



FINANCIAL STATEMENTS

April 30, 2015





Financial Statements

April 30, 2015

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Independent auditor's report

To the Chair and members of the Board of Regents of
Mount Allison University

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We have audited the accompanying financial statements of Mount Allison University which comprise the statement of financial position as at April 30, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mount Allison University as at April 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of Mount Allison University taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Halifax, Canada
October 2, 2015



Chartered accountants

Statement of Financial Position

As at April 30, 2015

	<u>2015</u>	<u>2014</u> restated
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 9,324,348	\$ 14,741,290
Accounts receivable (note 5)	3,846,385	3,311,819
Prepaid expenses and inventory	<u>1,304,324</u>	<u>1,225,188</u>
	<u>14,475,057</u>	<u>19,278,297</u>
Long term		
Investments (note 6)	171,642,384	153,163,875
Capital assets (note 7)	106,780,461	96,325,622
Employee future benefit asset (note 10)	<u>3,283,642</u>	<u>993,253</u>
	<u>281,706,487</u>	<u>250,482,750</u>
Total Assets	<u>\$ 296,181,544</u>	<u>\$ 269,761,047</u>
Liabilities & Deferred Contributions		
Current		
Accounts payable and accrued liabilities (note 9)	\$ 5,894,370	\$ 9,860,400
Deferred income	<u>1,258,585</u>	<u>1,032,926</u>
	<u>7,152,955</u>	<u>10,893,326</u>
Long term liabilities		
Employee future benefit obligation (note 10)	<u>1,732,043</u>	<u>1,539,211</u>
Deferred contributions		
Deferred contributions related to capital assets (note 11)	61,812,874	57,615,019
Deferred contributions related to restricted and endowed funds (note 12)	<u>12,126,633</u>	<u>12,596,201</u>
	<u>73,939,507</u>	<u>70,211,220</u>
	<u>82,824,505</u>	<u>82,643,757</u>
Net Assets		
Invested in capital assets	44,247,079	38,603,248
Restricted for endowment purposes (note 13)	161,240,911	139,031,052
Restricted for employee future benefit obligation	2,837,544	1,074,841
Internally restricted	4,992,419	8,381,953
Unrestricted	<u>39,086</u>	<u>26,196</u>
	<u>213,357,039</u>	<u>187,117,290</u>
Total Liabilities, Deferred Contributions & Net Assets	<u>\$ 296,181,544</u>	<u>\$ 269,761,047</u>
Commitments (note 14)		
Contingent liabilities (note 15)		

Statement of Operations

As at April 30, 2015

	2015	2014 restated
	From Schedule 1	
Revenues		
Government grants - provincial	\$ 21,447,087	\$ 20,789,850
Government grants - federal	2,964,996	3,064,631
Student fees	30,175,877	29,937,640
Bequests and donations	1,518,329	1,804,858
Non-government grants	393,921	367,424
Bookstore and conference income	2,414,677	2,521,247
Investment income	11,277,686	9,988,796
Trust income	231,123	171,936
Other income	1,488,830	1,424,892
Unamortized contribution of assets disposed during the year		133,007
Amortization of deferred capital contributions	2,671,282	2,013,678
	74,583,808	72,217,959
Expenses		
Academic departments	26,458,564	26,493,286
Library	2,820,580	2,882,903
Computing services	2,230,622	2,035,931
Administrative and general services	8,747,047	8,242,308
Physical plant	8,988,194	8,505,196
Student services	6,598,258	6,236,784
Ancillary services	6,038,996	5,837,812
Loss on disposal of capital assets		113,346
Amortization of capital assets	4,566,456	3,754,216
	66,448,717	64,101,782
Revenues over expenses	8,135,091	8,116,177
Invested in capital assets	5,643,831	3,716,885
Invested in internally restricted endowments	5,487,447	4,999,959
Increase in net assets restricted for employee future benefit obligation	380,457	160,582
Decrease in internally restricted net assets	(3,389,534)	(768,471)
	8,122,201	8,108,955
Change in unrestricted net assets	\$ 12,890	\$ 7,222

