



# *Standing Tall*

*Mount Royal University  
2013/14 Annual Report*



MOUNT ROYAL  
UNIVERSITY  
1910



*Mount Royal University  
Annual Report*

**2013/14**





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## Message from the Board Chair

**As Mount Royal enters into its fifth academic year since being named a university, it is a fitting time to reflect on how strong the institution stands as an undergraduate partner within Campus Alberta.**

There are many positive signs of Mount Royal's growth as a degree-granting university. Over the past five years, we have had year-over-year gains in the percentage of our student body enrolled in four-year baccalaureate programs, the percentage of faculty members focused on scholarship in addition to teaching and service, and the number of PhD holders on campus.

From the Board of Governors' perspective, our University has made huge strides toward being a provincial leader in undergraduate education. This view was shared by the Campus Alberta Quality Council (CAQC) members who declared in 2013 that Mount Royal had made "discernible progress" as a high-quality university focused on teaching and learning informed by scholarship.

Recognizing the financial challenges created by recent provincial budget reductions, the CAQC also noted that Mount Royal has "prudently cut the sails to fit the cloth in a financially and academically responsible" way. On behalf of the Board, I would like to echo the CAQC members who have applauded Mount Royal's resilience in tough fiscal times.

However, it will take stable funding in order for Mount Royal to stay our course and continue offering a personalized undergraduate learning experience along with the credentials the government expects us to deliver.

In the interim budget environment, Mount Royal will continue to assess student programs in order to best meet the growing demand for higher education.

**Bryan D. Pinney**  
Chair, Board of Governors



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## Message from the President

**During my first presidential address in fall 2011, I urged our Mount Royal University community to “walk the university walk.”** That was back when Mount Royal had just celebrated our centennial and the campus was entering into a new century as a university. Although we were standing on a solid foundation as a strong, student-focused institution, we also knew there was a lot of work ahead.

Our *2013/14 Annual Report* demonstrates how much ground we’ve covered since my inaugural speech. We’ve certainly picked up the pace in our mission to become Canada’s premier undergraduate university.

Of the many highlights listed in the subsequent pages, three things stand out to me: the success of our people, our University and our community.

For the first time ever, some of Mount Royal’s “middle years” undergraduate students were surveyed through the Canadian University Survey Consortium. We were pleased to learn 97 per cent of second- and third-year Mount Royal students would recommend their University to others, which speaks to our focus on student success and satisfaction.

In the past year, we announced the Government of Alberta funding needed to start construction on the long-anticipated Riddell Library and Learning Centre. This facility will become the academic heart of our University, and will meet the needs of 21st century students, providing better access to resources and technology in spaces designed to inspire learning, exploration and collaboration.

As we continue our focus of being community-responsive, we introduced the Bachelor of Child Studies and Bachelor of Health and Physical Education together in February 2014, becoming the 10th and 11th baccalaureates offered at Mount Royal since 2007. By promoting health and wellness, these new degree programs are ensuring our communities have the tools to remain strong and vibrant.

While financial challenges continue to present significant hurdles, we will soon be launching our new institutional Strategic Plan to keep us on track. Given this, Mount Royal remains committed to walking alongside our students on their journey to becoming highly engaged citizens.

**David Docherty, PhD**  
**President, Mount Royal University**





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## Board of Governors

*Current as of date of publication*



**Bryan D. Pinney**  
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*Vice-Chair*



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**Sarah Hamilton**



**Paul Rossmann**

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## Board of Governors' Priorities (2013/14)

*Approved on December 9, 2013*

### Within the context of Mount Royal

University's aspiration to be Canada's finest instructionally focused, scholarly informed undergraduate university, and along with the regular responsibilities of the Board, the Board of Governors sets out its priorities as follows:

- » Steward the evolution of Mount Royal in our goal to be Canada's premier undergraduate university.
- » Approve a new five-year Strategic Plan.
- » Enhance Mount Royal's support of and participation in Campus Alberta.
- » Engage in developing sustainable funding for Mount Royal.
- » Oversee the construction and financing of current capital projects and update the Campus Master Plan.



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## Accountability Statement

**Mount Royal University's Annual Report** for the year ended June 30, 2014 was prepared under the Board's direction in accordance with the ministerial guidelines established pursuant to the Fiscal Management Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

**Bryan D. Pinney**  
Chair, Board of Governors

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## Institutional Context

### Vision

Inspiring learning for a world of possibilities.

### Mission

We are an undergraduate university focused on teaching and learning informed by scholarship. We are committed to personalized, experiential and outcome-based learning. We deliver high quality programs built on a foundation of General Education.

Recognizing that diversity strengthens us all, Mount Royal University welcomes, supports and celebrates all its communities. We are also dedicated to fostering an environment of respect and inclusion.

Dynamic, relevant and responsive to our students and communities, we are making Mount Royal Canada's premier undergraduate university.

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## Mandate Statement

**Mount Royal University is a public,** board-governed institution operating as a Baccalaureate and Applied Studies Institution under the authority of the Post-secondary Learning Act of Alberta. Mount Royal was named a university by an Order in Council on 2 September 2009 and is governed by the public colleges section of the Post-secondary Learning Act.

Mount Royal is a learning community that focuses on instruction informed by scholarship. Its mission is excellence in baccalaureate and applied degrees along with certificate and diploma programs. Mount Royal's programs prepare students to be thoughtful and informed citizens by combining liberal and applied studies and by providing graduates with opportunities for individual fulfillment, further study and employment.

Mount Royal offers programs in arts and science, nursing and health, business, communications, community studies, design, education, performing arts, and aboriginal studies that lead to the following credentials and further studies:

- » Baccalaureate degrees and transfer programs to prepare learners for further study and employment
- » Applied degrees to prepare learners for employment
- » Certificate and diploma programs to prepare learners for employment and lead to further studies and credentials
- » Post-secondary entrance programs that facilitate learner access to further studies

Mount Royal University plays a pivotal role in the Campus Alberta system. It is both a sending and a receiving institution for students transferring to and from other institutions. The University also develops collaborative degree partnerships with other Alberta institutions.

Mount Royal supports scholarly activity that contributes to instructional excellence and to the cultural, social, and economic well-being of the community locally, provincially, nationally and internationally.

Mount Royal students are supported by a range of services that contribute to academic, social and personal development. Student supports include library services, academic advising, learning skills development, cultural activities, career services, residence services, counseling, recreation and wellness programs. These services are designed to benefit students by increasing their opportunities for success.

Mount Royal's primary service area includes Calgary and the surrounding region. Mount Royal also serves a wider learner population provincially, nationally and internationally through face-to-face and distance delivery and through partnerships with other post-secondary institutions. Mount Royal serves its communities by creating and communicating knowledge and by meeting the needs of the labour market in fields related to its program areas.

Mount Royal University also serves its communities by providing contract training, professional development, international programming and, through its internationally recognized conservatory, music instruction particularly for younger people. Through these programs, Mount Royal enhances its commitment to continuous, lifelong learning and to global awareness in an interconnected world.

**Approved by the Board of Governors,  
March 8, 2010**

**Approved by the Minister of Advanced  
Education and Technology, April 8, 2010**

Increase in **Aboriginal enrolment** in 2013/14 from 2009/10. See page 9 for more figures on student populations.

11.4%

Student body enrolled in **open studies programming** (up one per cent year-over-year), with another 2.9 per cent signed up for the University Entrance Option. Both programs boost student access by offering degree-level programming.

## Mount Royal University is standing tall

Since being named a university, we have remained focused on providing a personalized undergraduate experience, bolstered by outcome-driven teaching and informed by leading-edge scholarship.

We've recently made several difficult choices as a result of unanticipated financial challenges — but we continued moving forward in the 2013/14 fiscal year. Our people, our campus and our community partnerships contributed to our resiliency throughout this time.

We continue to build on both experience and emerging trends in higher education to propel Mount Royal's growth in Alberta's post-secondary landscape.

Average number of students in a credit course at Mount Royal in fall 2013. Smaller **class sizes** have been our hallmark for more than a century.

13



GPA required for student-athletes to qualify as **CIS Academic All-Canadians**. 52 of Mount Royal's 169 Cougar athletes reached the prestigious mark, and more than half of players had a GPA above 3.0.

3.5

Total number of **parchments** handed out to degree, certificate and diploma students in 2013/14. That figure has risen 42.1 per cent over the past five years.

Faculty with a **PhD** who taught one or more classes at Mount Royal; close to 70 per cent were full-time at MRU. An additional 16 faculty were working towards a doctorate.

Registered in **New Student Orientation** at the beginning of the fall semester.

**Credit applicants**

applied to Mount Royal in fall 2013. More than two-thirds of that prospective student pool was looking to enter a degree program.

Second- and third-year students who say they were **satisfied** with their Mount Royal experience when asked by the Canadian University Survey Consortium 2014 Survey of Middle Years Undergraduates. See page 13 for more on our students' experiences.



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# *Our people*

## Sharpening our focus on undergraduate education

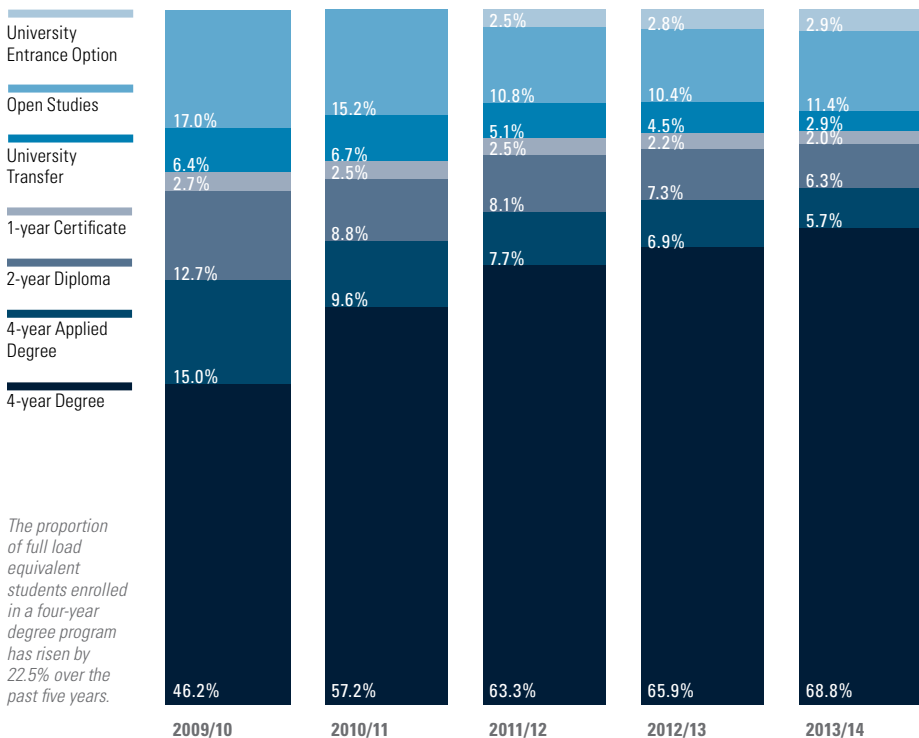
**Mount Royal University's academic future** remains in delivering baccalaureate degrees to an increasing proportion of our student body. True to our three-year comprehensive institutional plan, we again hit that target in 2013/14 — as we have every year since reaching University status in 2009.

