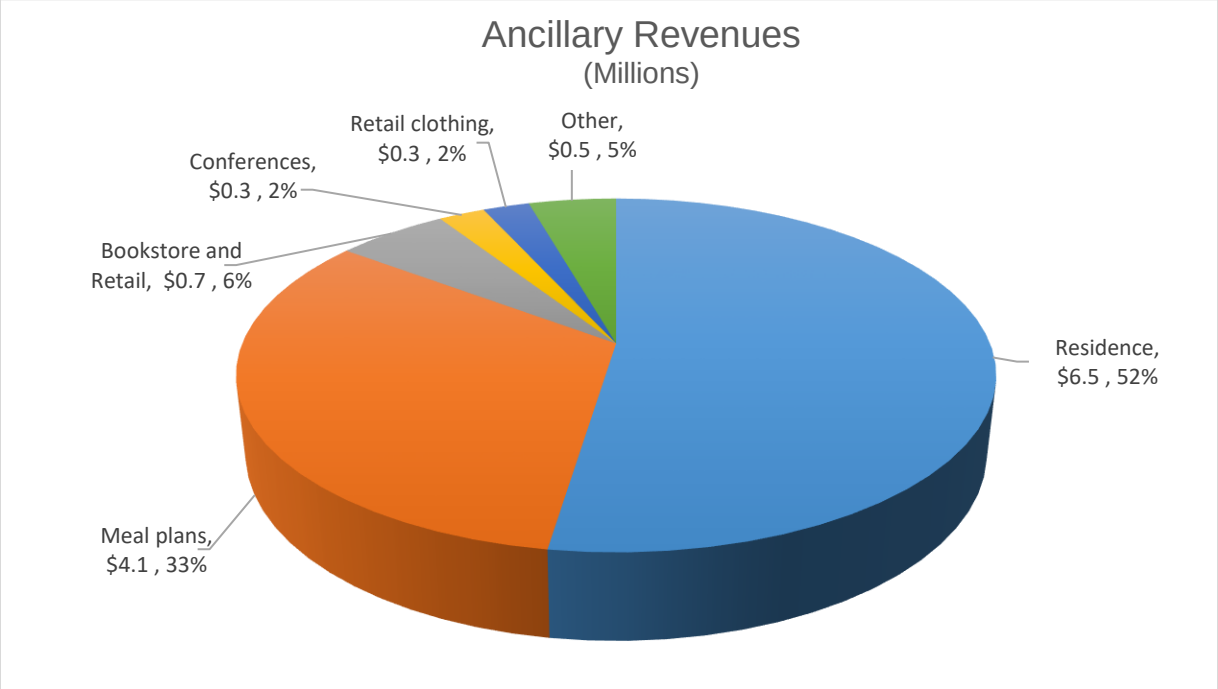

The following table illustrates the number of research grants in fiscal 2022 based on source:

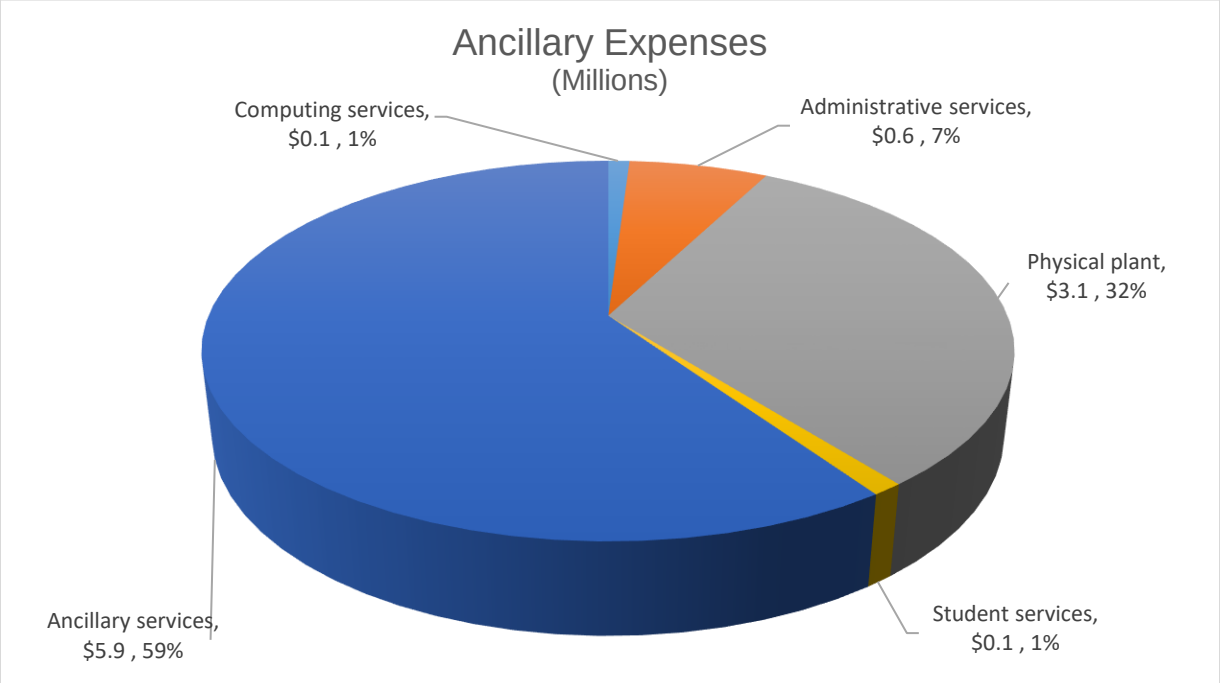


# Consolidated Revenues

## Ancillary Operations

Ancillary operations provide essential student support including the residence, dining, conference and bookstore services. The operations are responsible for providing efficient and affordable services while covering all related operating and capital expenditures.



## Consolidated Revenues

The residence operation is responsible for maintaining 350,000 square feet encompassing eight large residences, four smaller residences and a dining operation. An increase in-person classes in 2022 resulted in more students in residence than expected. As a result, the residence operation generated a profit and made additional payments towards its internal loans.

The bookstore and retail operations had a loss of $27,000 (2021 - $48,000) due primarily to less on campus sales due to less students on campus. Textbook and fine arts supply prices are set to ensure the bookstore covers its costs but does not generate any profits and these prices were not raised to account for the reduction in sales. The related retail operation provides Mount Allison branded clothing and other merchandise to the University community and the general public.

**Investment Income**

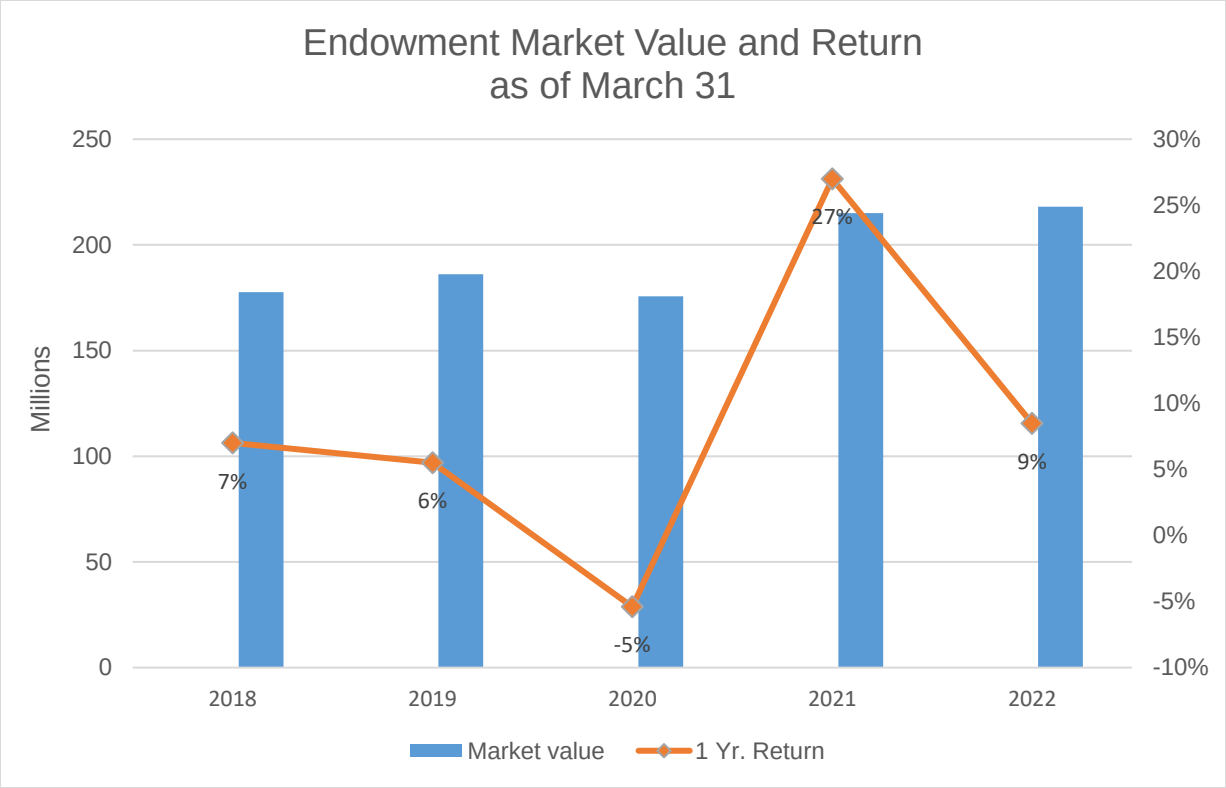
Investment income and donations are the third largest revenue source for the University, representing 11% (2021 – 21%) of total revenues. In fiscal 2022, investment income decreased by 52% or $9.6M from $18.5M to $8.9M.

Overall, revenue from investment income (which includes both realized and unrealized gains) is driven by the market and can fluctuate from year to year based on market returns. For fiscal 2022, the market flattened back to pre-pandemic levels after significantly rebounding in fiscal 2021 following a large drop in fiscal 2020. As a result, investment returns are lower than prior year, however are on par with pre-pandemic returns.

The University's Endowment Fund experienced a 9% (2021 – 27%) return and had a top quartile 1-year return compared to other Canadian university endowments reporting for the 2021 calendar year.

The chart below illustrates the market value of the funds in nominal dollars as well as the one year returns as of March 31 for each of the last five years which tend to be much more volatile than the average rate over ten years.

## Consolidated Revenues




New endowment donations received were $4.1M (2021 - $8.8M) and directly increased the endowment funds. These donations support current and future generations of students and faculty.

Consistent with almost all North American universities, Mount Allison invests endowed funds in a variety of asset classes to provide a long-term rate of return that will provide students and faculty of the future with the same benefits that current students and faculty receive. The endowed funds are diversified and invested in domestic and foreign securities, bonds and fixed income securities as well as certain strategic investments.