Statement of Changes in Net Assets
Year ended April 30, 2015

	General, Ancillary and Special Program Operating Funds		Research, Special Purpose and Endowment Expendable Funds	
	2015	2014 restated	2015	2014
Net assets (deficit), beginning of year (note 2)	\$ 1,101,037	\$ (2,491,257)	\$ 8,381,953	\$ 9,150,424
Revenues over expenses (expenses over revenues)	9,893,682	9,333,906	136,583	503,148
Endowed donations				
Capitalized investment income				
Employee future benefit remeasurements and other items	1,382,246	3,424,490		
Transfers (to) from other funds				
Arising from policy or approved as part of the budget	313,901	(418,033)	(313,901)	418,033
Investment income, contract research overhead support and research grants	(7,846,025)	(6,572,847)	2,550,754	1,896,289
Donations and fundraising	(294,094)	(565,835)	131,429	252,434
Capital construction projects	(1,892,718)	(1,588,417)	(5,646,287)	(3,849,345)
Other	218,601	(20,970)	(248,112)	10,970
Transfers (to) from other funds	(9,500,335)	(9,166,102)	(3,526,117)	(1,271,619)
Change in net assets	1,775,593	3,592,294	(3,389,534)	(768,471)
Net assets, end of year	<u>\$ 2,876,630</u>	<u>\$ 1,101,037</u>	<u>\$ 4,992,419</u>	<u>\$ 8,381,953</u>
Components of net assets				
Invested in capital assets				
Restricted for endowment purposes				
Restricted for employee future benefit obligation	2,837,544	1,074,841	4,992,419	8,381,953
Internally restricted				
Unrestricted	39,086	26,196		
	<u>\$ 2,876,630</u>	<u>\$ 1,101,037</u>	<u>\$ 4,992,419</u>	<u>\$ 8,381,953</u>

Net Assets Invested in Capital Assets		Net Assets Restricted for Endowment Purposes		Total	
2015	2014	2015	2014	2015	2014 restated
\$ 38,603,248	\$ 34,886,363	\$ 139,031,052	\$ 124,474,018	\$ 187,117,290	\$ 166,019,548
(1,895,174)	(1,720,877)			8,135,091	8,116,177
		8,553,434	1,504,557	8,553,434	1,504,557
		8,168,978	8,052,518	8,168,978	8,052,518
				1,382,246	3,424,490
		5,295,271	4,676,558		
		162,665	313,401		
7,539,005	5,437,762	29,511	10,000		
<u>7,539,005</u>	<u>5,437,762</u>	<u>5,487,447</u>	<u>4,999,959</u>		
5,643,831	3,716,885	22,209,859	14,557,034	26,239,749	21,097,742
<u>\$ 44,247,079</u>	<u>\$ 38,603,248</u>	<u>\$ 161,240,911</u>	<u>\$ 139,031,052</u>	<u>\$ 213,357,039</u>	<u>\$ 187,117,290</u>
44,247,079	38,603,248			44,247,079	38,603,248
		161,240,911	139,031,052	161,240,911	139,031,052
				2,837,544	1,074,841
				4,992,419	8,381,953
				39,086	26,196
<u>\$ 44,247,079</u>	<u>\$ 38,603,248</u>	<u>\$ 161,240,911</u>	<u>\$ 139,031,052</u>	<u>\$ 213,357,039</u>	<u>\$ 187,117,290</u>