Our continued focus on providing student-centred, instruction-focused undergraduate degree programs was bolstered through the launch of two new degrees: The Bachelor of Health and Physical Education and Bachelor of Child Studies. Graduates of these programs will be qualified to work in a vast array of community-based settings. For more information on the new degree programs, see page 18.

Offering four-year degree programs will allow students to complete the entirety of their studies at Mount Royal. Students of four-year degree programs will be better recognized by graduate schools and will have access to greater opportunity to further their education and careers.

Transitioning existing applied degree, diploma and certificate programs to a baccalaureate level increases degree education in Alberta and meets the strong and growing need for degree-trained professionals. Other diploma and certificate programs — notably in the fine arts — are experiencing a hiatus. We will however, continue to explore collaborative and sustainable ways to serve the burgeoning cultural demands of Calgary and the region.

### FULL LOAD EQUIVALENT ENROLMENT DISTRIBUTION BY PROGRAM TYPE — FIVE YEAR TREND

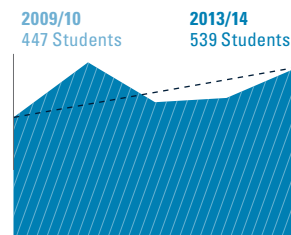


### SERVING ABORIGINAL AND INTERNATIONAL STUDENTS

4.29%

#### Aboriginal Students

Through our Academic Plan, Mount Royal has set a goal of 7 per cent Aboriginal student enrolment to more accurately represent Alberta's cultural demographic.



#### Aboriginal Enrolment

Aboriginal enrolment, which includes Inuit, Métis, Status Indian/First Nations, Non-Status Indian/First Nations, increased by 20.6 per cent from 2009/10 to 2013/14.

2.5%

#### International Students

Percentage of international students enrolled at Mount Royal. The University looks to boost this under-represented student population as identified in our current Academic Plan.



## Supporting a healthier and more inclusive education

Maintaining an accessible, equitable and inclusive learning environment is critical to boosting student success. In keeping with Mount Royal University tradition, we provide support for students to find their identity, explore their potential and develop friendships. We recognize the value of the university experience and we embrace the possibility of our people.

### Wellness Services

Wellness Services continued to support our Mount Royal community in impactful ways over the last year. A total of 25,487 one-on-one visits were made in the 2013/14 academic year for services such as chiropractic care, student counseling and appointments with a physician. While budget reductions triggered organizational changes and an overall reduction in one-on-one services, the new Mental Health Nurse Coordinator facilitated access to services within Health Services and worked with Student Counselling Services to support students requiring medical/psychiatric or external care access to resources.

Working with new health data and the President's Task Force on Student Mental Health's report, many initiatives were identified and realized. Student mental health continues to be a large focus for many of our services.

### Responding to tragedy

Our community was devastated April 15 by the tragic loss of five Calgary students — including one young woman who had studied English at Mount Royal — following a violent incident at a house party. We worked collaboratively with numerous campus partners to respond in an appropriate, respectful and timely manner. Our staff and volunteer chaplains were instrumental in planning, delivering and supporting the institutional response in a very short time frame. Although the circumstances were tragic, the opportunity for our community to come together to grieve, share stories and benefit from the warmth of one another's support demonstrated the deep sense of caring, compassion and community we are fortunate enough to enjoy at Mount Royal.

### Accessibility Services

With the number of students eligible for academic accommodations and access supports growing, the Accessibility Services team has advanced its vision by providing an array of resources and services aimed at assisting students experiencing disabilities achieve their academic goals.

Highlights:

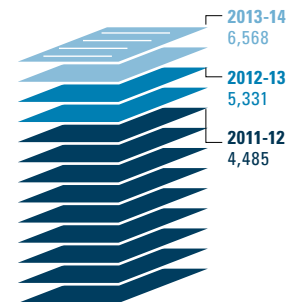
- » A revised policy was passed that articulates the University's legal obligation to the principles of universal design. This policy is a significant milestone for the creation of a more inclusive environment for people with and without disabilities, and older members of our campus community.
- » 800 students registered with Accessibility Services in 2013/14, slightly down from last year but 64 more than in the 2011/12 academic year.
- » Through government funding, 177 students were able to access services such as note-takers, sign language interpreters and assistive technology training (such as voice-activated software). Another 162 were at least partly funded by the Alberta Innovation and Advanced Education conditional grant.

### HIGHLIGHTS



### Diversity and Inclusion Training

133 students, staff, faculty and managers attended diversity and inclusion workshops led by volunteer peer facilitators.



### Accommodated Exams

The number of accommodated exams for students experiencing disabilities written during the academic year has increased by 46.4 per cent over the past three years.

## Diversity and Human Rights

**Diversity and Human Rights** has many champions throughout our Mount Royal community who provide significant support as we work to make our campus an even better place to work, live and learn. With only two full-time equivalent staff, we depend on our student and employee volunteers to deliver programming.

Highlights:

- » After piloting a group of peer health educators to develop and deliver diversity-related programming, 2013/14 was the first year of a full-fledged Peer Diversity Education program. Based on a peer-to-peer model of student development, peer diversity educators are campus leaders who educate, advocate and raise awareness of issues related to diversity, respect and inclusion on campus.
- » Of the 48 concerns heard by Diversity and Human Rights, 36 files were closed. Under Human Rights law, people are entitled to be free from discrimination and harassment. Our advisors discuss a variety of solutions before a formal complaint is filed.

## Mount Royal offers new supports in 2013/14

### Breathing Room

**In November 2013, Mount Royal launched a revolutionary eight-module online program** aimed at improving students' mental health. It blends media and mediation with other tools in a bid to improve our students' well-being. The program is a joint partnership between the University and the Canadian Institute of Natural and Integrative Medicine.

### Institute for Environmental Sustainability (IES)

**Our Institute for Environmental Sustainability was awarded a research grant of \$250,000**, including \$120,000 in April from the Canadian Water Network (CNW) to lead a national team on a project to explore the landscape effects of hydraulic fracturing on surface water and watersheds. Financial support was provided for 16 environmental sustainability research projects, representing 22 Mount Royal faculty from 12 different departments.

### Who's Frank?

**Members of our Mount Royal community united with students and counselors** from neighboring Bishop Carroll High School to start an anti-bullying movement. It started with early discussion in the fall of 2013 and spawned a "write-in" in which participants shared their experiences of bullying in hopes of empowering the community. These stories were shared February 26 to mark Pink Shirt Anti-Bullying Day. The initiative also featured a giant, pink elephant named Frank, who helped to initiate discussion about positive change among high school students.



Pink elephant illustration by Micaela DeBoer



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## ***Celebrating student success at every level***

**Between stepping on campus for the first time and walking the convocation stage, our students experience a journey of academic rigour and self-discovery. It's not easy — there are many obstacles along the way. As part of our comprehensive institutional three-year plan, we strive to support student persistence by creating an integrated experience where skill development and a sense of community are built alongside academic programming.**

Here's a snapshot of the student experience:

***FIRST-YEAR STUDENTS  
Mount Royal University's  
Assessment Seminar: Revisiting  
the first-year experience***

**The experiences of 112 first-year Mount Royal degree students were captured in one-on-one interviews conducted in the winter of 2013. Interviewees were "true" first-year students, attending Mount Royal for the first time with no prior post-secondary experience.**

Highlights:

- » Smaller class size was the most common reason the interviewees said they chose to attend Mount Royal.
- » Caring faculty members featured strongly in students' descriptions of Mount Royal's learning environment.
- » Students spoke very positively about experiential learning (practica, clinical labs, undergraduate research) in their Mount Royal experience, and its impact on their learning.

Members of the Assessment Seminar will review the implications of the findings and provide recommendations for an institutional response.

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***FIRST-YEAR STUDENTS' RESPONSES IN  
MOUNT ROYAL'S ASSESSMENT SEMINAR***

***"One of the cool things that I tell everybody is that every prof knows my name..."***

***— Business student***

***"[The faculty] all work their hardest to make sure everyone passes... which goes against what everyone told me."***

***— Arts student***

***"What made me choose Mount Royal was that it's a four-year program... (and) you actually start working with kids (in first year)."***

***— Education student***



**SECOND- AND THIRD-YEAR STUDENTS**  
**Middle Years Student Survey**  
**Canadian University Survey Consortium**

**For the first time, researchers with the Canadian University Survey Consortium surveyed middle-years students to better appreciate the impacts and challenges of the intervening years between starting and completing an undergraduate degree.**

The 2014 survey involved 28 universities and more than 22,500 middle-years university students from across Canada. Out of a potential pool of nearly 3,700 at Mount Royal, 1,479 of our students responded to the survey.

Highlights:

- » A relatively high proportion — almost three quarters — of our students are employed over the course of their studies. This is higher when compared to the national average, which is about half of university students.
- » Seven in 10 middle-years students at Mount Royal agree that they have the financial resources to complete their program, including 23 per cent who strongly agree.
- » Overall, the majority (53 per cent) of middle-years students say that their experiences met their expectations, and 39 per cent say their experiences exceeded their expectations.