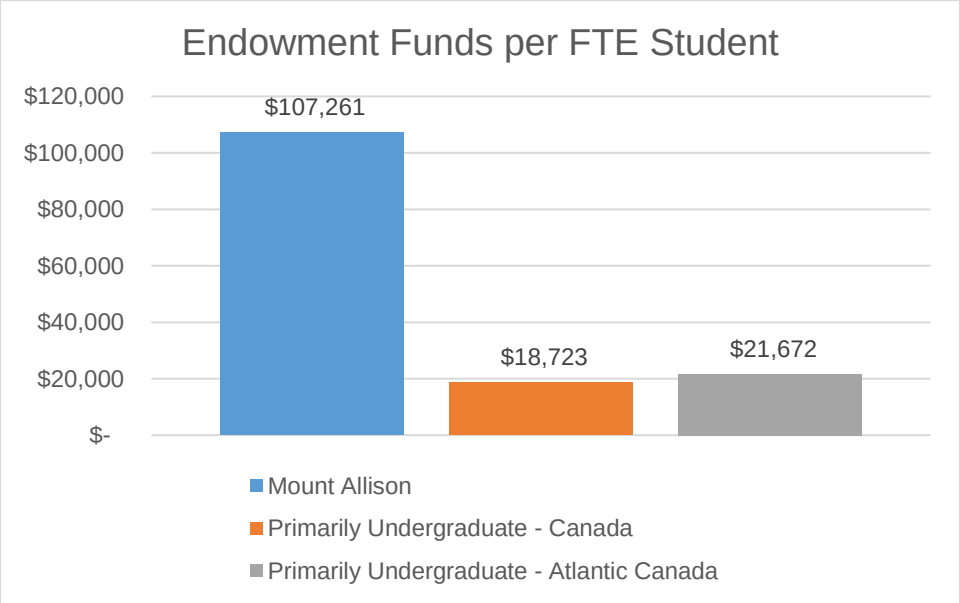
To preserve the capital in the endowment fund, the annual spending allocation is limited to the lessor of a) five per cent of the market value of endowment investments at the end of the prior year or b) five per cent of the average market value over the previous sixteen quarters. This amount, net of administration charges, investment management fees and custodial expenses, is allocated on a pro-rata basis to cover the spending of each endowment fund.

The spending allocation support from endowed funds has increased every year and has allowed the University to spend more on its academic mission, including financial aid. This spending allocation percentage and the target asset allocations have recently been reviewed by external consultants, showing an increased risk to

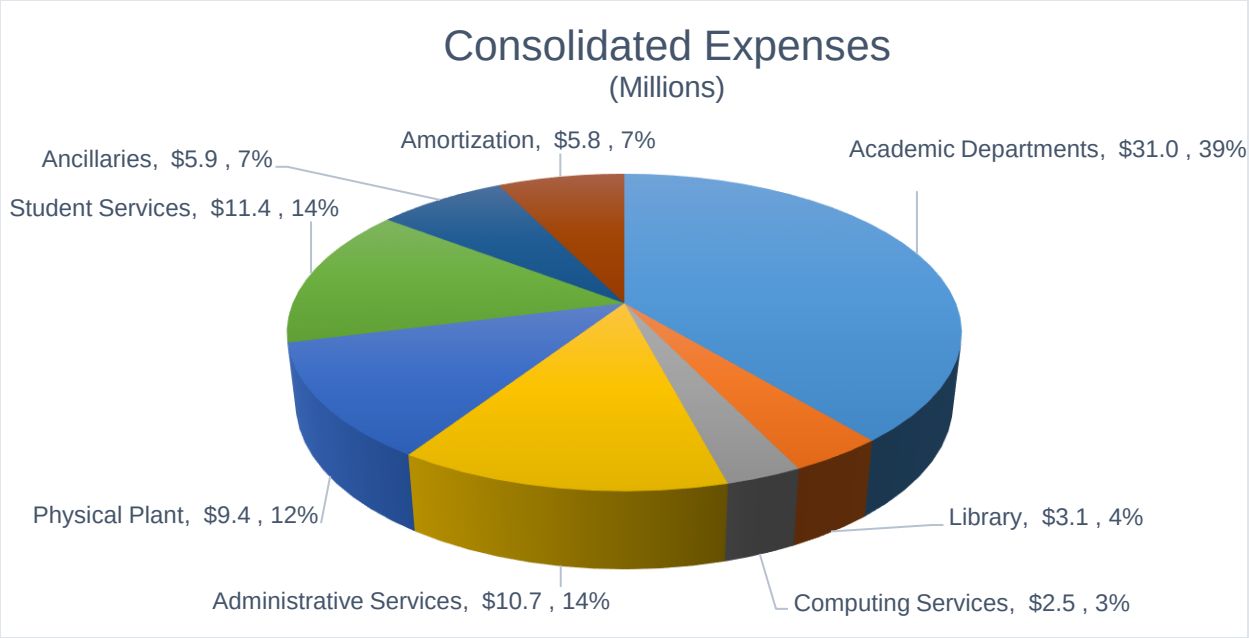
maintaining the current 5% spending allocation. Some changes will be made to the target asset allocations to mitigate this risk.

Mount Allison has the largest endowment per student of non-federated Canadian universities and the second largest endowment per student of all Canadian universities after Victoria University federated with the University of Toronto, reaching over $100,000 per student as of December 31, 2021. Mount Allison has significantly larger endowments than the average Canadian and Atlantic Canadian primarily undergraduate university.

This large endowment provides support for student financial aid and faculty activities that otherwise would not be possible.



## Consolidated Expenses




Consolidated expenses are reported in the consolidated statement of operations by function as shown in the chart above. Overall, total expenditures were $79.7M (2021 - $73.8M) an increase of 8% or $6.0M from prior year.

Academic departments represent the largest expenditure of $31.0M (2021 - $28.7M). These costs represent 39% (2021 – 39%) of total expenditures in the year.

The functions mainly contributing to the increase of expenditures were academic departments of $2.4M, ancillaries of $1.3M, and student services of $1.0M. The increase in expenses is a result of driven by an increase in activities and more students on campus as the University works on returning to normal level of activity.

Salaries and benefits are by far the largest type of expense. Utilities, dining plan costs, financial aid, facilities maintenance and improvements and information technology costs also represent significant expenses.

**Salaries**

Salaries and benefits made up 59% (2021 – 60%) of the total expenditures or $46.8M (2021 – $44.3M), slightly up from the previous year. Salaries and benefits for Mount Allison, like other universities, represents the University’s largest expenditure.

## Consolidated Expenses

**Employee future benefit obligations**

Mount Allison University provides post-retirement benefits for its employees in various forms. The University has both a defined benefit pension plan and a defined contribution plan. The defined benefit plan is fully funded on a going concern basis and has received an exemption from making special payments for its solvency deficit. In addition, a retirement program provides a lump sum benefit to qualifying individuals at their date of termination or retirement. As compared to other universities, Mount Allison is exposed to few post retirement liability risks and has fully funded non-pension liabilities.

## Capital Projects and Financing

In 2021, the design work on the renovation of Harper Hall was underway. The building will receive a major overhaul and renovations will focus on upgrades to both the interior and exterior infrastructure, which will benefit students for years to come. The renovations are scheduled to begin in late 2022 and completed in 2024.

Work on an energy measures project continued which will provide long term savings in energy costs.

Another major capital project on the horizon is the revitalization of the R. P. Bell Library, which represents an opportunity to update both library and archive spaces and resources. A renewed space will respond to the changing nature of libraries in the digital age, and their renewed role as a catalyst for research, learning, creativity, and community engagement.

The Libraries 2025 Vision Committee has completed its initial planning, and the concept design phase is almost complete. Conversations with funding partners has begun.

In order to sustain its facilities, a university must spend at least two per cent of facility replacement value each year on renewal and adaptive maintenance, even if there was no deferred maintenance. The amount necessary depends on the complexity of its facilities and other factors. Over the past 10 years, the University has spent over $100M on its Academic and Ancillary facilities. These funds have come from donations, government grants and operations.

For the portion of capital funding that comes from operations, the University integrates annual operating budgets with long-term capital and equipment budgets. It has used its own cash flows to fund major construction projects. As of April 30, 2022 the University had no external debt, other than an operating line of credit. The internal loan payments budgeted for 2022 were made as planned.

## Carbon Footprint and Sustainability Activities

Climate change is widely acknowledged to be one of the world's most pressing problems and Mount Allison is committed to pursuing reductions in its use of fossil fuels in its operations.

The University is committed to adhering to the principles of responsible investment in its investment policies and practices. Responsible investment is an approach to investing that aims to incorporate environmental, social, and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

The University is a member of a consortium of Canadian universities to form UNIE (University Network for Investor Engagement), a group that has engaged SHARE (Shareholder Association for Research & Engagement) to act on its behalf to engage with companies concerning Environmental, Social and Governance actions. The University has plans to update its approach to its carbon footprint to be in line with sector wide toolkit.

Other activities include initiatives in the areas of academic programming, extra-curricular activities and research, policies on environmental matters and responsible investing, and reporting of such.

More information on the sustainability activities can be found at https://mta.ca/about/leadership-and-governance/reports-and-accountability.

## Student Experience

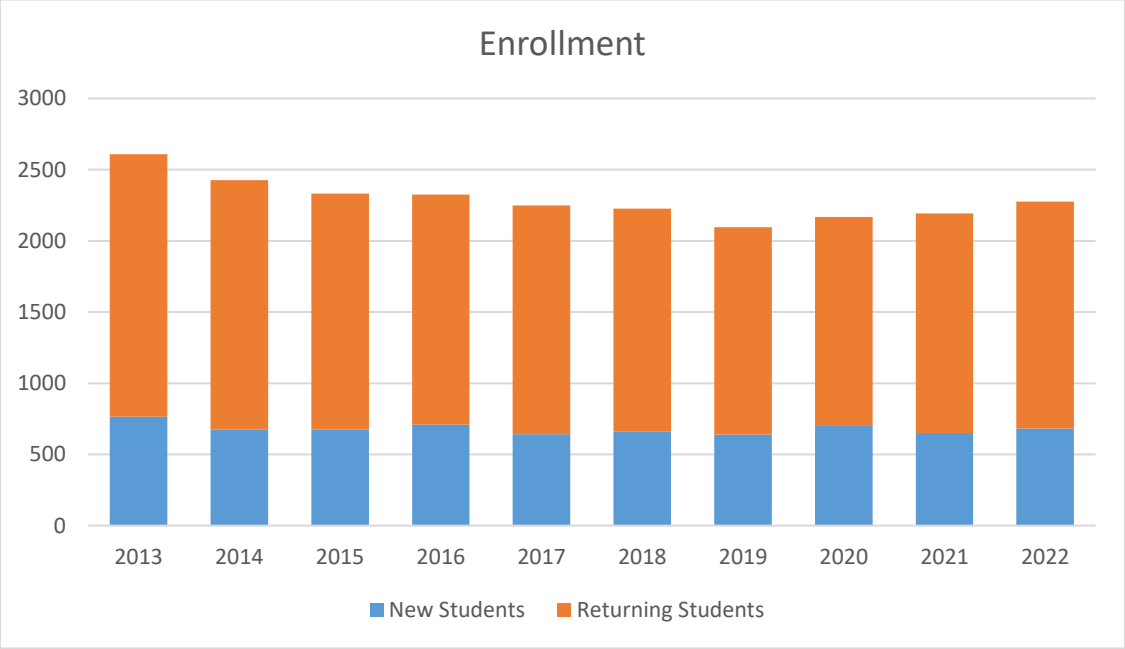
Mount Allison has been ranked the top undergraduate university in Canada by *Maclean's* magazine more times than any other university. It was named the second ranked undergraduate university in Canada in 2022.