Statement of Cash Flows

Year ended April 30, 2015

	2015	2014
	<u> </u>	<u>restated</u>
Operating		
Revenues over expenses	\$ 8,135,091	\$ 8,116,177
Amortization of deferred contributions	(2,671,282)	(2,013,678)
Unamortized contribution of assets disposed of during the year		(133,007)
Unrealized gain on investments	(10,873,947)	(12,758,955)
Amortization of capital assets	4,566,456	3,754,216
Proceeds on disposal of capital assets		564,255
Loss on disposal of capital assets		113,346
Change in employee future benefit obligation	(715,311)	(191,044)
Change in non-cash operating working capital	(4,354,073)	1,787,324
	<u>(5,913,066)</u>	<u>(761,366)</u>
Contributions related to research and operations (earned) deferred during the year	<u>(88,935)</u>	<u>46,108</u>
Net cash used by operating activities	<u>(6,002,001)</u>	<u>(715,258)</u>
Financing		
Contributions related to special purpose fund and endowment expendable funds earned during the year	(380,633)	(9,210,352)
Contributions related to capital assets deferred during the year	6,869,137	13,374,463
Net cash provided by financing activities	<u>6,488,504</u>	<u>4,164,111</u>
Investing		
Purchase of capital assets	(15,021,295)	(18,218,436)
Endowed restricted donations	8,553,434	1,504,557
Capitalized investment income	8,168,978	8,052,518
Net purchase of investments	(7,604,562)	(1,515,317)
Net cash used in investing activities	<u>(5,903,445)</u>	<u>(10,176,678)</u>
Net decrease in cash	(5,416,942)	(6,727,825)
Cash and cash equivalents, beginning of year	<u>14,741,290</u>	<u>21,469,115</u>
Cash and cash equivalents, end of year	<u>\$ 9,324,348</u>	<u>\$ 14,741,290</u>

Notes to the Financial Statements

April 30, 2015

1. PURPOSE OF THE ORGANIZATION

Mount Allison University (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. CHANGE IN ACCOUNTING POLICY

During the year, the University adopted CPA Canada Handbook Part III Section 3463 "Reporting Employee Future Benefits by not-for-profit organizations". The standard was adopted by the University on a retrospective basis and therefore the comparative figures and notes for 2014 have been restated.

As a consequence of adopting the standard, the previously available practice of deferral and amortization of actuarial gains and losses and past service costs over the average remaining service life of the employee benefit plan is no longer acceptable. The cost for employee benefits plans, including current service costs and finance costs are recorded into income during the period, while remeasurements and other items are recorded in the Statement of Changes in Net Assets.

For defined benefit plans, an accounting policy choice exists between using the funding valuation or accounting valuation. The University has adopted the funding valuation method.

The retrospective application of the new standard resulted in a decrease to opening net assets at May 1, 2013 of \$2,018,843, a benefit remeasurement gain of \$3,390,236 directly as an increase to net assets and a decrease in pension costs of \$707,345 for the year ended April 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

b) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenue 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 accounts receivable allowance for doubtful accounts, and actuarial assumptions used to estimate employee future benefit obligation and the measurement of financial instruments.

Notes to the Financial Statements

April 30, 2015

c) 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.

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 function 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 are also recorded here as revenue and then appropriated for special purposes.

The Endowment Principal Fund reflects the total resources which have been endowed, either by terms imposed by the benefactor or by the University.

The Endowment Expendable Fund accounts for investment income earned on the endowment principal that has been spent on restricted purposes. It also accounts for income on internally restricted or unrestricted endowments which is reported in the Special Program Operating Fund and then transferred to the Endowment Expendable Fund by way of interfund transfer. The unexpended portion of the prior year's spending allocation from externally restricted funds is deferred and available for spending in future years or is designated for year-end capitalization. The 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 individuals or granting agencies and spent on research projects. It also accounts for funds appropriated from operating funds for research purposes by way of interfund transfer. Unspent externally restricted contributions are deferred on the statement of financial position. The fund balance represents unspent internally restricted funds.

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

Notes to the Financial Statements

April 30, 2015

The Capital Assets 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 internal funds.

d) 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 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 income earned on externally restricted endowments are recognized as direct increases in net assets in the Endowment Principal Fund.

Contributions which are externally restricted but are not endowed are recognized as revenue of the appropriate restricted fund as they are spent. Unspent balances are deferred 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.