**GRADUATING STUDENTS**  
**Celebrating Success**

**We celebrated our graduating students at four separate convocation ceremonies in 2013/14.** Our valedictorians were Carlos Andres Duran (Applied International Business and Supply Chain Management), Evan Christina Hudson (Bachelor of Business Administration — Accounting), Danielle Garipey (Bachelor of Nursing) and Ryan Jon Johnson (Bachelor of Arts — Criminal Justice).

Members of our Mount Royal community Judy Johnson, Diana Patterson and Lee Wertzler received the professor emerita designation for their outstanding service, while community builders Ken King and Harold (Hal) Wyatt were recognized with honorary degrees (Bachelor of Health and Physical Education, and Bachelor of Arts, respectively).

**AFTER GRADUATION**  
**Career Services Connects**  
**Students with Employers**

**The 2013/14 academic year highlights a successful year for Career Services.** As we rely so heavily on employer partnerships, this year's figures demonstrate that we are significantly increasing new business.

Highlights:

- » Employer partnerships grew by over 100 new companies, indicating a strong demand for Mount Royal students seeking employment.
- » More than 160 corporate, government and nonprofit organizations had company profiles featured on the Career Services website with an additional 90 recruitment events advertised for students.
- » The Mount Royal Student and Graduate Job Bank was accessed 36,000 times. A total of 3,100 jobs were posted supporting students with program-related, part/full-time and graduate positions. In addition, 1,200 jobs were posted on the work experience job bank which qualified for work terms.

**SNAPSHOTS OF SUCCESS**

**92%**

**Content Learners**

92% of middle-year students say that they are at least generally satisfied with the quality of teaching at Mount Royal, which is 4 per cent higher than the national average.

**1,868** parchments  
awarded to students



**Graduating Students**

1,868 parchments for degrees, applied degrees, diplomas and certificates were awarded to students in 2013/14.

## Promoting student success through research and scholarship

While Mount Royal University boasts a century-long track record of excellence in teaching, we have continued to raise the bar on our research activities since becoming a university.

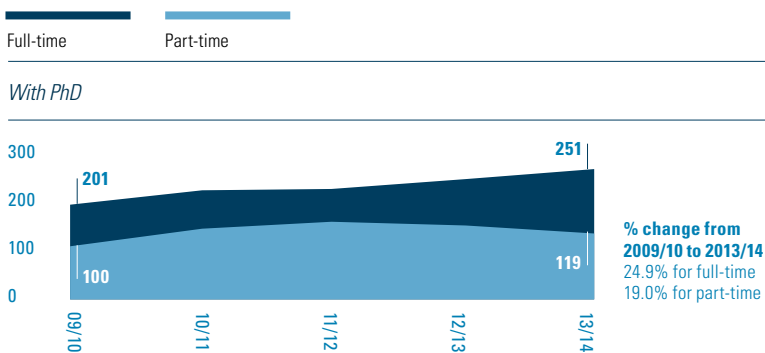
Faculty at Mount Royal participate in research activities across a full spectrum of academic disciplines, from external grant-funded projects to small campus-focused projects. The strong link between research and the classroom at Mount Royal is what ties all of these activities together.

It is important to note the majority of faculty members include research and scholarship in their roles and responsibilities. In 2013/14, nearly 70 per cent of instructors were enrolled in the Teaching, Scholarship and Service stream. That is a 14.1 per cent increase over the past five years. Our Teaching and Service faculty — who typically teach eight instead of six courses per year — also make contributions to research and scholarship.

Students advance our research and scholarship initiatives by working alongside their professors. Nearly 20 per cent of fourth-year students who participated in the 2013 National Survey of Student Engagement said they had worked with a faculty member on a research project, with another 12 per cent who expressed plans to do so.

Our people are the backbone of our university, and we are proud of our contingent of academic professionals. The number of faculty members with PhDs continued to surge in the 2013/14 reporting period. The information below illustrates Mount Royal's commitment to hiring well-qualified individuals to teach our students.

### MOUNT ROYAL FACULTY MEMBER LEVEL OF EDUCATION



## Faculty profiles

### RAPHAEL SLAWINSKI, PhD

**Raphael Slawinski literally reached new heights last summer** when he and his climbing partner became the first to summit K6 West in Pakistan. The associate professor in the Faculty of Science and Technology who has taught at Mount Royal for the past decade, and his climbing partner, Ian Welsted, made history in July 2013. They became the first team to ascend the north side of K6 West, a challenging and treacherous peak in Pakistan. The two men completed the 7,000-metre climb without the use of high-altitude porters or fixed camps. Slawinski and Welsted's tremendous achievement earned them a win for the Piolet d'Or award 2014, which represents recognition by some of the most respected names in alpinism, as well as a nomination for National Geographic's Adventurer of the Year 2014, people's choice vote.



### BRENT OLIVER, PhD

**Brent Oliver learned in June 2014 he was accepted** to participate in Universities Without Walls (UWW) for the second time. It is a coveted position, as UWW invites only 10 people from across the country to participate as fellows in each cohort, starting in September and ending in May of the following year. Oliver, from the Department of Social Work and Disability Studies, will complete community-based research in Alberta with a goal to establish a research caucus within the Alberta Community Council on HIV. Through his research, Oliver also aims to help ensure financial resources, support and expertise will be directed to community-based HIV research in Alberta with a specific focus on the health and wellness needs associated with sexual activity among men.

### JODI NICKEL, PhD

**Jodi Nickel received an inaugural Bookie Award in** April 2014. The awards were presented to leaders in Calgary who are making a difference in the lives of local children through their commitment to literacy. The Bookies are part of Calgary Reads' The Big Book Club. Calgary Reads offers more than 18 programs and initiatives that work in schools and communities to support children and their families. Nickel, an associate professor at Mount Royal, teaches prospective teachers in the Department of Education. Her current research considers the emergence of professional identity in teacher education.

**TREVOR DAY, PhD**

**Trevor Day, Department of Biology, together with seven students from Mount Royal presented at the Okanagan Cardiovascular and Respiratory Symposium in March 2014.** While such conferences typically feature leaders in the field (scientists with a substantial track record) presenting talks, this was a trainee focused meeting. Most of the presenters were Masters, PhD or Post-Doctoral students — Mount Royal's students were among the very few undergrads asked to present. Students presented on a variety of different topics in the area of biology. Day presented his research program integrative cardiorespiratory and cerebrovascular physiology of humans.

**MELANIE PEACOCK, PhD**

**Melanie Peacock received a Distinguished Career Award from the Human Resources Institute of Alberta in April 2014.** It's a decoration that is awarded to only a few HR professionals who have at least 15 years of experience in the field and have also made significant contributions to the advancement of the profession in Alberta. Peacock was nominated for her many contributions to Alberta's HR sector, including but not limited to: her role as a faculty member at Mount Royal where she is renowned for her exceptional teaching and mentoring of students, her volunteerism in the HR community, and helping advocate for the importance of the Certified Human Resources Professional designation.



**DAVID LEGG, PhD**

**David Legg was selected to sit on the International Paralympic Committee's (IPC) — Sport Science Standing Committee following approval from the IPC Governing Board at its June 2014 meeting in Bonn, Germany.** Legg, a full professor in the Department of Physical Education and Recreation studies, joined representatives from 21 different countries, representing all five continents. Legg's research interests include those related to sport management and adapted physical activity. He edited and wrote multiple chapters in the first book on Paralympic Legacies and is co-investigator of a project funded by SSHRC. The project studies the impacts of both the 2014 Commonwealth Games and 2015 Parapan American Games on community, with respect to people with physical disabilities.

## Supporting faculty to ensure a quality teaching and learning process

**Expanding support services to an increasing number of faculty members remains an important goal in our three-year comprehensive institutional plan.**

Our Academic Development Centre (ADC) provides a range of services and expertise to faculty and staff. Each year the ADC offers programs designed to orient new Mount Royal faculty to best practices in teaching and learning and to provide opportunities for socialization, community building and professional learning. The goal of these programs is to contribute to effective and scholarly teaching and overall success and satisfaction in faculty roles.

The ADC also provides Mount Royal faculty with a variety of professional learning opportunities including stand-alone workshops, short courses that run over several sessions, and year-long engagements such as Faculty Learning Communities. These professional development opportunities are facilitated by members of the faculty development team and address topics related to pedagogy, curriculum, assessment, scholarship and technology integration in undergraduate education.

Highlights:

- » Drop-in Support: The Sandbox drop-in computer lab, provided 3,835 points of assistance to Mount Royal faculty and instructional staff seeking assistance with the use of educational technology. Once again, questions related to Blackboard — the University's online learning portal — lead the way, accounting for 78 per cent of contacts.
- » Faculty Orientation and Support: This year there were 12 new faculty members enrolled in the New Faculty Support Program (NFSP), which provides support and resources to new full-time faculty members, both tenure track and limited term. The program commences with a three-day orientation in August and continues on to offer a variety of programming during the pre-tenure period in response to the interests and needs expressed by program participants.
- » Professional Development: This year the Mount Royal teaching and learning community engaged in 2,726 hours of professional development programming facilitated by the ADC.



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# *Our univers*

## Changes on Campus

### Mount Royal University secures funding for long-anticipated new library and learning centre

Mount Royal announced in November 2013 we had secured funding to construct a new, stand-alone library, which will support the academic excellence of our students.

The Alberta government committed \$85.8 million for the construction of what has been a top capital priority for the University since 2005. The government funding, along with a private donation from the Riddell family, will result in a state-of-the-art library and learning centre that takes Mount Royal's commitment to excellence in teaching and learning to higher levels. With strong community participation, our facility will be a flagship cultural institution in Calgary for all citizens to enjoy.

The new facility will be named the Riddell Library and Learning Centre in recognition of the gift from the Riddell family to the *Changing the Face of Education* campaign — our most ambitious fundraising effort to date.

Since our current library was built in 1972, student numbers have grown and our campus has evolved from a college to a university. Libraries themselves have evolved beyond books to include digital and electronic resources.

Expanding library collections, facilities and services to address the current and emerging needs of students in undergraduate programs has been identified as a key priority in the University's three-year comprehensive institutional plan.