The University also ranked:

- first in scholarships and bursaries and library expenses
- second for student awards, course instructors, extracurricular activities, and operating budget
- third for student to faculty ratio (15:1)
- fourth for experiential learning and residence living

**Academic Experience**

In 2022, 2,275 students enrolled at Mount Allision, the highest level of enrollment since 2018.

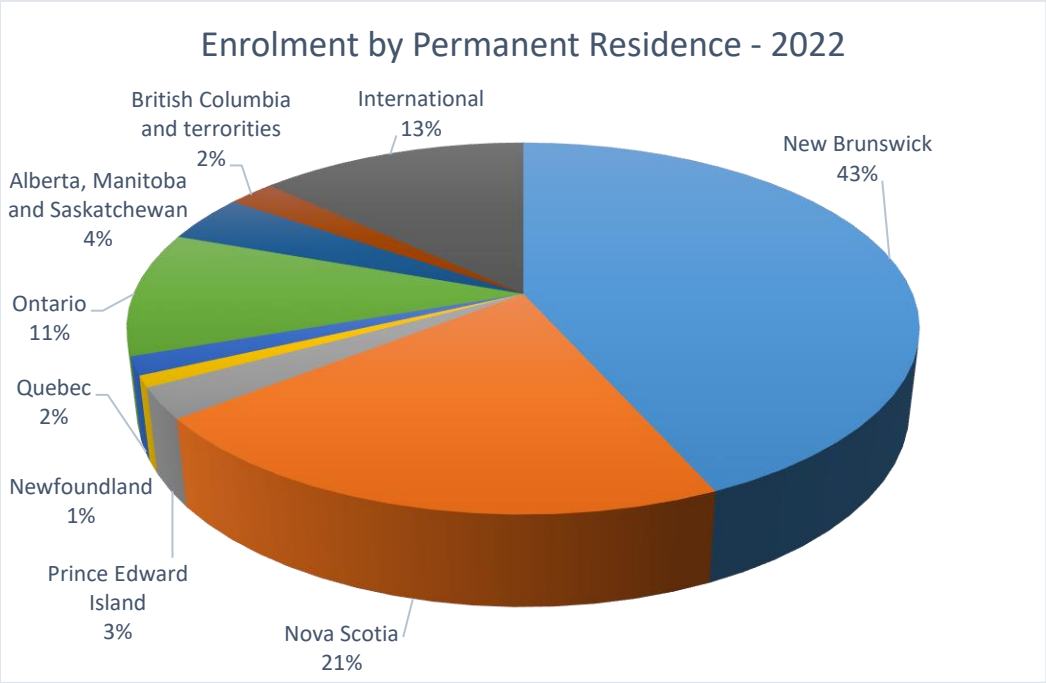


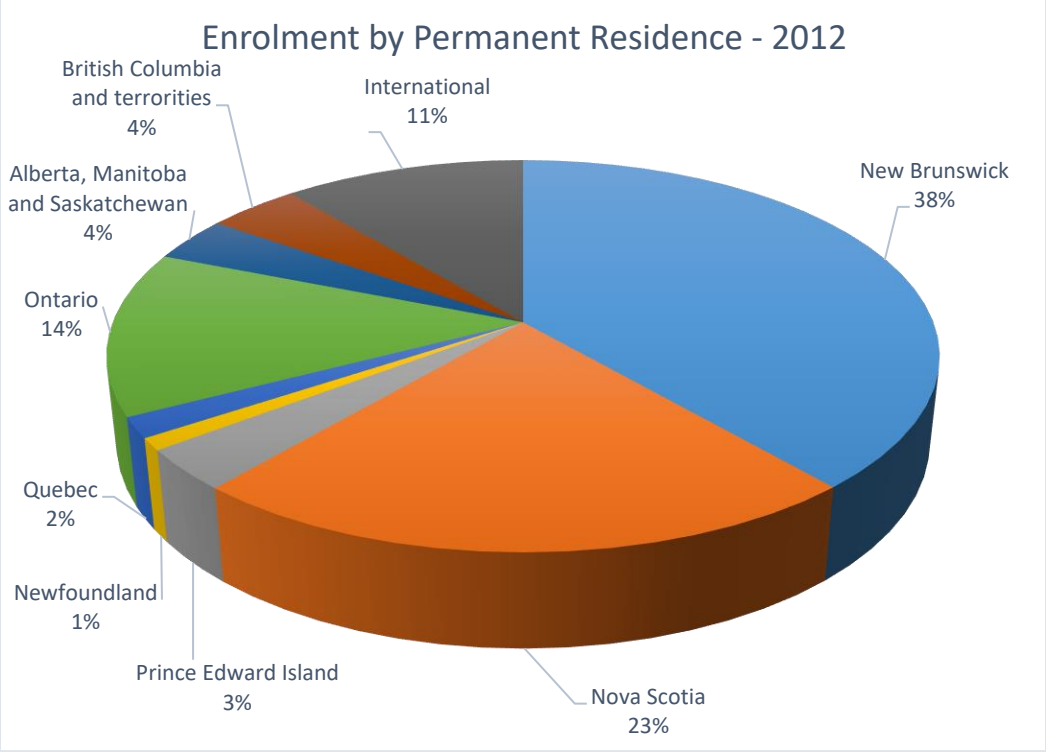

Mount Allison recruits students from across Canada and the world. This contributes to the economy of New Brunswick by bringing in funds from outside the province to be spent in New Brunswick and also provides New Brunswick students the opportunity to interact with individuals from every region of Canada and from 57 other countries.

Over this period, the percentage of international students has increased from 11% to 13%. This increase is partly due to new enrolment initiatives undertaken to

attract international students attending NS and NB high schools. This geographic mix helps enliven the Mount Allison student experience.

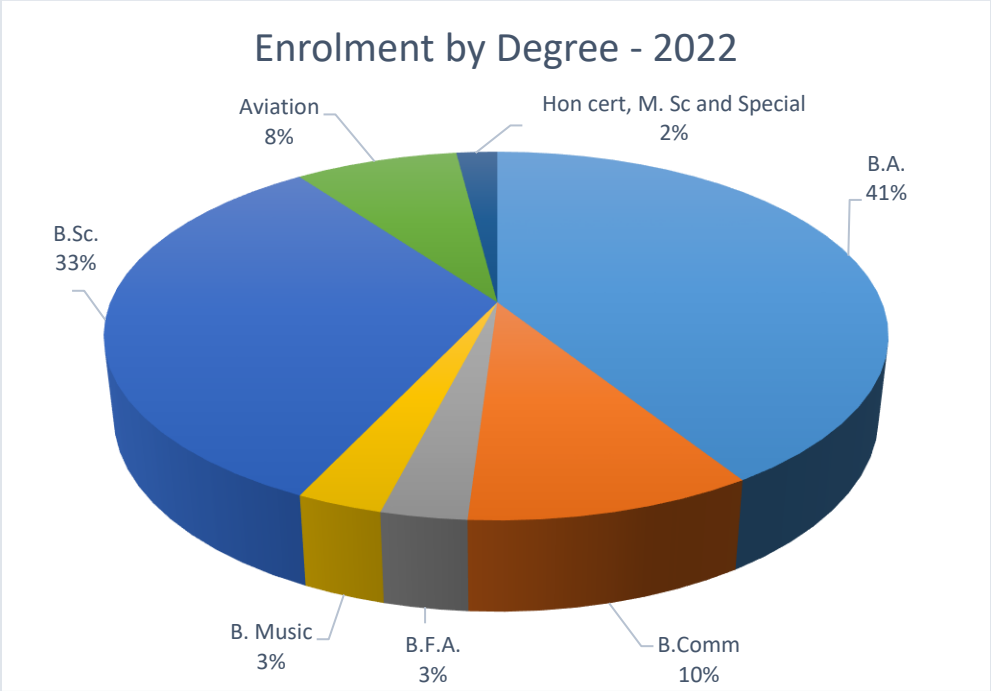
Below are several charts illustrating the breakdown of student residence by demographic and comparing to the past 10 years prior.



## Student Experience

The university offers more than 50 different programs to choose from which creates the opportunity to uniquely customize degrees.




The University can provide a high-quality educational experience due to the low student faculty ratio of 15 to 1 and the high proportion of full-time faculty. In the 2022 *Maclean's* magazine annual university rankings, Mount Allison was ranked third for student to faculty ratio. Nine Mount Allison professors have been named 3M National Teaching Fellows – Canada's top teaching honour. Four Mount Allison professors are Canada Research Chairs – the highest research honour in the country.

In addition to providing a low student faculty ratio, financial resources are allocated to promote a unique and high-quality academic experience.