Bequests and donations are recorded on a cash basis. Pledged contributions are recorded when received.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts, and money market instruments with daily liquidity which are available to fund current operations. Short term investments with maturity of less than one year are also included in cash and cash equivalents.

f) Inventory

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

Notes to the Financial Statements

April 30, 2015

g) 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 8.

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. Assets stated at appraised values are pooled and amortized separately from assets recorded at cost.

Amortization is provided on a straight-line basis. Useful lives are estimated at 5 years for equipment and 40 years for buildings and 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.

h) Appropriations from Ancillary Fund Operations 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.

i) Endowment Income and Spending Allocation

University policy limits the spending allocation on endowments to the lower of 5% 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 deferred and reported as revenue in the Endowment Expendable Fund as it is spent. The remaining investment income is recognized as a direct increase in net assets in the Endowment Principal Fund. In years when the investment income is 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.

Income earned on internally restricted or unrestricted endowments is reported as revenue in the Special Program Operating Fund and transferred to the Endowment Expendable Fund or the Endowment Principal Fund. Authorized spending of endowment principal is reported as a direct decrease in net assets.

Notes to the Financial Statements

April 30, 2015

j) Financial instruments

i. Fair value

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

The fair value of investments is defined as their quoted market value at year end. Investments are accounted for at fair value except for certain non-endowed long term bonds and guaranteed investment certificates. These investments are held to maturity and are recorded on a cost basis with any premium or discount amortized on the effective interest basis. Publicly traded securities are valued at quoted market values in an actively traded market. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred. Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as investment income or endowment contributions in the Statements of Operations and Changes in Net Assets.

ii. Financial risk

Financial risk refers to the impact on the University's cash flows due to fluctuations in interest rates, debt and equity markets, and the credit quality of student receivables. The primary risk exposures for investments are foreign currency, interest rate volatility, and market and credit 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.

iii. Credit risk

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.

k) Foreign currency

Long term investments denominated in foreign currency are translated at exchange rates as of the date of the 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.

Notes to the Financial Statements

April 30, 2015

l) 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 statement of changes in net assets.

The University records pension expenses in its financial statements, but it does not budget for those expenses. Rather, 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 are not the same in the case of the University's defined benefit pension plan, the difference is recorded as an internally restricted net asset (deficit).

m) Controlled Entities

The University controls the activities of Conferences Mount Allison Inc., Mount Allison University Foundation and The Friends of Mount Allison University, Inc. The University owns 100% of the shares of Conferences Mount Allison Inc., a corporation established to attract additional conference contract revenue. Mount Allison University Foundation is a crown foundation established to assist with fundraising. The Friends of Mount Allison University, Inc. is a United States incorporated exempt organization used to facilitate fundraising from United States residents.

4. CASH AND CASH EQUIVALENTS

	2015	2014
Cash	\$ 3,331,611	\$ 1,418,035
Short term investments	5,992,737	13,323,255
Total cash & cash equivalents	\$ 9,324,348	\$ 14,741,290

The University has a \$3 million line of credit to assist with operations and interest is payable at prime of which nil was drawn at year end.

Notes to the Financial Statements

April 30, 2015

5. ACCOUNTS RECEIVABLE

	2015	2014
Student fees	\$ 500,345	\$ 519,545
Accrued interest and dividends	95,613	273,193
Federal and provincial government	2,061,000	1,898,751
Suppliers and other customers	1,288,427	773,330
Allowance for doubtful accounts	(99,000)	(153,000)
Total accounts receivable	\$ 3,846,385	\$ 3,311,819

6. INVESTMENTS

	2015	2014
Investments (carried at amortized cost)		
Bonds and guaranteed investment certificates	\$ 4,543,450	\$ 3,936,186
Investments (carried at fair value)		
Bonds and notes	44,066,551	38,319,890
Canadian equities	32,149,834	31,990,849
US equities	32,256,087	29,768,859
Non-North American equities	20,679,754	16,273,716
Global small cap and low volatility equities	26,095,182	22,838,840
Emerging market equities	11,851,526	10,035,535
	167,098,934	149,227,689
	\$ 171,642,384	\$ 153,163,875

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 **2.16%** to **8.75%** (2014 – 2.05% to 10.05%) with maturities up to **July 2025** (2014 – July 2025).