## Library use underscores need for new spaces

When it is complete, the 16,000-square-metre Riddell Library and Learning Centre will be four times larger than Mount Royal's current library. The new facility will serve the ever-growing demand of our campus community.

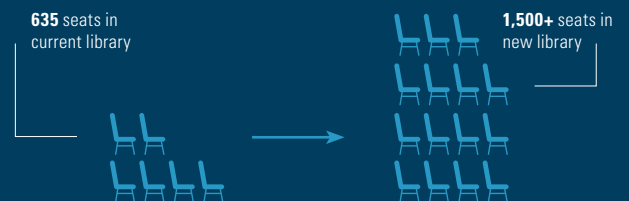
More than 625,000 students, faculty, staff and visitors passed through the library gates in the 2013/14 academic year. Additionally, librarians taught 668 sessions of research and information literacy, reaching and supporting academic success for more than 16,680 students across all years of study and most program areas.

Our offerings continued to change with the times as libraries move beyond quiet repositories for books to include digital resources and active learning spaces. Mount Royal Library held nearly 193,000 eBooks in its collection, which has more than doubled over the past five years. Electronic periodical subscriptions have also increased from nearly 15,000 to more than 38,000 over the same period.

Today's students need a space where they can study, think, exchange ideas and create new ones — the library is where it happens.



### EXPANDING MINDS (AND SPACES)



Once the new Riddell Library and Learning Centre is complete, the number of student seats will nearly triple from 635 today to more than 1,500. Group-use rooms will increase from three today to 34.

# ity

## Taking learning further, inside and outside the classroom

### Agreement expands bounds of classroom and lab space

In May 2014, a historic agreement between Mount Royal and the Ann & Sandy Cross Conservation Area (ASCCA) was signed on top of a grassy hill in the middle of Mount Royal's newest 4,800-acre laboratory and classroom.

Working to advance the objectives of outdoor education, conservation and environmental sustainability, the ASCCA and Mount Royal created a Memorandum of Understanding (MOU) that will promote joint educational, cultural and scientific collaboration through numerous areas of study, research and cooperation.

Every faculty, school and department at the University will be able to find some way to benefit from access to the area. Students will have the opportunity to study watersheds, wildlife (birds, bears, cougars, beavers and even moose), geology and agriculture.

There are already fascinating projects underway, with one aimed at involving elementary school children (with the Calgary Board of Education) in the observation and analysis of the behaviours of bumblebees. The global bee population has been dramatically dropping over the past several years, and Mount Royal researchers are exploring how the busy little pollinators are faring in the Calgary area.

The MOU is an enrichment to experiential learning at Mount Royal, and furthers the University's goal of being a place where students not only gain knowledge, but also the experience needed to help make long-term differences in their communities.

### Rise of new degree programs at Mount Royal University

The Bachelor of Child Studies and the Bachelor of Health and Physical Education were introduced together in February 2014, becoming the 10th and 11th baccalaureates offered at Mount Royal since 2007.

These new degree programs aim to safeguard a strong and vibrant society by promoting health and wellness — from our first steps to our last. Both programs offer hands-on learning opportunities, in and outside of the classroom by putting theory into practice through coursework and community-based practica.

Both the Bachelor of Child Studies and Bachelor of Health and Physical Education offer relevant content that reflects current trends in the field and serves the ever-growing labour demand for degree-trained professionals in their respective fields in Canada.

As a member of the Association of Universities and Colleges of Canada, universities recognize Mount Royal's newest baccalaureates across the country, broadening the opportunities for graduates to pursue additional research and education after graduation.

#### Existing partnerships

Mount Royal's current collaborations with other academic institutions include:

- » Bachelor of Business Administration with Medicine Hat College
- » Bachelor of Education with Medicine Hat College
- » Bachelor of Business Administration with Red Deer College
- » Bachelor of Science — Environmental Science with Keyano College
- » Semester-long national exchange with Wilfrid Laurier University





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## Strategic planning, consultation and quality review

*Deliberate. Thoughtful. Purposeful.*

### Members of the Campus Alberta Quality

Council (CAQC) visited our campus for two days in November 2013 as part of the first comprehensive evaluation of Mount Royal.

The results were tremendously positive with the Council reaffirming the high quality of our degree programs. When it comes to managing and delivering undergraduate programming, Mount Royal met “or in most cases exceeded the standards established,” according to a CAQC-appointed reviewers’ report.

“In our judgment, Mount Royal has done a commendable job in making the transition from a college offering applied degrees and other credentials to an undergraduate university intent on offering high-quality, university-level baccalaureate degrees, along with other credentials the government mandates and expects it to deliver,” reads one conclusion from the 22-page report.

The CAQC report was divided into 10 sections ranging from organization and administration to financial structure to curricula and instruction. Reviews cited many positives in each category, praising the University for its “high-impact” teaching and learning processes, broad array of student services and high-degree of collaboration in the senior leadership group.

Subsequent review is slated to be done on Mount Royal’s collaborative degrees with Medicine Hat College and Red Deer College, as well as several proposed programs that have not yet been implemented due to ministerial budgetary pressures, according to the report.

### Strategic plan

**We are charting a farsighted, responsible and deliberate course for Mount Royal’s future through the development of a new multi-year strategic plan.**

Much groundwork was laid in the 2013/14 academic year as every member of the campus community was asked to lend his or her voice to this important project. Hundreds of faculty members, staff, management, students, alumni, volunteers and board members turned out to more than 40 consultation sessions. Consultations generated more than 7,000 individual comments, yielding 278 general concepts and 90 prevailing themes.

Based on the vast amount of input gathered through consultations, writing of the first draft started in June 2014. While specifics of the plan are still in development, our commitment to excellence in teaching and learning will be reinforced and enhanced by the direction of our new Strategic Plan.

### *Building a foundation to guard against risk*

#### **Our University developed an Enterprise Risk**

Management (ERM) framework, based on the internationally recognized ISO 31000 standards. Mount Royal identified various risks to the University along with formulating risk mitigation plans with the various departments and academic units. High-priority risks were reported to the Board of Governors in order to better inform leadership on the status of various risks at the University and in order to obtain guidance from the Board. This Board guidance, combined with the risk mitigation plans, will help the University better manage its risk and provide for a more sustainable environment for success.



### ACTIVE GUIDING PLANS

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The 2013/14 academic year marked the halfway point of three other important planning documents.

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# 1

#### **Academic Plan (2012-17)**

Led by a committee of faculty, students and administrators, and chaired by the Provost and Vice-President Academic, the Academic Plan serves as the primary driver for institutional planning over a five-year period.

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# 2

#### **Student Services Plan (2012-17)**

Concurrent with the creation of an academic plan, the Vice-President Student Affairs and Campus Life led planning for the future direction of services to support students inside and outside the classroom, in keeping with institutional priorities.

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# 3

#### **Research Plan (2012-17)**

The plan was based on broad stakeholder input including consultation with faculty, students and research funding agencies to lay out the future of research at Mount Royal.

## Athletics and Recreation

### *Pride soars as Cougars earn full Canadian Interuniversity Sport (CIS) membership status after two-year probation*

It took more than a decade of planning, sweat and paperwork — but our Mount Royal University Cougars athletic program was granted full Canadian Interuniversity Sport (CIS) membership status in June 2014. The distinction means we will be seeing Mount Royal's Cougars competing against even more universities across Canada.

Officials with the CIS made their announcement at their annual general meeting, which was held in Vancouver. It marked the end of the University's two-year probationary period in the Canada West conference and CIS. Mount Royal's men's and women's teams have clearly outperformed expectations in basketball, volleyball, soccer and hockey.

Mount Royal became the 55th post-secondary institution to be named a CIS member, a distinction that came shortly after we were granted full Canada West Universities Athletic Association (CWUAA) membership status.

Every year more than 11,500 CIS student athletes and 700 coaches from 56 universities and four regional associations compete for 21 national championships in 12 different sports. CIS also allows for opportunities for international competition at winter and summer interuniversity events, as well as numerous world university championships.

### STUDENT-ATHLETES ACADEMIC ACHIEVEMENTS

169

#### Playing with a full team

Cougar athletes had a 88 per cent retention rate, resulting in 169 student-athletes proudly representing Mount Royal throughout the academic year.

55.6% of MRU's student-athletes have a GPA of 3.0 or greater.



#### Scoring goals on and off the court

The overall average GPA of Cougar athletes for the year was 2.96, which demonstrates the dedication of our student-athletes to their studies.

30.7% of MRU's student-athletes received the CIS Academic All Canadian title



#### Shining all-stars

52 of our 169 student-athletes received the CIS's prestigious Academic All Canadian title for having GPAs of 3.5 or greater.







## Mount Royal vs. University of Calgary hockey game sets attendance record

**More than 6,000 hockey fans turned out** to watch the Crowchild Classic in February 2014, smashing the CIS regular-season record of 5,346 set in 2007. The Cougars split the doubleheader at the Scotiabank Saddledome, with the women's team falling 5–2 and the men's team winning 3–1.

Known as the "ultimate crosstown smackdown," the Crowchild Classic came to be in 2012 to mark the first year of CIS sports competition between Mount Royal and the University of Calgary. The teams battled it out for the coveted "medal," a 68-kilogram cast-iron City of Calgary manhole cover.

## Colour-U-Blue

**Participation in the second annual Mount Royal University Colour-U-Blue Walk and Run** jumped 40 per cent year-over-year. Dozens of volunteers and 350 walkers met 30 gallons of liquid paint and 500 pounds of powder paint in what is dubbed the messiest event on the Mount Royal campus.

**More people.  
More active.  
More often.**

### This has been the mantra of the Mount

Royal Recreation department as it continues to serve its primary customers (Mount Royal students and employees) with energetic and up-to-date programming and services that support student success. In the past year, Recreation continued developing its Customer Service Excellence model, ensuring the customer experience is woven into all strategic priorities and training for employees. Student learning was also advanced through strategic collaborations with faculty to provide practical experience for students.