Other ways the University provides a unique and high-quality academic experience are as follows:

- Academic and experiential learning opportunities through summer research and other fellowships, courses delivered in foreign countries, exchange programs with other universities and domestic and international field trips.
- Experiential internships - 165 students with internships, including 76 full-time summer internships; 72 partnerships with external organizations; 49 internships on campus

## Student Experience

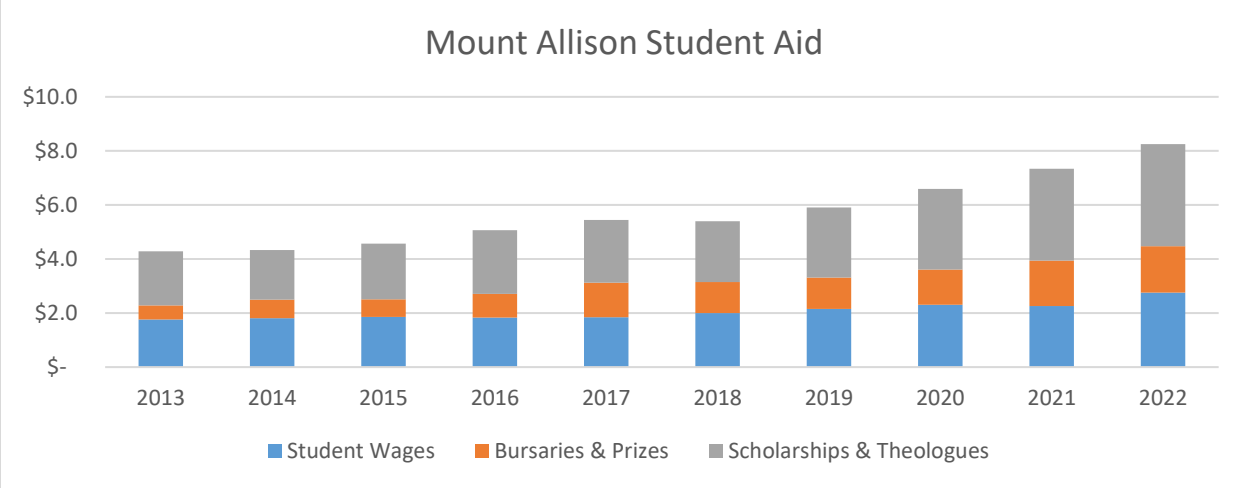
- Funds approximately 50 summer independent student research grants each year.
- Many departments employ students as lab assistants and tutors.
- Approximately 28% of graduates completed honours' programs mentored by faculty members.

### Financial Aid

Recruiting and retaining qualified students requires significant financial aid and student employment resources. Financial Aid and student compensation per student has been steadily increasing over the years. Financial aid spending represents the largest budget item in the endowment fund budget. The University spent over $8.3M (2021 - $7.3M) in financial aid and student compensation, an increase of $1M from the prior year.

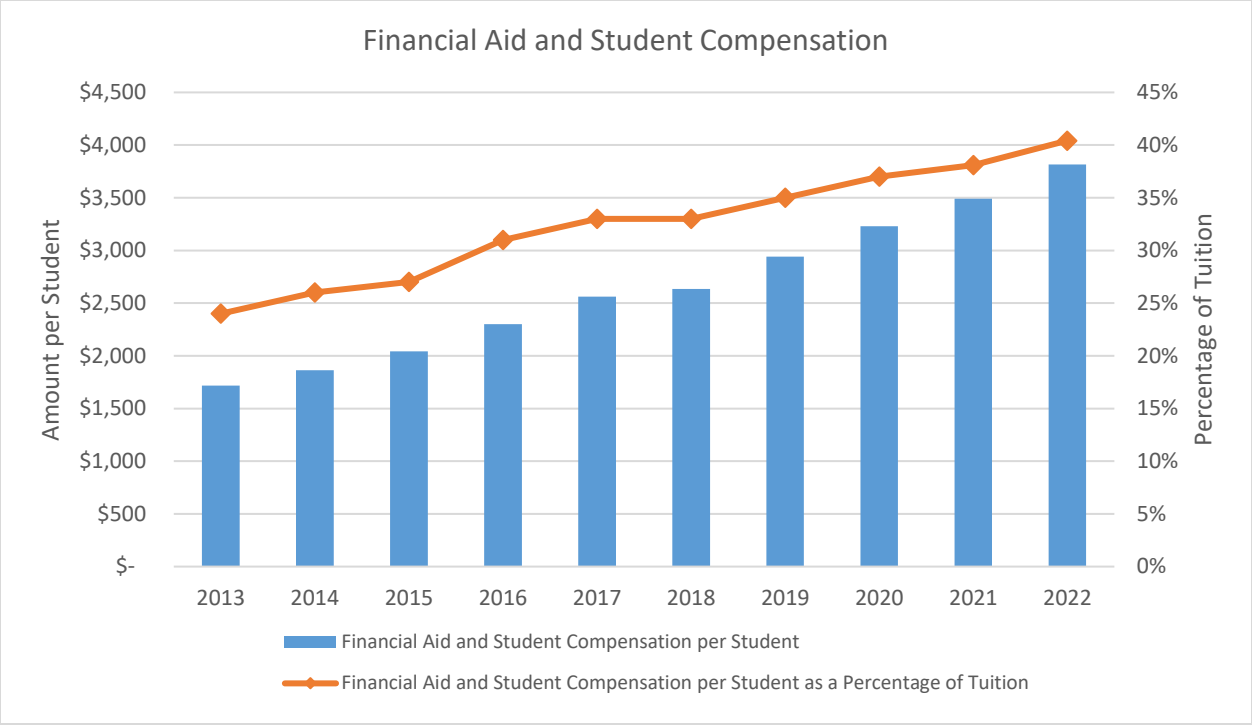
FINANCIAL AID

- Spent over $8.3M
- Average of 40% of tuition per student
- Spends more per FTE student than the average primarily undergraduate




Financial aid and student compensation as a percentage of tuition was 40% in fiscal 2022 and averaged 32% over the past ten years. In those ten years, the amount has risen from $1,700 per student to $3,800 per student. Funding support for financial aid comes from endowments, non-endowed donations, external research grants and government funding such as the Future New Brunswick program. MacLean's magazine ranked Mount Allison first among primarily undergraduate universities for spending on scholarships and bursaries.

# Student Experience




**Awards**

Mount Allison students, in addition to receiving financial aid from University funds, successfully compete for national and international entrance and graduate scholarships such as Rhodes, McCall-McBain, Graduate NSERC, National Merit and Loran awards. To date, 55 Mount Allison students have become Rhodes Scholars — one of the best per capita records of any university in Canada. Valued at more than $100,000, the University of Oxford's Rhodes Scholarship is one of the oldest and most prestigious in the world. *Maclean's* ranks Mount Allison second in the number of students who have won student awards. In 2022, Martha Pitre, became first Mount Allison student awarded the prestigious McCall-MacBain Scholarship. For more information on rankings visit mta.ca/rankings.

**Extracurricular Experience**

Mount Allison provides a variety of opportunities to foster student development outside of the classroom. Many extracurricular and leadership activities are closely linked to the academic mission and cover intellectual, social and physical activities. They provide opportunities for students to become engaged locally and globally. Students work with local children of all ages with different physical and mental abilities through the SMILE program, while other students provide sustainable health care solutions in Honduras through Global Brigades.

## Student Experience

Many student music and theatre productions take place on campus each year where students perform both on stage and behind the scenes, including lighting, set development, costumes, and much more.

The University's annual President's Speaker Series provides an opportunity for students to explore particular ideas through lectures and discussions with internationally renowned figures. The most recent series included Dr. David Suzuki, award-winning scientist, environmentalist, and broadcaster; Elder William Nevin, Mi'Kmaw Ceremonial Elder; Dr. Leslie Kern, Director of Women's and Gender Studies; Associate Professor of Geography and Environment; Joshua Kurek, Oji-nêhiyaw member of Peguis First Nation and author; Karen B. K. Chan, award-winning sex and emotional literacy educator

Other activities focused on the extracurricular experience include:

- *Residence Life Programming*
  - Grants allocated to residences to support unique, inclusive, community building activities
  - Academic advising specifically tailored to residence life

- *Student Societies*
  - Over 100 active student societies
  - Societies range from musical (Garnet and Gold) to academic (History Society) to community focused (Habitat for Humanity)

- *Athletics*
  - Opportunities to compete at all skill levels in a variety of sports
    - Opportunities to compete at all skill levels in a variety of sports
    - 38 intramural sports teams involving over 500 students, including team sports such as soccer, hockey, and volleyball
    - Eight club sports including men's and women's rugby, cross country, lacrosse, field hockey, curling, varsity dance and ultimate frisbee
    - Five Canadian Collegiate Athletic Association teams including men's & women's badminton, men's & women's basketball, and women's volleyball
    - Six Canadian U SPORTS teams including football, women's hockey, men's & women's soccer, and men's & women's swimming
    - 85 students obtaining academic all-Canadians awards in 2021, the most recent year reported

- *Employment, Internship and Related Opportunities*
  - Over 100,000 hours of direct student employment
  - Leadership opportunities as Assistant Dons, Residence Assistants, athletic trainers

## Student Experience

**Meighen Centre**

Mount Allison continues to invest in student resources and supports. The team at Mount Allison's nationally recognized Meighen Centre provides services to students with learning disabilities and with accessibility needs. In addition, the Centre works to help those outside the Mount Allison community better understand disabilities and participates in and conducts research around student health, wellness, and accessibility.

The Centre provides services to students such as:

- test and exam accommodations
- academic support such as note-taking, assistive technology, alternative lecture formats, and mentoring
- learning strategies assistance
- individual and academic counselling
- limited learning disability assessments
- a self-help resource centre
- professional training both on and off camp

# Consolidated Financial Statements

## Mount Allison University

April 30, 2022

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Mount Allison
UNIVERSITY

## STATEMENT OF MANAGEMENT RESPONSIBILITY

The administration of the University is responsible for the preparation of the consolidated financial statements and the notes to the consolidated financial statements.

The administration has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Chartered Professional Accountants of Canada. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgements were employed. The administration believes that the consolidated financial statements present fairly the University's financial position as at April 30, 2022 and the results of its operations for the year then ended.

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

The Board of Regents is responsible for ensuring that administration fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out its responsibility for review of the consolidated financial statements principally through the Audit Committee. All of the members of the Audit Committee are independent, i.e., not officers or employees of the University. The Audit Committee meets regularly with administration and with the external auditors to discuss the planning and results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee with and without the presence of administration.

The consolidated financial statements for the year ended April 30, 2022 have been reported on by Grant Thornton, LLP, Chartered Professional Accountants, the independent auditors appointed by the Board of Regents. The independent auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements.

Dr. Jean-Paul Boudreau, PhD, FCPA
President and Vice-Chancellor

Robert Inglis, CPA, CA
Vice-President, Finance and Administration

# Independent auditor's report

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To the Board of Regents of
**Mount Allison University**

## Opinion

We have audited the consolidated financial statements of Mount Allison University (the "University") which comprise the consolidated statement of financial position as at April 30, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of Mount Allison University as at April 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other matter – supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Mount Allison University taken as a whole. The supplementary information included in the schedules is presented for purposes of additional detail and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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.