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

In 2015, the University's investment income of **\$11,277,686** (2014 - \$9,988,796) recorded in the statements of operations consists of income related to investments held for endowments of **\$10,956,877** (2014 - \$9,613,150) and income of **\$320,809** (2014 - \$375,646) on investments other than those held for endowments.

Notes to the Financial Statements

April 30, 2015

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2015	Net Book Value 2014
Buildings	\$ 197,765,755	\$ 102,434,338	\$ 95,331,417	\$ 65,613,234
Construction in progress	174,318		174,318	21,035,803
Land improvements	16,909,496	7,755,944	9,153,552	7,801,158
Equipment	18,343,159	16,221,987	2,121,172	1,875,425
Land	1		1	1
Collections	1		1	1
	\$ 233,192,730	\$ 126,412,269	\$ 106,780,461	\$ 96,325,622

The Capital Asset Fund has loans outstanding in the amount of **\$720,508** (2014 - \$107,355) to the other funds for the construction and renovations of buildings. Repayment of these loans will be made through appropriations from various funds. Interest is charged at the rate earned on the University's expendable funds.

8. COLLECTIONS

As described in note 3(g), the University maintains five permanent library collections as well as the Owens Art Gallery Permanent Collection.

a) 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 2015 on the MMAM and WPB collections were **\$2,634** (2014 - \$1,520) and **\$7,536** (2014 - \$7,083) respectively. The Government of Canada donates a large quantity of documents to the Government Documents Collection each year and, in addition, the University spent **\$1,743** (2014 - \$9,738) for additions to this collection in 2015.

b) Owens Art Gallery permanent collection

The Owens Art Gallery Permanent Collection consists of approximately 3,500 works, including historical and contemporary paintings, works on paper and sculptures of Canadian, European and American origin. The historical component of the Collection consists of approximately 300 18th and 19th century paintings and watercolours and a large collection of works by John Hammond. The contemporary collection consists of American and Canadian prints as well as paintings, sculpture, photography, and drawings. For the year ended April 30, 2015, donated artwork valued at approximately **\$29,050** (2014 - \$662,000) and purchased acquisitions of approximately **nil** (2014 - \$30,000) were added to the Permanent Collection.

Notes to the Financial Statements

April 30, 2015

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances payable of **\$513,166** (2014 - \$487,019).

10. EMPLOYEE FUTURE BENEFIT OBLIGATION

The University has two pension plans, both a defined benefit pension plan and 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%** (2014 - 7.5%) of the plan members' salaries to this plan.

Included in other benefit plans is 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.

The most recent actuarial valuation for funding purposes of the defined benefit pension plan was as of September 30, 2014. The next actuarial valuation for funding purposes must be as of a date no later than September 30, 2015. The Plan's actuary has extrapolated the results of the September 30, 2014 actuarial valuation of the Plan for funding purposes to April 30, 2015 as follows:

	<u>Pension Benefit Plans</u>		<u>Other Benefit Plans</u>	
	2015	2014	2015	2014
		Restated (note 2)		Restated (note 2)
Fair value of Plan assets	\$ 36,670,854	\$ 30,462,982	\$	\$
Defined benefit obligation	33,387,212	29,469,729	1,732,043	1,539,211
Accrued benefit asset (liability)	\$ 3,283,642	\$ 993,253	\$ (1,732,043)	\$ (1,539,211)

The University recorded a rereasurement gain of **\$1,436,913** (2014 - \$3,204,066) in the pension benefit plans and a rereasurement loss of **\$81,835** (2014 – gain of \$186,171) in the other benefit plans. Remeasurements and other items were recorded directly in the statement of changes in net assets.