#### Highlights:

- » Last year, more than 8,700 credit students and 1,200 employees activated memberships.
- » Recreation's 67 per cent activation rate was slightly up in 2013/14 over the previous two academic years, climbing closer to its objective of 80 per cent of the possible credit student and employee population being active.
- » Recreation remained the largest on-campus employer of Mount Royal students with 134 jobs, more than the 117 recorded in the last academic year. Those students earned more than \$700,000 in casual wages.





## Finding more ways to generate revenue

**At Mount Royal, it is our responsibility to** properly steward our resources. As part of that responsibility, we must find ways to maximize and capitalize on our alternative sources of revenue — outside of our Campus Alberta grants and tuition dollars. Our credit-free programs, world-class Conservatory and residence facilities are important parts of managing our bottom line. Here are some of the successes celebrated in 2013/14.

### New Continuing Education programs respond to sector needs

**The Faculty of Continuing Education and Extension** continues to be a leader nationwide in credit-free enrolments reaching more than 53,000 registrants (more than 23,000 unique students) in all of its credit-free programs, including the Conservatory.

Highlights:

- » A total of 9,207 students enrolled in Conservatory programming, which included private lessons and group classes.
- » 7,507 students registered in 221 credit sections offered through Open Studies and 2,737 MRU Kids/Youth Programs registrants.
- » More than 220 students experienced a variety of post-secondary programs for adults with developmental disabilities through the Transitional Vocational Program.

Several new programs were launched and existing programs revised and updated in response to the learning needs of the various sectors. New programs include Oil and Gas Office Administration, Dementia Care, and Practical Web Design for Business. Through the Faculty's Events and Conference Services unit, the Roderick Mah Centre for Continuous Learning hosted many conferences, meetings and special events for both internal and external clients.

Continuing Education revenue reached \$21.1 million in 2013/14. It also gave back to the community through the donation of course registrations to numerous groups and complimentary registrations for members of the Mount Royal community.

### Residence: Living the undergraduate student experience at Mount Royal

**It was another successful year for Residence Services** at Mount Royal. Our Residence Life program provided a positive, inclusive and diverse living-learning community. Our residences also celebrated financial success, generating a surplus for the second year in a row.

Highlights:

- » Our Resident Advisor team (32 peer leaders) delivered an incredible 772 programs and activities for the students living in Residence and, once again, the Residence Activities Council had more than 1,500 participants for our Welcome Week events.
- » Summer conference business was up in 2013/14 with occupancy rates averaging 41.2 per cent per month. The average for 2012/13 was 38.8 per cent per month.
- » Residence Services continued to house several families from the High River area and some restoration companies in response to the flood of June 2013.

#### ENROLMENT HIGHLIGHTS

# 23,000+

#### Continuing Education and Extension

23,481 unique students enrolled in credit-free programs offered through the Faculty of Continuing Education and Extension.

# 220

#### Transitional Vocational Program

The Transitional Vocational Program, which serves adults with developmental disabilities, had more than 220 students.

#### FINANCIAL HIGHLIGHTS

**\$6.3 Million**  
\$\$\$\$\$\$\$

#### Residence

Residence Services' 2013/14 revenue was \$6.3 million.

**\$21.1 Million**  
\$\$\$\$\$  
\$\$\$\$\$\$\$\$\$  
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#### Continuing Education

The Faculty of Continuing Education and Extension generated \$21.1 million in revenue in 2013/14.



## Our University

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9,207  
enrolments



### **Making Music**

The Conservatory had a total of 9,207 course registrations, which included group classes and private lessons.

### ***Mount Royal raises the roof on new Conservatory***

#### **In December 2013, members of the Mount Royal**

Community met to “raise the roof” as the trusses that structure the Concert Hall’s roof were installed, making the new building the tallest structure on campus.

Joining Mount Royal community members were officials from each level of government, along with members of the Taylor Family, after whose matriarch the Bella Concert Hall is named.

The project would not have been possible without a \$21-million contribution provided by the Taylor family, which is the largest private donation in Mount Royal’s history.

In addition to the Taylor family, the federal government is contributing up to \$20 million, the provincial government has pledged up to \$20 million and the City of Calgary is contributing \$10.3 million. The University is providing over \$3 million in land and value funds to help cover other project costs.

The landmark performance space is scheduled to open in the fall of 2015.

# Operational overview



## STUDENT DEMOGRAPHICS FALL 2013 CREDIT

22.7



### Average Age

Average age for full-time students is 21.9.  
Average age for part-time students is 25.4.

### Gender

63.7% of students are female.  
36.3% of students are male.

### City of Origin

79.7% of students are from the Calgary area.  
20.3% of students are from elsewhere.



New to MRU Not

### New to Mount Royal University

24.8% of students are new to Mount Royal.  
75.2% of students are not.



From high school Not

### Direct from High School Students\*

50.3% of new students to Mount Royal are coming directly from high school. 49.7% are not.



Visa students Domestic

### International Students

2.2% of students are visa students.  
97.8% of students are domestic students.

\* The percent of new direct from high school students is calculated based upon students new to Mount Royal that are aged less than or equal to 19 years.



## STUDENT HEADCOUNT AND COURSE REGISTRATIONS

Student	2009/10	2010/11	2011/12	2012/13	2013/14	% change from previous year
Full-time Credit Student Headcount*	14,175	14,017	13,571	13,185	<b>12,577</b>	-4.6%
Course Registrations	84,085	86,000	86,004	84,333	<b>79,364</b>	-5.9%
Extension Student Headcount	24,092	23,966	24,768	24,635	<b>24,673</b>	0.2%
Course Registrations	49,846	50,211	52,922	53,353	<b>54,819</b>	2.7%

\* Mount Royal has tailored our student intake over the past five years to align enrolment with commensurate funded levels.







## SCHOLARSHIPS AND BURSARIES

### 2013/14

Total funds given through University Funded Awards\*

**\$3,781,684**

Total number of awards\*\*

**4,096**

### 2012/13

Total funds given through University Funded Awards\*

**\$3,158,597**

Total number of awards\*\*

**4,073**

### 2011/12

Total funds given through University Funded Awards\*

**\$2,799,442**

Total number of awards\*\*

**4,100**

### 2010/11

Total funds given through University Funded Awards\*

**\$2,677,127**

Total number of awards\*\*

**3,486**

### 2009/10

Total funds given through University Funded Awards\*

**\$3,434,784**

Total number of awards\*\*

**2,872**

\* Includes Donor Funded Awards

\*\* Total includes University Funded and non-University Funded scholarships and bursaries



## FACULTY AND STAFF HEADCOUNT

Position	2011/12	2012/13	2013/14	% change from previous year
<b>Faculty</b>	1,619	1,655	<b>1,566</b>	-5.4%
Full-time credit*	404	415	<b>405</b>	-2.4%
Part-time credit	542	505	<b>447</b>	-11.5%
Continuing Education	475	503	<b>497</b>	-1.2%
International Programs	44	42	<b>40</b>	-4.8%
Conservatory**	252	277	<b>258</b>	-6.9%
<b>Support staff***</b>	762	778	<b>685</b>	-12.0%
<b>Management</b>	89	93	<b>92</b>	-1.1%
<b>Total University unique head count****</b>	2,423	2,475	<b>2,305</b>	-6.9%

\* Until 2009/10, all full-time faculty on leave are excluded. Starting 2010/11 a methodological change has been made and only full-time faculty on unpaid leave are excluded

\*\* Excluding branch instructors

\*\*\* Excluding casual

\*\*\*\* Some individuals may appear in more than one category



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***Mount Royal University  
Our Financial Profile***

**2013-14**

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## Statement of Management Responsibility

**Mount Royal University's management is responsible for the** preparation, accuracy, objectivity and integrity of the information contained in the annual report including the financial statements, performance results and supporting management information. The University has prepared the consolidated financial statements in accordance with Canadian Public Sector Accounting Board Standards. The consolidated financial statements present fairly the financial position of the University as at June 30, 2014 and the results of its operations and cash flows for the year then ended.

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

The consolidated financial statements have been developed under the oversight of Mount Royal's Audit and Risk Committee, and were approved by the Board of Governors of Mount Royal University and are prepared in accordance with the Fiscal Management Act and the Post-secondary Learning Act.

The Auditor General of the Province of Alberta, Mount Royal's external auditor appointed under the Auditor General Act, performs an annual independent audit of the consolidated financial statements prepared in accordance with Canadian Public Sector Accounting Board Standards.

**David Docherty, PhD**  
**President**  
**Mount Royal University**

**Duane Anderson, CMA**  
**Vice-President, Administrative Services**  
**Mount Royal University**

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## Financial Statement Overview and Variance Discussion

*Year ended June 30, 2014*

**Mount Royal University's annual audited Consolidated Financial Statements** (Financial Statements) are presented in accordance with Public Sector Accounting Board Standards (PSAS) and approved by the Board of Governors of Mount Royal University. This related overview and variance discussion should be read in conjunction with the Financial Statements and accompanying notes, and is provided to support the reader's understanding of the University's environment and financial results for the fiscal year ending June 30, 2014.

**Key business drivers impacting the University's fiscal year:**

- » University operations reflect the constrained fiscal environment related to provincial grant reductions. Operations were carried out realizing, and in some areas exceeding, the required savings to manage operations within the institution's available resources while ensuring the consistent delivery of quality programs and services. Reductions in support and service functions continue to be monitored as they are absorbed across the institution.
- » The province distributed a partial reinvestment of 2.6 per cent increase to the Campus Alberta grant in November 2013. This followed the 7.3 per cent reduction to the grant in March 2013 and was most welcome. Given the timing, the \$2.1 million was received but not expended in 2013/14.



- » Credit course registrations were 1.7 per cent below budget, a reduction of 5.9 per cent from prior year. A net reduction from 2012/13 was budgeted given the March 2013 program suspensions related to reduced provincial grant. Student applications to the University remain very strong but changes to intake targets made late in the spring are challenging to implement successfully. The number of students attending was just 1 per cent below target while course registration was 1.7 per cent below reflecting a subtle reduction in courses taken per student.
- » Tuition rates were held constant per provincial direction and the government provided a \$1.1 million grant in lieu of the regulated and otherwise allowable tuition increase of 2.15 per cent. The University did, however, introduce a student fee of \$120 per semester for full-time students to contribute toward student support services. This new fee generated \$2.5 million as projected.
- » The University's commercial activity exceeded the increased budgeted targets overall; most materially in Continuing Education and Extension, Residence, and Recreation Services. Having an offsetting impact were the reduction to parking permit sales and day lot use as well as bookstore industry changes, which continue to challenge this retail activity.
- » Major capital projects include the new Conservatory and Bella Concert Hall, construction of which progressed to 70 per cent complete by June 30, 2014. This facility is scheduled to open for operations in the fall of 2015. As well, the University received the first payments of provincial grant and private donation for construction of the new Riddell Library and Learning Centre, which is scheduled to commence construction in the fall of 2014 and scheduled for substantial completion in the spring of 2017.