Audit | Tax | Advisory
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## Auditor's responsibilities for the audit of the consolidated 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Halifax, Canada
October 21, 2022

Chartered Professional Accountants


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# Mount Allison University
# Consolidated statement of financial position

| As at April 30 | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash and cash equivalents (note 3) | **$ 12,558,370** | $ 8,835,925 |
| Accounts receivable (note 4) | **3,056,716** | 2,967,503 |
| Prepaid expenses and inventory | **1,432,110** | 1,470,008 |
| | **17,047,196** | 13,273,436 |
| Long term | | |
| Investments (note 5) | **228,842,608** | 223,926,050 |
| Capital assets (note 6) | **132,217,503** | 133,579,324 |
| Employee future benefit asset (note 10) | **6,703,979** | 8,400,453 |
| | **367,764,090** | 365,905,827 |
| | **$ 384,811,286** | $ 379,179,263 |
| **Liabilities** | | |
| Current | | |
| Bank indebtedness (note 8) | **$ -** | $ 660,000 |
| Accounts payable and accrued liabilities (note 9) | **8,711,610** | 7,543,205 |
| Deferred income | **4,252,037** | 1,395,360 |
| | **12,963,647** | 9,598,565 |
| Long term | | |
| Employee future benefit obligation (note 10) | **1,692,437** | 1,729,568 |
| Deferred contributions | | |
| Related to capital assets (note 11) | **61,040,340** | 63,417,361 |
| Related to restricted and endowed funds (note 12) | **21,535,777** | 20,634,363 |
| | **82,576,117** | 84,051,724 |
| | **97,232,201** | 95,379,857 |
| Net assets (deficit) | | |
| Invested in capital assets | **56,726,971** | 55,745,360 |
| Restricted for endowment purposes (note 13) | **218,039,976** | 215,070,967 |
| Restricted for employee future benefit obligation | **6,468,857** | 7,984,449 |
| Internally restricted (note 14) | **6,722,106** | 6,677,950 |
| Unrestricted | **(378,825)** | (1,679,320) |
| | **287,579,085** | 283,799,406 |
| | **$ 384,811,286** | $ 379,179,263 |

Commitments (note 16)
Contingent liabilities (note 17)
COVID-19 (note 19)



See accompanying notes to the consolidated financial statements.

# Mount Allison University
# Consolidated statement of operations

Year ended April 30

| | 2022 | 2021 |
|---|---|---|
| **Revenues** | | |
| Government grants - provincial | **$ 24,348,362** | $ 24,295,628 |
| Government grants - federal | **3,493,749** | 3,163,726 |
| Student fees – tuition and other | **25,496,511** | 23,606,689 |
| Student fees – ancillary | **10,538,108** | 8,182,442 |
| Bequests and donations | **2,804,745** | 3,382,103 |
| Non-government grants and contracts | **771,198** | 482,818 |
| Bookstore and conference income | **1,345,551** | 936,890 |
| Investment income (note 5) | **8,909,039** | 18,495,148 |
| Other income | **1,344,972** | 928,107 |
| Amortization of deferred capital contributions (note 11) | **2,871,128** | 2,941,509 |
| | **81,923,363** | 86,415,060 |
| **Expenses** | | |
| Academic departments | **31,046,297** | 28,684,417 |
| Library | **3,062,109** | 2,952,240 |
| Computing services | **2,469,664** | 2,505,795 |
| Administrative and general services | **10,674,738** | 9,953,090 |
| Physical plant | **9,397,391** | 8,886,759 |
| Student services | **11,405,306** | 10,370,289 |
| Ancillary services | **5,857,230** | 4,560,645 |
| Amortization of capital assets | **5,815,239** | 5,844,346 |
| | **79,727,974** | 73,757,581 |
| Revenues over expenses | **2,195,389** | 12,657,479 |
| Use of contingency fund | **823,964** | - |
| Invested in capital assets | **(981,611)** | (2,071,397) |
| Drawn from (committed to) internally restricted endowments | **570,305** | (10,910,989) |
| Committed to future pension benefits | **(439,434)** | (206,615) |
| Committed to internally restricted net assets | **(868,118)** | (769,859) |
| | **(894,894)** | (13,958,860) |
| Decrease (increase) in unrestricted net deficit | **$ 1,300,495** | $ (1,301,381) |

See accompanying notes to the consolidated financial statements.

# Mount Allison University
## Consolidated statement of changes in net assets
Year ended April 30

| | General, Ancillary and Special Program Operating Funds | Research, Special Purpose and Endowment Expendable Funds | Net Assets Invested in Capital Assets | Net Assets Restricted for Endowment Purposes | **Total 2022** | Total 2021 |
|---|---|---|---|---|---|---|
| Net assets, beginning of year | $ 6,305,129 | $ 6,677,950 | $ 55,745,360 | $ 215,070,967 | **$ 283,799,406** | $ 235,969,210 |
| Revenues over expenses (expenses over revenues) | 4,500,275 | 639,225 | (2,944,111) | - | **2,195,389** | 12,657,479 |
| Endowed donations | - | - | - | 4,124,569 | **4,124,569** | 7,644,902 |
| Excess (deficiency) of investment earnings over endowment spending on externally restricted endowments | - | - | - | (585,255) | **(585,255)** | 20,792,308 |
| Employee future benefit remeasurements and other items | (1,955,024) | - | - | - | **(1,955,024)** | 6,735,507 |
| | 2,545,251 | 639,225 | (2,944,111) | 3,539,314 | **3,779,679** | 47,830,196 |
| Transfers (from) to other funds | | | | | | |
| Arising from policy or approved as part of the budget | 2,814,624 | (2,814,624) | - | - | - | - |
| Appropriation to use contingency fund | 823,964 | (823,964) | - | - | - | - |
| (Excess) deficiency of investment earnings over endowment spending on internally restricted endowments | (2,276,448) | 2,856,336 | - | (579,888) | - | - |
| Contract research overhead support and research grants | (213,721) | 213,721 | - | - | - | - |
| Donations and fundraising | (258,043) | 248,460 | - | 9,583 | - | - |
| Capitalized buildings and equipment | (3,641,224) | (284,498) | 3,925,722 | - | - | - |
| Other | (9,500) | 9,500 | - | - | - | - |
| Transfers (from) to other funds | (2,760,348) | (595,069) | 3,925,722 | (570,305) | - | - |
| Change in net assets | (215,097) | 44,156 | 981,611 | 2,969,009 | **3,779,679** | 47,830,196 |
| Net assets, end of year | $ 6,090,032 | $ 6,722,106 | $ 56,726,971 | $ 218,039,976 | **$ 287,579,085** | $ 283,799,406 |
| Components of net assets (deficit) | | | | | | |
| Invested in capital assets | $ - | $ - | $ 56,726,971 | $ - | **$ 56,726,971** | $ 55,745,360 |
| Restricted for endowment purposes | - | - | - | 218,039,976 | **218,039,976** | 215,070,967 |
| Restricted for employee future benefit obligation | 6,468,857 | - | - | - | **6,468,857** | 7,984,449 |
| Internally restricted | - | 6,722,106 | - | - | **6,722,106** | 6,677,950 |
| Unrestricted | (378,825) | - | - | - | **(378,825)** | (1,679,320) |
| | $ 6,090,032 | $ 6,722,106 | $ 56,726,971 | $ 218,039,976 | **$ 287,579,085** | $ 283,799,406 |

See accompanying notes to the consolidated financial statements.

# Mount Allison University
# Consolidated statement of cash flows

Year ended April 30

| | 2022 | 2021 |
|---|---|---|
| **Operating** | | |
| Revenues over expenses | **$ 2,195,389** | $ 12,657,479 |
| Amortization of deferred contributions | **(2,871,128)** | (2,941,509) |
| Unrealized loss (gain) on investments | **4,346,503** | (30,449,640) |
| Amortization of capital assets | **5,815,239** | 5,844,346 |
| Change in employee future benefit obligation | **(295,681)** | (262,961) |
| Change in non-cash operating working capital | **3,973,765** | 2,344,430 |
| | **13,164,087** | (12,807,855) |
| Contributions related to research and operations deferred during the year | **(32,275)** | 245,722 |
| **Net cash provided by (used in) operating activities** | **13,131,812** | (12,562,133) |
| **Financing** | | |
| Decrease in bank indebtedness | **(660,000)** | (8,520,000) |
| Contributions related to special purpose funds and endowment expendable funds deferred during the year | **933,690** | 4,220,055 |
| Contributions related to capital assets deferred during the year | **494,107** | 743,670 |
| Endowed restricted donations | **4,124,569** | 7,644,902 |
| **Net cash provided by financing activities** | **4,892,366** | 4,088,627 |
| **Investing** | | |
| Purchase of capital assets net of proceeds on disposals | **(4,453,419)** | (3,320,206) |
| (Deficiency) excess of investment earnings over endowment spending on externally restricted endowments | **(585,255)** | 20,792,308 |
| Purchase of investments net of proceeds on disposals | **(9,263,059)** | (726,126) |
| **Net cash (used in) provided by investing activities** | **(14,301,733)** | 16,745,976 |
| **Net increase in cash** | **3,722,445** | 8,272,470 |
| Cash and cash equivalents, beginning of year | **8,835,925** | 563,455 |
| **Cash and cash equivalents, end of year** | **$ 12,558,370** | $ 8,835,925 |

See accompanying notes to the consolidated financial statements.

## 1. Purpose of the organization

Mount Allison University (the "University") operates under the authority of the *Mount Allison University Act*, 1993, a special act of the Legislative Assembly of the Province of New Brunswick. The University is dedicated to providing a rigorous liberal education of high quality primarily to undergraduate students in a co-educational, intimate, residential environment. The University is a charitable organization and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

## 2. Significant accounting policies

**Basis of accounting**
These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants Canada Handbook (the "Handbook").

**Use of estimates and judgments**
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual amounts could differ from those estimates. The areas that are most subject to estimation and judgment include the amortization periods for capital assets, the actuarial assumptions used to estimate employee future benefit obligation and the fair value measurement of investments.

**Fund accounting**
University accounts are maintained in accordance with the principles of fund accounting. This method ensures observance of restrictions, if any, on the use of University resources by maintaining separate accounts for each fund. Contributions that have limitations placed on their use by parties external to the University are classified as restricted funds.

The following provides a brief description of each fund group:

The General Operating Fund includes academic, administrative, and other operating activities within the primary teaching and research functions of the University which are funded by student fees, government grants and other revenue.

The Ancillary Operating Fund accounts for the provision of services of a revenue producing nature which are outside the primary University function of teaching and research. These include bookstore, residence, dining, University merchandise sales, and conference services. Expenses reported in ancillary operations include direct costs as well as an apportionment of administrative and overhead costs of the University.

The Special Program Operating Fund includes the Meighen Centre, the Purdy Crawford Teaching Centre and the University Advancement department. Unrestricted donations and the income on internally restricted and unrestricted endowments are also recorded here as revenue and then appropriated for special purposes.

## 2. Significant accounting policies (continued)

### Fund accounting (continued)

The Endowment Principal Fund reflects the total resources which have been endowed, either by terms imposed by the benefactor or by the University and includes investment returns that have been capitalized in accordance with the University's spending allocation policy. See Endowment income and spending allocation (note 2, p 11).