Notes to the Financial Statements

April 30, 2015

Total cash payment for employee future benefits for 2015, consisting of cash contributed by the University to its defined benefit, defined contribution and other benefit plans was **\$2,748,666** (2014 - \$2,733,480).

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 spent. Changes in the deferred contributions related to capital assets balance is detailed in the following table:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 57,615,019	\$ 46,387,241
Add:		
Contributions for capital assets deferred during the year	6,869,137	13,374,463
Less:		
Deferred contributions amortized during the year	(2,671,282)	(2,013,678)
Deferred contributions recognized as revenue related to disposed assets		(133,007)
Ending balance	<u>\$ 61,812,874</u>	<u>\$ 57,615,019</u>

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. Changes in the deferred contributions balance are detailed in the following tables:

	<u>Research</u>	<u>Special Program Fund</u>	<u>Special Purpose and Endowment Expendable</u>	<u>2015</u>
Beginning balance	\$ 3,166,440	\$ 35,218	\$ 9,394,543	\$ 12,596,201
Add:				
Expendable restricted contributions received	3,187,069	45,731	11,805,584	15,038,384
Less:				
Recognized as revenue and interfund transfers	(2,711,545)	4,014	(5,931,284)	(8,638,815)
Deferred to capital assets	(614,205)		(6,254,932)	(6,869,137)
Ending balance	<u>\$ 3,027,759</u>	<u>\$ 84,963</u>	<u>\$ 9,013,911</u>	<u>\$ 12,126,633</u>

Notes to the Financial Statements

April 30, 2015

	Research	Special Program Fund	Special Purpose and Endowment Expendable	2014
Beginning balance	\$ 3,104,349	\$ 51,201	\$ 18,604,895	\$ 21,760,445
Add:				
Expendable restricted contributions received	3,175,448	11,883	9,135,902	12,323,233
Less:				
Recognized as revenue and interfund transfers	(2,875,553)	(27,866)	(5,209,595)	(8,113,014)
Deferred to capital assets	(357,590)		(13,136,659)	(13,374,463)
Ending balance	<u>\$ 3,166,440</u>	<u>\$ 35,218</u>	<u>\$ 9,394,543</u>	<u>\$ 12,596,201</u>

13. ENDOWMENTS

The following table details the changes in the endowment funds.

	2015	2014
Beginning balance	<u>\$ 139,031,052</u>	\$ 124,474,018
Donations	8,625,979	1,753,988
Investment income capitalized	13,464,249	12,729,076
Interfund transfers not related to donations or investment income	119,631	73,970
Total	<u>\$ 161,240,911</u>	<u>\$ 139,031,052</u>

The University capitalization policy is described in note 3(i). The market value of the endowment funds is disclosed in note 6. Net assets restricted for endowment purposes consists of **\$106,626,684** (2014 - \$89,636,463) externally restricted endowments and **\$54,614,227** (2014 - \$49,394,589) internally restricted endowments.

In 2015, investment earnings, net of fees, of **\$20,682,152** (2014 - \$17,289,206) were earned on endowments, of which **\$6,089,945** (2014 - \$5,051,877) was made available for spending, **\$5,285,729** (2014 - \$4,530,774) was for the preservation of capital on internally restricted endowments, and the balance of **\$9,306,478** (2014 - \$7,706,556) was for the preservation of capital on externally restricted endowments, which was recorded as a direct increase in endowments.

14. COMMITMENTS

As at April 30, 2015, the University had commitments for outstanding contractual arrangements related primarily to construction activities of approximately **\$3,106,485** (2014 - \$12,102,446).

Notes to the Financial Statements

April 30, 2015

15. 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 the event premiums are not sufficient to cover claim settlements, the member universities would be subject to an assessment in proportion to their participation.

16. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

17. 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 2015	Total 2014
Computing services	\$ 86,819	\$	\$ 86,819	\$ 84,058
Administrative and general services	728,484	112,254	840,738	777,690
Physical plant	1,805,415		1,805,415	1,847,814
Student services	121,343		121,343	117,599
	\$ 2,742,061	\$ 112,254	\$ 2,854,315	\$ 2,827,161

Schedules

**Schedule of Operating Funds, Restricted Funds and Net Assets
Invested in Capital Assets**

Statement of Operations

Year ended April 30, 2015

	General, Ancillary and Special Program Operating Funds	
	2015	2014 restated
	From Schedule 2	
Revenues		
Government grants - provincial	\$ 20,783,052	\$ 20,118,209
Government grants - federal	656,335	648,509
Student fees	30,175,877	29,937,640
Bequests and donations	249,206	445,610
Non-government grants		
Bookstore and conference income	2,414,677	2,521,247
Investment income	7,738,843	6,725,433
Trust income	76,677	81,571
Other income	1,461,766	1,380,304
Unamortized contribution of assets disposed during the year		
Amortization of deferred capital contributions		
	<u>63,556,433</u>	<u>61,858,523</u>
Expenses		
Academic departments	23,151,035	23,022,048
Library	2,397,347	2,464,866
Computing services	2,064,705	2,034,620
Administrative and general services	7,770,555	7,422,108
Physical plant	8,962,127	8,466,987
Student services	3,277,986	3,280,515
Ancillary services	6,038,996	5,833,473
Loss on disposal of capital assets		
Amortization of capital assets		
	<u>53,662,751</u>	<u>52,524,617</u>
Revenues over expenses (expenses over revenues)	\$ 9,893,682	\$ 9,333,906

Schedule 1

Research, Special Purpose and Endowment Expendable Funds		Net Assets Invested in Capital Assets		Total	
2015	2014	2015	2014	2015	2014 restated
From Schedule 3					
\$ 664,035	\$ 671,641	\$	\$	\$ 21,447,087	\$ 20,789,850
2,308,661	2,416,122			2,964,996	3,064,631
				30,175,877	29,937,640
1,269,123	1,359,248			1,518,329	1,804,858
393,921	367,424			393,921	367,424
				2,414,677	2,521,247
3,538,843	3,263,363			11,277,686	9,988,796
154,446	90,365			231,123	171,936
27,064	44,588			1,488,830	1,424,892
			133,007		133,007
		2,671,282	2,013,678	2,671,282	2,013,678
8,356,093	8,212,751	2,671,282	2,146,685	74,583,808	72,217,959
3,307,529	3,471,238			26,458,564	26,493,286
423,233	418,037			2,820,580	2,882,903
165,917	1,311			2,230,622	2,035,931
976,492	820,200			8,747,047	8,242,308
26,067	38,209			8,988,194	8,505,196
3,320,272	2,956,269			6,598,258	6,236,784
	4,339			6,038,996	5,837,812
			113,346		113,346
		4,566,456	3,754,216	4,566,456	3,754,216
8,219,510	7,709,603	4,566,456	3,867,562	66,448,717	64,101,782
\$ 136,583	\$ 503,148	\$ (1,895,174)	\$ (1,720,877)	\$ 8,135,091	\$ 8,116,177

Schedule of General, Ancillary and Special Program Operating Funds

Statement of Operations
Year ended April 30, 2015

	General Operating Fund	
	2015	2014 restated
Revenues		
Government grants - provincial	\$ 20,713,749	20,023,837
Government grants - federal	656,335	648,509
Student fees	20,652,117	20,559,153
Bequests and donations		
Bookstore and conference		
Investment income	233,515	230,007
Trust income		
Other income	<u>832,824</u>	<u>738,760</u>
	<u>43,088,540</u>	<u>42,200,266</u>
Expenses		
Academic departments	22,699,780	22,819,118
Library	2,397,347	2,464,866
Computing services	1,977,886	1,950,562
Administrative and general services	5,278,585	5,077,046
Physical plant	5,617,753	5,419,481
Student services	3,152,202	3,158,887
Ancillary services		
	<u>41,123,553</u>	<u>40,889,960</u>
Revenues over expenses	<u>\$ 1,964,987</u>	<u>1,310,306</u>