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## Summary of Operations and Material Changes in the Statement of Financial Position

**Over the 2013/14 fiscal year, the University's assets increased by \$66.6 million to close at \$458.3 million for the year ended June 30, 2014; liabilities increased by \$52.7 million, closing at \$354.2 million; and, net assets increased by \$13.9 million, to close at \$104.1 million.**

### Key highlights:

- » Cash held by the University at June 30, 2014 totalled \$49.3 million; an increase of \$15.7 million year over the fiscal year reflecting provincial capital grant and private donor support in advance of construction costs of the new Riddell Library and Learning Centre.
- » The University's investment portfolio, fair value of \$120.3 million at June 30, 2014, increasing by \$16.5 million over the prior fiscal year. This increase reflects the recent strength in primarily equity investment markets, in which the University participates. \$12 million of the portfolio balance as of June 30, 2014 represents unrealized gains.
- » Accounts receivable at June 30, 2014 totalled \$20.4 million — a \$2.6 million increase over the prior fiscal year primarily related to grant claims for construction progress on the Conservatory and Bella Concert Hall. Accounts receivable includes the \$11.4 million balance of future payments from the Students Association of Mount Royal University (SAMRU) financing of the 2010 Wyckham House expansion, \$5.1 million in grants receivable, plus general receivables for current activities.
- » The University's tangible capital asset net book value (cost less accumulated amortization) totalled \$266.9 million at the close of 2013/14. This balanced increased by \$32.6 million over the prior year, primarily due to \$41.3 million value to the Conservatory and Performance Hall facility under construction. This is offset by acquisitions of tangible capital assets made over the fiscal year less amortization on tangible capital assets over the same period.
- » Within liabilities, total accounts payable and accrued liabilities increased by \$11.4 million for a balance of \$32.5 million at June 30, 2014. This substantial increase over the prior year reflects a \$6.6 million increase related to construction of the Conservatory and Bella Concert Hall. It also reflects the \$2.6 million liability for payroll deductions and pension premiums to be remitted as at June 30, 2014 (\$0 at June 30, 2013) along with a variety of other payables related to operating activities.

- » University debt increased over the 2013/14 fiscal year by \$9.4 million, reflecting the \$12.5 million debt incurred through Alberta Capital Finance Authority for the Conservatory and Bella Concert Hall construction project. Principal payments on the University's pre-existing debt offset this added balance.
- » Mount Royal's deferred revenue balance increased by \$31.5 million during the fiscal year, to \$249.3 million for the year ended June 30, 2014. This deferred revenue balance is the total of the following four components:
  1. **Undepreciated deferred capital contributions**  
*Balance as at June 30, 2014: \$185.7 million*  
 Undepreciated balance of tangible capital assets acquired, including work in progress, through expended external capital contributions. This element increased by \$31.4 million over the fiscal year primarily due to progress on the Conservatory and Bella Concert Hall.
  2. **Deferred special purpose and other**  
*Balance as at June 30, 2014: \$42.2 million*  
 Restricted non-capital funding, increased by \$6.3 million over prior year. This reflects an increase in unexpended restricted funds accumulated on investment earnings.
  3. **Unspent capital contributions**  
*Balance as at June 30, 2014: \$15.2 million*  
 Balance of capital contributions received but not yet expended on the intended tangible capital assets per respective contribution agreements. A net reduction of \$6.6 million in this balance reflects construction progress on the Conservatory and Bella Concert Hall offset by related grant payments as well as pre-construction receipts directed at the Riddell Library and Learning Centre.
  4. **Tuition and other fees**  
*Balance as at June 30, 2014: \$6.2 million*  
 Tuition and other fees received but deferred to the 2014/15 fiscal year; consistent with prior year balance.
- » The University's net asset position of \$104.1 million at June 30, 2014 fiscal year includes the University endowment balance of \$44.4 million (2013: \$40.4 million); Accumulated remeasurement gains and losses of \$7 million (2013: \$353 thousand unrealized loss); and, the comprehensive classification of total accumulated operating surplus of \$52.7 million (2013: \$50.2 million).
- » Note 11 differentiates that portion of the accumulated operating surplus which is unrestricted as opposed to that which has already been invested in capital assets or has been reserved through internal restriction approved by the Board of Governors. Each of these distinct balances is detailed in the following list:
  1. **Net investment in tangible capital assets**  
*Balance as at June 30, 2014: \$31.2 million*  
 Total cost, less related accumulated amortization, of tangible capital assets acquired through University's internal resources. The investment of University resources for tangible capital assets is necessary as neither the development of ancillary or revenue-generating facilities, nor the purchase of replacement capital equipment, is funded by the province.
  2. **Internally restricted net assets**  
*Balance as at June 30, 2014: \$17.0 million*  
 Balance of funds reserved by decision of the Board of Governors for capital renewal needs including construction and upkeep of revenue generating facilities such as parking, residence and recreation; and, to facilitate major program development, research and special project needs beyond that available through the annual operating budget.
  3. **Unrestricted net assets**  
*Balance as at June 30, 2014: \$4.5 million*  
 Accumulated balance which is neither restricted nor invested in capital assets.

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## Statement of Operations

**Mount Royal University's 2013/14 fiscal year closes with a \$2.5 million surplus of revenue over expense (2012/13: \$9.0 million surplus).** The University had budgeted for an operating surplus of \$2.0 million for 2013/14 to provide resources for reserve appropriations to fund renewal plans for revenue generating operations. Total revenues exceeded budget by \$3.5 million, 1.7 per cent of budgeted revenue. Expense reported on the Statement of Operations includes those made from previously reserved funds.

### Revenue highlights:

» Total revenue, at \$213.8 million; a decrease of \$9.9 million (4.4 per cent) below the prior year, and, \$3.5 million (1.7 per cent) above budget for 2013/14. The most material over budget contributors include the \$2.1 million in provincial grant partially reinstated by the government in November of 2013 following the March 2013 reduction; and, sales of services and products generating \$1.2 million beyond budget targets. In relation to the prior year, the reduction primarily reflects the \$4.7 million net reduction in provincial operating grant as well as a \$6.4 million reduction in investment income for the fiscal year. The latter is nearer normal realized investment income levels after the anomalous prior year.

### » Grants:

Comprehensive provincial grant revenue of \$99.1 million for 2013/14 was reduced from the \$104.1 million realized in 2012/13. Total grant revenues include the Campus Alberta grant, conditional grants and the amortization of expended capital grant recorded as the related assets depreciate. Each type, year-over-year, is as follows:

#### 1. Campus Alberta grant — provincial operating grant

2013/14 Total: \$84.1 million; 39 per cent of total revenue

2012/13 Total: \$88.8 million; 40 per cent of total revenue

Net Reduction in Campus Alberta grant from March 2013 7.3% cut and Nov. 2013 2.6 per cent reinstatement

#### 2. Conditional grants

2013/14 Total: \$8.7 million

2012/13 Total: \$8.7 million

Program / facility specific funding

#### 3. Capital contributions realized

2013/14 Total: \$6.3 million

2012/13 Total: \$6.6 million

Capital contributions recognized as related capital assets are amortized



» **Sales of services and products:**

Further development of commercial revenue sources is of increasing importance to the University to offset reductions in government support. Sales for 2013/14, at \$32.4 million, exceeded the budget by \$1.2 million. Sales of services and products now represent 15 per cent of total revenue for the Institution (2012/13: 14 per cent) and consist of a variety of commercial activities across the institution. Of note, areas with material impact include:

**1. Residence services sales beyond budget**

*12%; \$662 thousand*

Increased non-student rentals through increased group and hotel-like accommodation

**2. Corporate training sales beyond budget**

*51%; \$504 thousand*

Expanded program delivery to corporate clients

**3. Wellness services beyond budget**

*27%; \$357 thousand*

Optimal therapies and health service delivery beyond budget

**4. Recreation programs beyond budget**

*15%; \$368 thousand*

Increased sale of recreation programs

**5. Parking permits and day lot use below budget**

*(18%; \$1.2 million)*

Reduction of individuals on campus; response to increased parking permit rates as people elect more cost effective and environmentally sustainable transportation alternatives

**6. Bookstore sales below budget**

*(6%; \$466 thousand)*

Previously identified student-consumer trend away from physical texts; reduction offset by operational savings

» **Student tuition and fees:**

Student program revenue including tuition and fees generated both through credit and credit-free offerings totalled \$71.6 million in 2013/14 (2012/13: \$71.2 million). Provincial regulations control increases to all credit and a portion of credit-free tuition and fees. 2013/14 tuition and fees are made up of the following:

**1. Credit programs**

*2013/14 total: \$42.6 million*

Credit programs 1.5 per cent below budget due to below budget course registrations

**2. Credit-free**

*2013/14 total: \$18.7 million*

Continuing Education and Extension programs; collectively 0.7 per cent below budget

**3. Other fees**

*2013/14 total: \$10.3 million*

Student and program specific fees 4.4 per cent below budget

» **Donations and other grants:**

Donation and grant revenue is recognized as the conditions of the gift or grant are met by expenditure to the scholarships, bursaries and programs funded by donations and/or endowments. This exceeded the budget by \$443 thousand (11 per cent) for a total of \$4.6 million in 2013/14 (2012/13: \$4.1 million). The increase reflects the beyond budgeted use of these restricted resources by the operating program and projects supported by restricted grants or gifts.

» **Investment income:**

\$4.9 million of investment income was recognized in 2013/14; 1.6 per cent below budget for the year and a more normalized balance than the prior year investment income of \$11.3 million. The anomalous level of revenue for 2012/13 was related to the realization of gains upon the implementation of the University's revised investment strategy and facilitated increased current year distribution of scholarships and bursaries as well as capitalization of a portion of the returns for inflation proofing of University endowments.