The Endowment Expendable Fund includes investment returns on the endowment principal that have been spent on restricted purposes. It also includes capitalized investment returns on internally restricted and unrestricted endowments which is reported as revenue in the Special Program Operating Fund and then transferred to the Endowment Expendable Fund. The unexpended portion of the prior year's spending allocation from externally restricted funds is recorded as either a deferred contribution and available for spending in future years or is transferred to the endowment principal. The Endowment Expendable Fund balance is comprised of the unexpended portion of internally restricted funds.

The Research Fund accounts for the expenditure of externally restricted contributions which have been received by the University from organizations or granting agencies and spent on research projects. It also accounts for funds appropriated from operating funds for research purposes. Unspent externally restricted contributions are recorded as deferred contributions on the consolidated statement of financial position. The Research Fund balance represents unspent internally restricted funds.

The Special Purpose Fund accounts for the expenditure of externally restricted contributions not related to research or endowment purposes. It also accounts for internally restricted funds appropriated from operating funds for special purposes. Unspent externally restricted funds are recorded as deferred contributions. The Special Purpose Fund balance represents unspent internally restricted funds.

The Capital Asset Fund accounts for the amortization of capital assets and the amortization of any externally restricted contributions received to fund those assets. The fund balance consists of unamortized capital assets which were financed with general operating or ancillary operating funds.

### Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue of the Special Program Operating Fund when received or receivable if the receivable amount can be reasonably estimated and collection is reasonably assured.

Externally restricted endowment contributions and the portion of investment returns earned on externally restricted endowments are recognized as direct increases in net assets in the Endowment Principal Fund.

## 2. Significant accounting policies (continued)

**Revenue recognition (continued)**
Contributions which are externally restricted but are not endowed are recognized as revenue of the appropriate restricted fund as it is earned. Unspent balances are recorded as deferred contributions on the consolidated statement of financial position and recognized as revenue in the year in which the related expenses are recognized.

Contributions of materials and services are not recorded.

Contributions of cash or cash equivalents restricted for capital assets are deferred and amortized on the same basis as the related capital asset costs.

Student fees are recognized as revenue as courses are held. Sales and service revenue are recognized at point of sale or when the service has been provided. Amounts received in advance are recorded as deferred income.

Pledges are recorded as revenue in the period in which they are received.

**Inventory**
Inventories are valued at the lower of cost and net realizable value.

**Capital assets**
Land is stated at the nominal value of one dollar.

Collections are defined as works of art and historical treasures which are held for public exhibition, education, or research. The University maintains five major library collections as well as the Owens Art Gallery Permanent Collection. These collections are stated at the nominal value of one dollar. Further detail on these collections is provided in note 7.

Buildings, land improvements, and equipment are stated at their appraised values as at April 30, 1992, with all subsequent additions and betterments recorded at cost.

Amortization is provided on a straight-line basis. Useful lives are estimated at 5 years for equipment and major software, 20 years for certain major equipment, 40 years for buildings, and 20-40 years for land improvements. Amortization of the capitalized costs of constructed assets begins when the asset is available for use.

Library books, which are held for circulation, are not capitalized but are recorded as an expense in the year in which they are purchased.

Management reviews estimates of the useful lives of capital assets and adjusts the estimates as required. Management regularly reviews assets for indicators of impairment and records any impairment charges when the carrying amount exceeds the recoverable amount.

**Appropriations from ancillary fund operation to capital projects**
Any excess of revenues over expenditures in the residence and conference operations is appropriated for capital projects related to the residence operation.

**2. Significant accounting policies (continued)**

**Endowment income and spending allocation**
University policy limits the spending allocation and fees on endowments to the lower of 5.0% of the market value at the end of the previous fiscal year and the average market value of the sixteen quarters in the previous four fiscal years. At the end of each year, the portion allocated for spending is recorded as deferred contributions and recognized as revenue in the Endowment Expendable Fund as it is spent. The remaining investment returns are recognized as a direct increase in net assets in the Endowment Principal Fund. In years when the investment returns are less than the spending allocation and fees, or when there is a realized loss, the difference is recorded as a decrease in net assets in the Endowment Principal Fund.

Investment returns, positive or negative, earned on internally restricted or unrestricted endowments is reported as revenue (loss) in the Special Program Operating Fund and transferred to the Endowment Expendable Fund or the Endowment Principal Fund.

**Financial instruments**
The University considers any contract creating a financial asset, liability or equity instrument a financial instrument, except in limited circumstances. The University's financial instruments consist of the following:

- Cash and cash equivalents
- Accounts receivable
- Investments
- Accounts payable
- Bank indebtedness

The University initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The University subsequently measures all of its financial assets and financial liabilities at amortized cost except investments in equity instruments which are described below.

The University removes financial liabilities, or any portion thereof, when the obligation is discharged, cancelled or expires. Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement providing the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the consolidated statement of operations.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and bank indebtedness approximate their fair market values due to the relatively short periods to maturity of the instruments.

## 2. Significant accounting policies (continued)

**Financial instruments (continued)**
Investments are accounted for at fair value except for certain non-endowed long term bonds and guaranteed investment certificates which are held to maturity and recorded on a cost basis with any premium or discount amortized on the effective interest basis.

Fair value is defined as estimates of the consideration that would be agreed upon between knowledgeable, willing parties who are under no obligation to act. Publicly traded securities are valued at quoted market values in an actively traded market. Private infrastructure investments, which comprise of shares or units in an externally managed pooled investment vehicle (such as a limited partnership) with underlying investments in private infrastructure assets are valued based on the latest valuation provided by the external investment manager of the fund, adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private infrastructure investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment returns, positive or negative, which consist of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, are recorded as investment income (loss) or endowment contributions (drawdowns) in the consolidated statements of operations and changes in net assets.

**Foreign currency**
Long term investments denominated in foreign currency are translated at exchange rates as of the date of the consolidated statement of financial position. Transactions denominated in foreign currencies are translated at the exchange rate in effect on the transaction date. Exchange gains and losses are accounted for in investment gains and losses.

**Employee benefit plans**
The Plans' benefit obligation and service cost are determined based on the Plans' going concern obligation and current service cost as determined based on the last funding valuations and extrapolated to the fiscal year end date.

A valuation allowance will be charged against the defined benefit asset for any excess of the defined benefit asset over the expected future benefit the University expects to realize from a plan surplus. The University determines the expected future benefit as the present value of expected future employer current service costs for the current number of active employees.

Remeasurements and other items are recognized directly in net assets in the consolidated statement of changes in net assets.

**2. Significant accounting policies (continued)**

**Employee benefit plans (continued)**
The University records pension expenses in its consolidated financial statements in accordance with applicable accounting standards. However, it budgets for pension contributions as determined by the University's actuaries in accordance with the New Brunswick Pension Benefits Act and the University's funding policy. Since pension contributions and pension cost or expenses differ under these two methods, in the case of the University's defined benefit pension plan, the difference is recorded as an internally restricted net asset (deficit).

**Controlled entities**
The University controls the activities of Conferences Mount Allison Inc., Mount Allison University Foundation, and The Friends of Mount Allison University, Inc. through representation on their respective boards. The University owns 100% of the shares of Conferences Mount Allison Inc., a corporation established to attract additional conference contract revenue. The Friends of Mount Allison University, Inc. is a United States incorporated, income tax exempt organization used to facilitate fundraising from United States residents. The results of operations and net assets of these entities have been consolidated in these financial statements.

| **3. Cash and cash equivalents** | **2022** | 2021 |
|---|---|---|
| Cash | **$ 3,355,380** | $ 8,156,852 |
| Short term investments | **9,202,990** | 679,073 |
| | **$ 12,558,370** | $ 8,835,925 |

| **4. Accounts receivable** | **2022** | 2021 |
|---|---|---|
| Student fees | **$ 865,047** | $ 416,233 |
| Federal and provincial governments | **1,754,854** | 2,291,414 |
| Other | **626,815** | 372,856 |
| Allowance for doubtful accounts | **(190,000)** | (113,000) |
| | **$ 3,056,716** | $ 2,967,503 |

| **5. Investments** | **2022** | 2021 |
|---|---|---|
| Investments (carried at amortized cost) | | |
| Bonds and guaranteed investment certificates | **$ 466,894** | $ 907,281 |
| Investments (carried at fair value) | | |
| SRI Mutual Funds | **10,990** | 11,967 |
| Bonds and notes | **30,851,227** | 31,741,547 |
| Canadian equities | **44,876,917** | 46,282,796 |
| US equities | **43,064,062** | 40,237,839 |
| Non-North American equities | **23,719,833** | 24,731,528 |
| Global small cap and low volatility equities | **30,321,984** | 29,333,280 |
| Emerging market equities | **16,843,085** | 17,085,245 |
| Hedge funds | **24,013,993** | 20,034,043 |
| Private infrastructure funds | **14,673,623** | 13,560,524 |
| | **228,375,714** | 223,018,769 |
| | **$ 228,842,608** | $ 223,926,050 |

Bonds and notes include guaranteed investment certificates, investments in a Canadian passive bond fund, notes issued by Federal, Provincial and Municipal Governments and related Crown Corporations, and Canadian corporate bonds with interest rates ranging from 2.6% to 8.75% (2021 – 2.60% to 8.75%) with maturities up to July 2025 (2021 – July 2025).

Equity investments consist of investments in units of active and passive, single and multi-manager pooled funds.

Hedge fund investments consist of units of pooled investments funds that invest primarily in cash or short term investments denominated in various currencies and which may purchase or sell exchange traded funds or options thereon, or may enter into various futures and forward contracts to gain the desired exposures to various asset classes including equities, government bonds, commodities and currencies.

Private infrastructure investments consist of units of pooled investment funds that invest primarily in private infrastructure assets and other income generating properties.

In 2022, the University's investment income of $8,909,039 (2021 – $18,495,148) recorded in the consolidated statement of operations consists of income related to investments held for endowments of $8,649,251 (2021 – $18,153,601) and income of $259,788 (2021 – $341,547) on investments other than those held for endowments.

## 6. Capital assets

| | Cost | Accumulated Amortization | **Net Book Value 2022** | Net Book Value 2021 |
|---|---|---|---|---|
| Buildings | $ 244,631,379 | $ 128,326,506 | **$ 116,304,873** | $ 119,969,397 |
| Construction in progress | 4,774,697 | - | **4,774,697** | 1,817,987 |
| Land improvements | 19,345,235 | 11,200,990 | **8,144,245** | 8,643,288 |
| Equipment | 26,247,244 | 23,253,558 | **2,993,686** | 3,145,650 |
| Land | 1 | - | **1** | 1 |
| Collections | 1 | - | **1** | 1 |
| | $ 294,998,557 | $ 162,781,004 | **$ 132,217,503** | $ 133,579,324 |

Details of the internally financed capital projects which have various recovery terms and periods are as follows:

| Project | Funding source | **Balance 2022** | Balance 2021 |
|---|---|---|---|
| Research building | future operations | **$ 3,296,005** | $ 4,394,519 |
| Equipment and other | future operations | **1,209,439** | 95,560 |
| Residence buildings | future ancillary operations | **9,944,724** | 9,926,499 |
| | | **$ 14,450,168** | $ 14,416,578 |

Interfund loans between the General Operating Fund and the Ancillary Operating Fund are charged interest at the rate earned on the University's expendable funds or the rate paid on external indebtedness, if applicable.