Schedule 2

Ancillary Operating Fund		Special Program Operating Fund		Total	
2015	2014	2015	2014	2015	2014 restated
\$	\$	\$ 69,303	\$ 94,372	\$ 20,783,052	\$ 20,118,209
				656,335	648,509
9,523,760	9,378,487			30,175,877	29,937,640
		249,206	445,610	249,206	445,610
2,414,677	2,521,247			2,414,677	2,521,247
		7,505,328	6,495,426	7,738,843	6,725,433
		76,677	81,571	76,677	81,571
526,718	527,373	102,224	114,171	1,461,766	1,380,304
<u>12,465,155</u>	<u>12,427,107</u>	<u>8,002,738</u>	<u>7,231,150</u>	<u>63,556,433</u>	<u>61,858,523</u>
		451,255	202,930	23,151,035	23,022,048
				2,397,347	2,464,866
86,819	84,058			2,064,705	2,034,620
728,484	669,990	1,763,486	1,675,072	7,770,555	7,422,108
3,344,374	3,047,506			8,962,127	8,466,987
121,343	117,599	4,441	4,029	3,277,986	3,280,515
6,038,996	5,833,473			6,038,996	5,833,473
<u>10,320,016</u>	<u>9,752,626</u>	<u>2,219,182</u>	<u>1,882,031</u>	<u>53,662,751</u>	<u>52,524,617</u>
\$ 2,145,139	\$ 2,674,481	\$ 5,783,556	\$ 5,349,119	\$ 9,893,682	\$ 9,333,906

Schedule of Research, Special Purpose and Endowment Expendable Funds

Statement of Operations

Year ended April 30, 2015

	Research Fund	
	2015	2014
Revenues		
Government grants - provincial	\$ 199,205	\$ 225,861
Government grants - federal	2,165,027	2,293,258
Bequests and donations		
Non-government grants	347,313	356,813
Investment income		
Trust income		
Other income	75	
	<u>2,711,620</u>	<u>2,875,932</u>
Expenses		
Academic departments	2,421,121	2,446,753
Library	2,539	3,049
Computing services		
Administrative and general services	27,807	2,410
Physical plant		
Student services	44,167	
Ancillary services		
	<u>2,495,634</u>	<u>2,452,212</u>
Revenues over expenses		
(expenses over revenues)	<u>\$ 215,986</u>	<u>\$ 423,720</u>

Schedule 3

Special Purpose Fund		Endowment Expendable Fund		Total	
2015	2014	2015	2014	2015	2014
\$ 464,830	\$ 445,780	\$	\$	\$ 664,035	\$ 671,641
143,634	122,864			2,308,661	2,416,122
1,269,123	1,359,248			1,269,123	1,359,248
46,608	10,611			393,921	367,424
	14,388	3,538,843	3,248,975	3,538,843	3,263,363
		154,446	90,365	154,446	90,365
25,161	43,938	1,828	650	27,064	44,588
<u>1,949,356</u>	<u>1,996,829</u>	<u>3,695,117</u>	<u>3,339,990</u>	<u>8,356,093</u>	<u>8,212,751</u>
369,251	381,472	517,157	643,013	3,307,529	3,471,238
54,837	91,637	365,857	323,351	423,233	418,037
165,917	1,311			165,917	1,311
145,362	65,777	803,323	752,013	976,492	820,200
26,067	38,209			26,067	38,209
1,216,361	1,148,670	2,059,744	1,807,599	3,320,272	2,956,269
	4,339				4,339
<u>1,977,795</u>	<u>1,731,415</u>	<u>3,746,081</u>	<u>3,525,976</u>	<u>8,219,510</u>	<u>7,709,603</u>
<u>\$ (28,439)</u>	<u>\$ 265,414</u>	<u>\$ (50,964)</u>	<u>\$ (185,986)</u>	<u>\$ 136,583</u>	<u>\$ 503,148</u>