**Expense highlights:**

- » University expenses for 2013/14 totalled \$211.3 million, reduced by \$3.4 million (1.6 per cent) from 2012/13. Expenses are presented in the Statement of Operations, classified by function or activity served. 71% of total University expenses for 2013/14 relate to labour through salaries and benefits. This cost, totalling \$149.1 million, exceeded the \$146.7 million budget by \$2.4 million; \$1.8 million of which was the cost of implementing the budget reductions for the fiscal year.

**Highlights by function:**

» **Instruction:**

The expense related to instruction of credit programs and credit-free offerings, totalled \$95.6 million in 2013/14, 0.6 per cent greater than in 2012/13. This reflects both the impact of program delivery reductions offset by cost of grid advancement for faculty and staff.

» **Academic and student services:**

\$39.2 million 2013/14 total expense, up from the \$38.9 million in 2012/13. This total was \$3.0 million beyond the 2013/14 budget — related in part to increased scholarship and bursary distribution and also due to classification changes on amortization across functions.

» **Facility operations and maintenance:**

Expense total \$28.7 million in 2013/14, below the budget of \$33.7 million due to classification changes on amortization across functions.

» **Institutional support:**

This includes central administrative services and all centralized computing costs totalling \$28.7 million for 2013/14 (2012/13: \$31.5 million). This total exceeded the 2013/14 budget by \$1.3 million (4.8 per cent) largely reflecting expenditures incurred for the implementation of budget reductions.

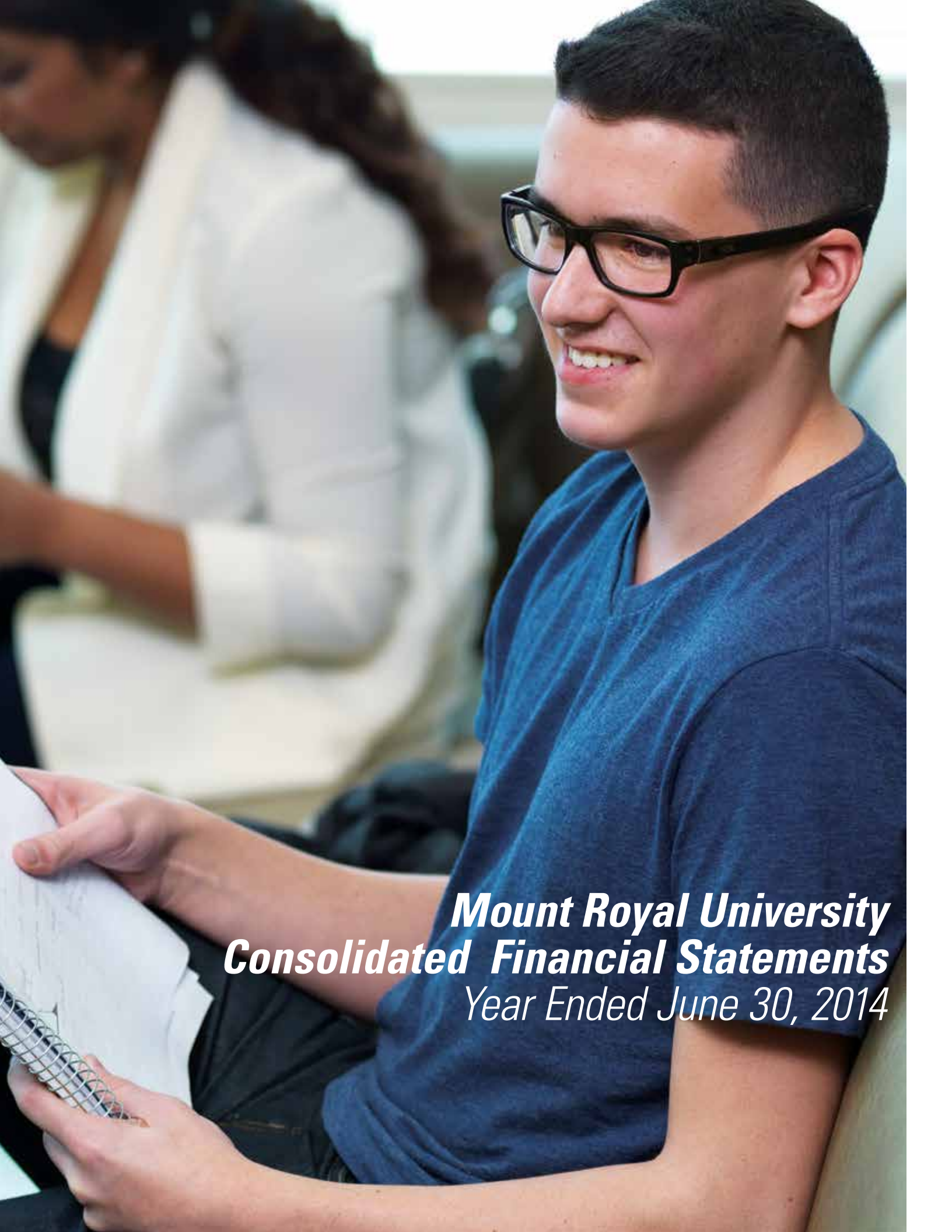
» **Ancillary service:**

Spending at \$16.7 million for 2013/14 is nominally below the \$16.9 million spent in 2012/13. While the total exceeds the budget for the 2013/14 by \$1.9 million, the budget for this function classification was understated by \$2.1 million ancillary asset amortization.

» **Externally sponsored research:**

Expenses totalling \$2.2 million in 2013/14 exceeded the 2012/13 total by \$772 thousand due to increased external research funding available and used in the fiscal year.





***Mount Royal University  
Consolidated Financial Statements  
Year Ended June 30, 2014***





## Independent Auditor's Report

To the Board of Governors of Mount Royal University

### **Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of Mount Royal University, which comprise the consolidated statement of financial position as at June 30, 2014, and the consolidated statements of operations, remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, 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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mount Royal University as at June 30, 2014, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

October 27, 2014

Edmonton, Alberta



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2014**  
 (thousands of dollars)

	2014	2013
<b>ASSETS</b>		
Cash	\$ 49,297	\$ 33,605
Portfolio investments (note 3)	120,342	103,855
Accounts receivable (note 5)	20,367	17,800
Inventories and prepaid expense	1,362	2,040
Tangible capital assets (note 6)	266,897	234,332
	<u>\$ 458,265</u>	<u>\$ 391,632</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 32,461	\$ 21,091
Employee future benefit liabilities (note 7)	2,662	2,245
Debt (note 8)	69,806	60,376
Deferred revenue (note 9)	249,254	217,719
	<u>354,183</u>	<u>301,431</u>
<b>NET ASSETS</b>		
Endowments (note 10)	44,399	40,377
Accumulated operating surplus (note 11)	52,684	50,177
Accumulated remeasurement gains and losses	6,999	(353)
	<u>104,082</u>	<u>90,201</u>
	<u>\$ 458,265</u>	<u>\$ 391,632</u>

Contingent liabilities and contractual obligations (note 14 and 15)

Approved by the Board of Governors:

Chair, Board of Governors: originally signed by Bryan Pinney Chair, Audit and Risk Committee: originally signed by Eleanor Chiu



**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

	<b>2014 Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(note 22)</b>	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>			
Government of Alberta grants (note 19)	\$ 95,988	\$ 99,122	\$ 104,132
Federal and other government grants	1,031	1,224	1,383
Sales of services and products	31,236	32,435	31,552
Student tuition and fees	73,003	71,615	71,227
Donations and other grants	4,134	4,577	4,150
Investment income (note 16)	4,943	4,865	11,293
	<u>210,335</u>	<u>213,838</u>	<u>223,737</u>
<b>EXPENSES</b> (notes 17,18)			
Instruction	94,520	95,639	95,063
Academic and student support	36,237	39,214	38,934
Facility operations and maintenance	33,728	28,753	30,879
Institutional support	27,451	28,759	31,493
Ancillary services	14,786	16,678	16,883
Sponsored research	1,598	2,240	1,468
Special purpose and trust	-	48	37
	<u>208,320</u>	<u>211,331</u>	<u>214,757</u>
<b>OPERATING SURPLUS</b>	2,015	2,507	8,980
Accumulated operating surplus, beginning of year	<u>50,177</u>	<u>50,177</u>	<u>41,197</u>
Accumulated operating surplus, end of year (note 11)	<u>\$ 52,192</u>	<u>\$ 52,684</u>	<u>\$ 50,177</u>





**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

	<b>2014</b>	<b>2013</b>
<b>OPERATING TRANSACTIONS</b>		
Operating surplus	\$ 2,507	\$ 8,980
Add (deduct) non-cash items:		
Amortization of tangible capital assets	13,600	14,475
Loss on disposal of tangible capital assets	276	39
Expended capital recognized as revenue	(7,782)	(8,090)
Change in employee future benefit liabilities	417	(30)
Total non-cash items	<u>6,511</u>	<u>6,394</u>
(Increase) in accounts receivable	(2,567)	(2,142)
Decrease (increase) in inventories and prepaid expenses	678	(299)
Increase in accounts payable and accrued liabilities	11,370	4,170
Increase in deferred revenue	<u>38,113</u>	<u>26,920</u>
Total change in working capital	<u>47,594</u>	<u>28,649</u>
Cash provided by operating transactions	<u>56,612</u>	<u>44,023</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	<u>(46,336)</u>	<u>(18,180)</u>
Cash applied to capital transactions	<u>(46,336)</u>	<u>(18,180)</u>
<b>INVESTING TRANSACTIONS</b>		
Purchases of investments, net of sales	<u>(4,434)</u>	<u>(18,517)</u>
Cash applied to investing transactions	<u>(4,434)</u>	<u>(18,517)</u>
<b>FINANCING TRANSACTIONS</b>		
Endowment contributions	419	622
Debt - retirement	(3,866)	(4,197)
Debt - new financing	<u>13,296</u>	<u>1,343</u>
Cash provided by (applied to) financing transactions	<u>9,849</u>	<u>(2,232)</u>
Increase in cash	15,692	5,094
<b>Cash at beginning of year</b>	<u><b>33,605</b></u>	<u><b>28,511</b></u>
Cash at end of year	<u><u>\$ 49,297</u></u>	<u><u>\$ 33,605</u></u>