## 7. Collections

The University maintains five permanent library collections as well as the Owens Art Gallery Permanent Collection.

**Library permanent collections**
The five library permanent collections are the Mary Mellish Archibald Memorial (MMAM) Collection, the Winthrop Pickard Bell (WPB) Collection of Acadiana, the Edgar and Dorothy Davidson Collection of Canadiana, the Government Documents Collection, and the Mount Allison Rare Book Collection. Additions are made to the first two collections each year from the income earned on endowments established for that purpose. The additions in 2022 on the MMAM and WPB collections were $3,128 (2021 – $567) and $5,295 (2021 – $7,058) respectively. The Government of Canada donates a large quantity of documents to the Government Documents Collection each year and, in addition, the University spent $3,334 (2021 – $5,098) for additions to this collection in 2022.

## 7. Collections (continued)

**Owens Art Gallery permanent collection**
The University art gallery ("Owens Art Gallery") has a permanent collection consisting of approximately 4,000 works, including historical and contemporary Canadian, Indigenous, American, and European art. The historical component of the Collection consists of approximately 300 18th- and 19th- century paintings, watercolors, prints and plaster casts (also known as the Original Collection), works related to the Mount Allison Ladies' College and the history of Fine Arts at Mount Allison, art from the Atlantic provinces, and American prints from the modern period. The contemporary collection consists of Canadian and Indigenous art in a wide range of media, including but not limited to painting, printmaking, installation, video, textiles, sculpture, drawing, and porcupine quillwork. For the year ended April 30, 2022, donated artwork was valued at approximately $29,850 and $5,546 in purchased acquisitions was added to the permanent collection.

## 8. Bank indebtedness

The University has a $7,500,000 line of credit with interest at prime less 0.7% per annum. This line of credit was unused as at April 30, 2022 (2021 – $660,000).

In addition, the University has a lease facility of $1,000,000 with interest at prime minus 0.7%, The University did not make use of this facility during fiscal 2022.

## 9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include government remittances payable of $679,713 (2021 – $608,543).

## 10. Employee future benefit obligation

The University has a defined benefit pension plan, a defined contribution pension plan and other post-retirement obligations.

The defined benefit plan covers most persons employed in a non-academic capacity. The plan is based on the final average earnings of members, allows for early retirement after age 55 and postponed retirement up to age 69. The pension payments are not indexed. The defined contribution plan covers primarily persons employed in an academic capacity. The University makes contributions of 8.4% (8.25% from March 1, 2017 to February 28, 2018 and 8.0% prior to March 1, 2017) of the plan members' salaries to this plan.

The University provides a retiring allowance program that provides a lump sum benefit to qualifying individuals at their date of termination or retirement. The program is available to employees in the CUPE 2338 and CUPE 3433 bargaining units and certain grandfathered non-bargaining unit and non-academic employees. The lump sum benefit paid at termination or retirement is equal to five days of pay for each year of service and is payable only if the participant has completed a minimum of ten years of employment at the date of termination of employment.

### 10. Employee future benefit obligation (continued)

The most recent actuarial valuation for funding purposes of the defined benefit pension plan was as of December 31, 2021. The next actuarial valuation for funding purposes must be as of a date no later than December 31, 2022. The Plan's actuary has extrapolated the results of the December 31, 2021 actuarial valuation of the Plan for funding purposes to April 30, 2022 as follows:

| | Pension Benefit Plans | | Retirement Allowance Plan | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Fair value of Plan assets | **$ 52,390,854** | $ 53,525,460 | **$ -** | $ - |
| Defined benefit obligation | **45,686,875** | 45,125,007 | **1,692,437** | 1,729,568 |
| Accrued benefit asset (liability) | **$ 6,703,979** | $ 8,400,453 | **$ (1,692,437)** | $ (1,729,568) |

The University recorded a remeasurement loss of $2,135,041(2021 – gain of $6,726,126) in the pension benefit plan and a remeasurement gain of $180,017 (2021 – gain of $9,381) in the retirement allowance plan. Remeasurements and other items were recorded directly in the consolidated statement of changes in net assets.

Total cash payment for employee future benefits for 2022, consisting of cash contributed by the University to its defined benefit, defined contribution and retirement allowance plan was $2,526,678 (2021 – $2,960,527).

### 11. Deferred contributions related to capital assets

Deferred contributions related to capital assets are externally restricted expendable funds received in the current period or in a prior period to support capital assets which have not yet been amortized. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations. Changes in the deferred contributions related to capital assets balance is detailed in the following table:

| | **2022** | 2021 |
|---|---|---|
| Beginning balance | **$ 63,417,361** | $ 65,615,200 |
| Add | | |
| Contributions for capital assets deferred during the year | **494,107** | 743,670 |
| Less | | |
| Deferred contributions amortized during the year | **(2,871,128)** | (2,941,509) |
| Ending balance | **$ 61,040,340** | $ 63,417,361 |

### 12. Deferred contributions related to restricted and endowed funds

Deferred contributions are externally restricted expendable funds received in the current period or in a prior period which have not yet been spent and the spending allocation from externally restricted endowments set aside for the following year. Changes in the deferred contributions balance are detailed in the following tables:

| | Research | Special Purpose and Endowment Expendable | **2022** |
|---|---|---|---|
| Beginning balance | $ 4,013,141 | $ 16,621,222 | **$ 20,634,363** |
| Add | | | |
| Expendable restricted contributions | 3,301,450 | 11,191,566 | **14,493,016** |
| Less | | | |
| Recognized as revenue and interfund transfers | (3,246,164) | (9,851,331) | **(13,097,495)** |
| Deferred to capital assets | (87,561) | (406,546) | **(494,107)** |
| Ending balance | $ 3,980,866 | $ 17,554,911 | **$ 21,535,777** |

| | Research | Special Purpose and Endowment Expendable | 2021 |
|---|---|---|---|
| Beginning balance | $ 3,767,419 | $ 12,401,167 | $ 16,168,586 |
| Add | | | |
| Expendable restricted contributions | 3,550,528 | 34,905,090 | 38,455,618 |
| Less | | | |
| Recognized as revenue and interfund transfers | (2,751,131) | (30,496,962) | (33,248,093) |
| Deferred to capital assets | (553,675) | (188,073) | (741,748) |
| Ending balance | $ 4,013,141 | $ 16,621,222 | $ 20,634,363 |

## 13. Endowments

The following table details the changes in the endowment funds

| | **2022** | 2021 |
|---|---|---|
| Beginning balance | **$ 215,070,967** | $ 175,722,768 |
| Donations | **4,134,152** | 7,644,902 |
| Investment (loss) income | **(1,165,143)** | 31,703,297 |
| Total | **$ 218,039,976** | $ 215,070,967 |

The market value of the endowment funds is disclosed in note 5. Net assets restricted for endowment purposes consists of $152,644,864 (2021 – $149,124,080) externally restricted endowments and $65,395,112 (2021 – $55,946,887) internally restricted endowments.

In 2022, investment earnings, net of fees, of $7,281,057 were earned on endowments. To fund next year's spending allocation of $9,055,938, $579,888 was deducted from internally restricted endowments and the balance pf $1,194,993 was deducted from externally restricted endowments, recorded as a direct decrease in endowments.

In 2021, investment earnings, net of fees, of $39,182,491 were earned on endowments, of which $8,632,048 was made available for spending, $9,763,923 was for the preservation of capital on internally restricted endowments, and the balance of $20,786,520 was for the preservation of capital on externally restricted endowments, which was recorded as a direct increase in endowments.

## 14. Internally restricted net assets

| | **Balance 2022** | Balance 2021 |
|---|---|---|
| Contingency Fund to support revenue shortfalls and emergencies | **$ 566,535** | $ 1,133,539 |
| Infrastructure and other projects support | **841,109** | 590,332 |
| Research support | **787,107** | 641,785 |
| Internally restricted endowment spending | **4,527,355** | 4,312,294 |
| | **$ 6,722,106** | $ 6,677,950 |

In 2022 the University drew $823,964 from its Contingency Fund to fund the opening accumulated deficit in its unrestricted General Operating Fund as a result of Covid-19 related expenses.

## 15. Financial instruments

The University is exposed to various risks in relation to its financial instruments. The main types of risks are market risk and credit risk:

**Market risk**
Market risk refers to the impact on the University's cash flows due to fluctuations in interest rates and the fair value of assets held in debt and equity markets. The primary risk exposures relate to investments held in foreign currencies, interest rate volatility, and other market risk. The University has formal policies and procedures in place governing asset mix and setting limits on the proportion of each asset class within the endowment or non-endowed bond and guaranteed investment certificate portfolios. Investments held in the University's endowment fund and non-endowed bond and guaranteed investment certificate portfolios are managed by professional investment managers who are monitored by University officials and committees of the University's Board of Regents. The University's policy governing it's spending from investment returns earned on its endowment funds means that there is little risk to annual cash flows as the spending allocation is based on an average of the market value over the prior sixteen quarters.

**Credit risk**
Credit risk refers to the impact on the University's cash flows of the credit quality of the University's receivables. Credit risk mainly relates to the quality of student receivables. To reduce credit risk with student accounts, the University places restrictions on the issuance of grades and degrees until payment on account is made. The University also uses third party agencies to collect outstanding receivables. The University does not have a significant exposure to any individual customer or counterparty.

## 16. Commitments

The private infrastructure investment is a private fund and contains a contractual commitment to remit funds over time in response to a series of capital calls to the investors by the fund manager. As of April 30, 2022, the University's uncalled commitment was approximately $1,9 million (2021 – $5.8 million). The capital committed is called by the manager over a pre-defined investment period, expected to be between three to five years from the date the private fund closed and will be funded by transfers from other investment asset allocations.

The University has outstanding capital construction commitments as of April 30, 2022, estimated at $7.8 million (2021 – $1.8 million).

## 17. Contingent liabilities

The University is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE") self-insurance program. This self-insurance reciprocal involves a contractual agreement to share the insurance of property and liability risks of member universities for a term of not less than five years. This long term period creates an environment for CURIE where financial risk can be spread over time as well as among subscribers. In addition, the reciprocal has obtained re-insurance with commercial insurers to cover catastrophic loss. In the event premiums are not sufficient to cover claim settlements, the member universities would be subject to an assessment in proportion to their participation.

### 17. Contingent liabilities (continued)

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 the opinion of management that the aggregate amount of any potential liability is not expected to have a material adverse effect on the University's financial position or results and any claims arising out of the ordinary course of business are adequately provided for.

### 18. Allocated expenses

Certain costs are recorded in the General Operating Fund and then allocated to other funds. The allocations are based on staff time and supply consumption used by each fund. The following table indicates the allocations made by type of expense.

| | Ancillary Operating Fund | Endowment Expendable Fund | **Total 2022** | Total 2021 |
|---|---|---|---|---|
| Computing services | $ 98,658 | $ - | **$ 98,658** | $ 96,153 |
| Administrative and general expenses | 649,825 | 202,712 | **852,537** | 836,840 |
| Physical plant | 1,819,267 | - | **1,819,267** | 1,570,684 |
| Student services | 104,264 | - | **104,264** | 200,181 |
| | $ 2,672,014 | $ 202,712 | **$ 2,874,726** | $ 2,703,858 |

### 19. COVID-19

The global spread of COVID-19 has severely impacted many economies and business operations around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions worldwide

The University continues to adapt during fiscal 2022 with detailed planning and consultation to ensure quality education and community safety during this unprecedented period. The pandemic continues to impact enrolment, residence occupancy and operating costs, including the 2021 spring and summer operations (summer conferences and camps continued to be significantly impacted by the pandemic. All academic delivery continued to be impacted with many classes adapting to hybrid and on-line modes. Although 2021-2022 financial results recognized an increase in revenue related to tuition fees and residence revenue, these results were below projected values prior to the pandemic. With lower enrolment and residence occupancy expected, management adjusted operations and spending to manage the financial impact of the pandemic in 2021-2022.

It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the university for future periods.

# Mount Allison University
## Schedule of operating funds, restricted funds and net assets invested in capital assets
April 30, 2022 Schedule 1

| | From schedule 2 General, Ancillary and Special Program Operating Funds | | From schedule 3 Research, Special Purpose and Endowment Expendable Funds | | Net Assets Invested in Capital Assets | | **Total** | Total |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | **2022** | 2021 |
| **Revenues** | | | | | | | | |
| Government grants - provincial | $ 23,010,372 | $ 22,570,079 | $ 1,337,990 | $ 1,725,549 | $ - | $ - | **$ 24,348,362** | $ 24,295,628 |
| Government grants – federal | 691,839 | 750,601 | 2,801,910 | 2,413,125 | - | - | **3,493,749** | 3,163,726 |
| Student fees – tuition | 25,496,511 | 23,606,689 | - | - | - | - | **25,496,511** | 23,606,689 |
| Student fees – ancillary | 10,538,108 | 8,182,442 | - | - | - | - | **10,538,108** | 8,182,442 |
| Bequests and donations | 414,475 | 1,400,470 | 2,390,270 | 1,981,633 | - | - | **2,804,745** | 3,382,103 |
| Non-government grants and contracts | - | - | 771,198 | 482,818 | - | - | **771,198** | 482,818 |
| Bookstore and conference income | 1,345,551 | 936,890 | - | - | - | - | **1,345,551** | 936,890 |
| Investment income | 2,536,236 | 12,896,128 | 6,372,803 | 5,599,020 | - | - | **8,909,039** | 18,495,148 |
| Other income | 1,341,025 | 904,120 | 3,947 | 23,987 | - | - | **1,344,972** | 928,107 |
| Amortization of deferred capital contributions | - | - | - | - | 2,871,128 | 2,941,509 | **2,871,128** | 2,941,509 |
| | 65,374,117 | 71,247,419 | 13,678,118 | 12,226,132 | 2,871,128 | 2,941,509 | **81,923,363** | 86,415,060 |
| **Expenses** | | | | | | | | |
| Academic departments | 26,625,945 | 25,204,580 | 4,420,352 | 3,479,837 | - | - | **31,046,297** | 28,684,417 |
| Library | 2,474,321 | 2,424,814 | 587,788 | 527,426 | - | - | **3,062,109** | 2,952,240 |
| Computing services | 2,463,022 | 2,440,286 | 6,642 | 65,509 | - | - | **2,469,664** | 2,505,795 |
| Administrative and1 general services | 9,255,738 | 8,751,026 | 1,419,000 | 1,202,064 | - | - | **10,674,738** | 9,953,090 |
| Physical plant | 9,305,003 | 8,492,406 | 92,388 | 394,353 | - | - | **9,397,391** | 8,886,759 |
| Student services | 4,892,583 | 4,504,824 | 6,512,723 | 5,865,465 | - | - | **11,405,306** | 10,370,289 |
| Ancillary services | 5,857,230 | 4,560,645 | - | - | - | - | **5,857,230** | 4,560,645 |
| Amortization of capital assets | - | - | - | - | 5,815,239 | 5,844,346 | **5,815,239** | 5,844,346 |
| | 60,873,842 | 56,378,581 | 13,038,893 | 11,534,654 | 5,815,239 | 5,844,346 | **79,727,974** | 73,757,581 |
| Revenues over expenses (expenses over revenues) | $ 4,500,275 | $ 14,868,838 | $ 639,225 | $ 691,478 | $ (2,944,111) | $ (2,902,837) | **$ 2,195,389** | $ 12,657,479 |

# Mount Allison University
## Schedule of general, ancillary and special program operating funds
April 30, 2022 Schedule 2

| | General Operating Fund | | Ancillary Operating Fund | | Special Program Operating Fund | | **Total** | Total |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | **2022** | 2021 |
| **Revenues** | | | | | | | | |
| Government grants - provincial | $ 22,992,199 | $ 22,551,682 | $ - | $ - | $ 18,173 | $ 18,397 | **$ 23,010,372** | $ 22,570,079 |
| Government grants - federal | 691,839 | 750,601 | - | - | - | - | **691,839** | 750,601 |
| Student fees - tuition | 25,496,511 | 23,606,689 | - | - | - | - | **25,496,511** | 23,606,689 |
| Student fees – ancillary | - | - | 10,538,108 | 8,182,442 | - | - | **10,538,108** | 8,182,442 |
| Bequests and donations | - | - | - | - | 414,475 | 1,400,470 | **414,475** | 1,400,470 |
| Bookstore and Conference income | - | - | 1,345,551 | 936,890 | - | - | **1,345,551** | 936,890 |
| Investment income | 259,788 | 341,547 | - | - | 2,276,448 | 12,554,581 | **2,536,236** | 12,896,128 |
| Other income | 754,228 | 396,390 | 476,605 | 461,719 | 110,192 | 46,011 | **1,341,025** | 904,120 |
| | 50,194,565 | 47,646,909 | 12,360,264 | 9,581,051 | 2,819,288 | 14,019,459 | **65,374,117** | 71,247,419 |
| **Expenses** | | | | | | | | |
| Academic departments | 26,330,807 | 25,084,838 | - | - | 295,138 | 119,742 | **26,625,945** | 25,204,580 |
| Library | 2,474,321 | 2,424,814 | - | - | - | - | **2,474,321** | 2,424,814 |
| Computing services | 2,364,364 | 2,344,133 | 98,658 | 96,153 | - | - | **2,463,022** | 2,440,286 |
| Administrative and general services | 6,135,117 | 6,079,369 | 649,825 | 643,665 | 2,470,796 | 2,027,992 | **9,255,738** | 8,751,026 |
| Physical plant | 6,186,527 | 5,776,352 | 3,118,476 | 2,716,054 | | | **9,305,003** | 8,492,406 |
| Student services | 4,356,959 | 3,904,206 | 104,264 | 200,181 | 431,360 | 400,437 | **4,892,583** | 4,504,824 |
| Ancillary services | - | - | 5,857,230 | 4,560,645 | | - | **5,857,230** | 4,560,645 |
| | 47,848,095 | 45,613,712 | 9,828,453 | 8,216,698 | 3,197,294 | 2,548,171 | **60,873,842** | 56,378,581 |
| Revenues over expenses (expenses over revenues) | $ 2,346,470 | $ 2,033,197 | $ 2,531,811 | $ 1,364,353 | $ (378,006) | $ 11,471,288 | **$ 4,500,275** | $ 14,868,838 |

# Mount Allison University
## Schedule of research, special purpose and endowment expendable funds
April 30, 2022 Schedule 3

| | Research Fund | | Special Purpose Fund | | Endowment Expendable Fund | | **Total** | Total |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | **2022** | 2021 |
| **Revenues** | | | | | | | | |
| Government grants - provincial | $ 586,938 | $ 501,417 | $ 751,052 | $ 1,224,132 | $ - | $ - | **$ 1,337,990** | $ 1,725,549 |
| Government grants - federal | 1,996,395 | 1,903,765 | 805,515 | 509,360 | - | - | **2,801,910** | 2,413,125 |
| Bequests and donations | - | - | 2,198,172 | 1,722,723 | 192,098 | 258,910 | **2,390,270** | 1,981,633 |
| Non-government grants and income | 717,057 | 425,261 | 54,141 | 57,557 | - | - | **771,198** | 482,818 |
| Investment income | - | - | - | - | 6,372,803 | 5,599,020 | **6,372,803** | 5,599,020 |
| Other income | - | - | 3,382 | 23,666 | 565 | 321 | **3,947** | 23,987 |
| | 3,300,390 | 2,803,443 | 3,812,262 | 3,537,438 | 6,565,466 | 5,858,251 | **13,678,118** | 12,226,132 |
| **Expenses** | | | | | | | | |
| Academic departments | 2,919,051 | 2,425,782 | 687,904 | 380,984 | 813,397 | 673,071 | **4,420,352** | 3,479,837 |
| Library | - | - | 65,733 | 83,776 | 522,055 | 443,650 | **587,788** | 527,426 |
| Computing services | - | - | 6,642 | 65,509 | | | **6,642** | 65,509 |
| Administrative and general services | 32,629 | 25,888 | 66,175 | 80,638 | 1,320,196 | 1,095,538 | **1,419,000** | 1,202,064 |
| Physical plant | - | - | 52,399 | 203,753 | 39,989 | 190,600 | **92,388** | 394,353 |
| Student services | 48,056 | 14,333 | 2,712,210 | 2,334,503 | 3,752,457 | 3,516,629 | **6,512,723** | 5,865,465 |
| | 2,999,736 | 2,466,003 | 3,591,063 | 3,149,163 | 6,448,094 | 5,919,488 | **13,038,893** | 11,534,654 |
| Revenues over expenses (expenses over revenues) | $ 300,654 | $ 364,440 | $ 221,199 | $ 388,275 | $ 117,372 | $ (61,237) | **$ 639,225** | $ 691,478 |