**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

	<u>2014</u>	<u>2013</u>
<b>Accumulated remeasurement (losses), beginning of year</b>	\$ (353)	\$ -
Transitional adjustment for adoption of financial instruments	-	4,887
Net unrealized gains attributable to:		
Portfolio investments	7,759	1,744
Amounts reclassified to consolidated statement of operations:		
Portfolio investments	(407)	(6,984)
<b>Accumulated remeasurement gains (losses), end of year</b>	<u>\$ 6,999</u>	<u>\$ (353)</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

**1. Authority and Purpose**

The Board of Governors of Mount Royal University is a corporation which manages and operates Mount Royal University (“the University”) under the *Post-Secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Innovation and Advanced Education, with the exception of the President, who is an *ex officio* member. Under the *Post-secondary Learning Act*, Campus Alberta Sector Regulation, the University is a Baccalaureate and Applied Studies University offering baccalaureate degrees, certificates, diplomas and applied degrees as well as a full range of continuing education programs and activities. The University is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

**2. Summary of Significant Accounting Policies and Reporting Practices**

**(a) General – Public Sector Accounting Standards and Use of Estimates**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. University management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets and the revenue recognition for expended capital are the most significant items based on estimates. In management’s opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

**(b) Non-use of Net Debt Model Format**

Canadian public sector accounting standards requires a net debt presentation for the statement of financial position in the summary consolidated financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as net debt or net financial assets as an indicator of the future revenues required to pay for past transactions and events. Mount Royal University operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these consolidated financial statements do not report a net debt indicator.

**(c) Valuation of Financial Assets and Liabilities**

The University’s financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash.....	Cost
Portfolio investments.....	Fair value
Accounts receivable.....	Amortized cost
Accounts payable and accrued liabilities.....	Amortized cost
Debt.....	Amortized cost

Unrealized gains and losses from changes in the fair value of unrestricted financial instruments are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations.

Unrealized gains and losses from changes in the fair value of restricted financial instruments are recognized as a liability under deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed when incurred. The purchase and sale of cash and portfolio investments are accounted for using settlement date accounting.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(thousands of dollars)**

The University does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the University's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities. The University does not have any embedded derivatives.

**(d) Revenue Recognition**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

The University recognizes government grants, donations and other contributions as follows:

**Government Transfers**

Government transfers are referred to as government grants.

Government grants and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the grants, or the terms along with the University's actions and communications as to the use of grants, create a liability. These grants are recognized as revenue as the terms are met and, when applicable, the University complies with its communicated use of the grants.

Government grants without terms for the use of grants are recorded as revenue when the University is eligible to receive the funds.

**Donations and Non-government Contributions**

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or restricted for operating, capital or research purposes.

Unrestricted donations and non-government contributions are recorded as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and the collection is reasonably assured.

Restricted donations, non-government contributions, realized and unrealized gains and losses for the associated externally restricted investment income, are recorded as deferred revenue if the terms of their use or the terms along with the University's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the University complies with its communicated use.

In kind donations of services and materials are recorded at fair value when such value can reasonably be determined. While volunteers as well as University staff contribute a significant amount of time each year to assist the University in carrying out its mission, the value of their services are not recognized in the consolidated financial statements because fair value cannot be reasonably determined.

**Endowments**

Donations that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received. Unrealized gains and losses attributable to portfolio investments are recognized as deferred revenue. Realized gains and losses attributable to portfolio investments are first recorded as deferred revenue. When the terms of their use are met, they are recognized as revenue.

**Investment Income**

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers, donations or contributions are recognized in the consolidated statement of accumulated remeasurement gains and losses until settlement. Once realized, these gains or losses are recognized as investment income in the consolidated statement of operations.

Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as investment income when the terms of the grant or donation are met.

**(e) Inventories**

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the first-in, first-out (FIFO) method. Inventories held for consumption are valued at cost.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(thousands of dollars)**

**(f) Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the University's rate for incremental borrowing or the interest rate implicit in the lease. Note 13 provides a schedule of repayments and amount of interest on the leases.

The cost, less residual value of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

<u>Asset Category</u>	<u>Estimated Useful Lives</u>
Buildings and leasehold improvements	25 - 40 years; lease term
Learning resources	10 years
Furnishings, equipment and systems	3 – 20 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded as revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at their carrying value.

Intangible assets, works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets.

**(g) Foreign Currency Translation**

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated at average weekly exchange rates. In the period of settlement, realized gains and losses on these translations are included in investment income.

**(h) Employee Future Benefits**

**Pension**

The University participates with other employers in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the University's participating employees based on years of service and earnings.

The University does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the LAPP is comprised of employer contributions to the plan that are required for its employees during the year; which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

**Long-Term Disability**

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the University's long-term disability plans is charged to expense in full when the event occurs which obligates the University to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate and management's best estimate of the retirement ages of employees, expected health care costs and the period of employee disability. Actuarial gains or losses on the accrued benefit obligation are recognized immediately.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(thousands of dollars)**

**Employee Leave and Deferred Salary Plans**

The University provides for certain executives to accrue a paid leave of absence at the end of their appointment. The expense for these plans is estimated using the projected benefit method prorated on service. Gains and losses on the accrued benefit obligation are recognized immediately.

The University provides compensated absences for its employees under two deferred leave plans. Participating faculty members contribute 15% of their pre-tax annual salary for four years and then are paid 85% of their salary during their year of leave. The deferred salary plan for management and support staff is wholly self funded by participating employees who contribute between 15% and 20% of their pre-tax annual salary for four years and then draw on the accumulated sum during their year of leave.

**Supplementary Retirement Plan - Defined Benefit**

The University has a former executive member participating in a defined benefit pension that is self funded. The actuarial value of this liability is included in these statements. The pension expense for this plan is actuarially determined using the projected benefit method prorated over the expected remaining service life. Actuarial gains or losses on the accrued benefit obligation are amortized over the remaining expected average service life of the plan.

**Supplementary Retirement Plan - Defined Contribution**

The University provides non contributory supplementary retirement benefits under a defined contribution plan to current executive members. The pension expense for the defined contribution supplementary retirement plan is the employer's current year contribution to the plan as calculated in accordance with the plan rules.

**(i) Basis of Consolidation**

The consolidated financial statements use the line-by-line method to record entities controlled by the University.

- The Mount Royal University Foundation is a wholly owned non-profit organization that receives donations and endowments on behalf of the University. The Mount Royal University Foundation is incorporated under the *Companies Act of Alberta*.
- The Mount Royal University Child Care Centre is a non-profit organization that is incorporated under the *Societies Act of Alberta*.

These entities are not material to the University's consolidated financial statements, and therefore, separate condensed financial information is not presented.

**(j) Funds and Reserves**

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved. Note 11 and 12 provide schedules of funds set aside for future purposes and their related expenditures.

**(k) Future Accounting Changes**

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. Mount Royal University would recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. Management does not expect the implementation of this standard to have a significant impact on the consolidated financial statements in the next fiscal period.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(thousands of dollars)**

### 3. Portfolio Investments

The composition, fair value, and annual market yields on portfolio investments are as follows:

	2014				2013			
	Market Yield	Level 2	Level 3	Total	Market Yield	Level 2	Level 3	Total
Pooled investments at fair value								
Bonds								
Canadian bonds	5.30%	\$ 47,922	\$ -	\$ 47,922	-0.20%	\$ 46,197	\$ -	\$ 46,197
Equities								
Canadian equities	28.60%	30,653	-	30,653	7.00%	27,450	-	27,450
Foreign equities	24.20%	29,830	-	29,830	19.60%	30,202	-	30,202
Real estate	1.30%	-	11,929	11,929	-	-	-	-
Other <sup>(a)</sup>		-	8	8		-	6	6
Total investments		<u>\$ 108,405</u>	<u>\$ 11,937</u>	<u>\$ 120,342</u>		<u>\$ 103,849</u>	<u>\$ 6</u>	<u>\$ 103,855</u>

(a) Other portfolio investments is comprised of a donated life insurance policy

The fair value measurements are those derived from:

Level 1 - Quoted priced in active markets for identical assets and liabilities.

Level 2 - Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal or external information available and are the most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement data in an arm's length transaction.

The following table reconciles the changes in the fair value of level 3 investments:

	2014	2013
<b>Reconciliation of level 3 fair value adjustments</b>		
Balance, beginning of year	\$ 6	\$ 4
Purchases	11,691	2
Unrealized gain	240	-
Balance, end of year	<u>\$ 11,937</u>	<u>\$ 6</u>

### 4. Financial Risk Management

The University is exposed to a variety of financial risks, including market risks (price risk, currency risk and interest rate risk), credit risk, and liquidity risks. To manage these risks, the University invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long term objective of the university's investment policy is to achieve a long term real rate of return in excess of fees and expenses and maintain the real value of the fund.

The University is exposed to the following risks:

#### (a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the University has established an investment policy with a target asset mix that is diversified by asset class and is designed to achieve a long-term rate of return that in real terms equals or exceeds total endowment expenditures with an acceptable level of risk.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(thousands of dollars)**

The following details the University's portfolio sensitivity to a 1.0 – 2.5% increase or decrease in the market prices:

	<b>Fair Value</b>	<b>2.5% Decrease</b>	<b>1.0% Decrease</b>	<b>1.0% Increase</b>	<b>2.5% Increase</b>
Canadian bonds	\$ 47,922	\$ (766)	\$ (307)	\$ 307	\$ 766
Canadian equities	30,653	(746)	(298)	298	746
Foreign equities	29,830	(1,198)	(479)	479	1,198
Real estate	11,929	(320)	(128)	128	320
	<u>\$ 120,334</u>	<u>\$ (3,030)</u>	<u>\$ (1,212)</u>	<u>\$ 1,212</u>	<u>\$ 3,030</u>

**(b) Foreign currency risk**

The University is exposed to foreign exchange risk on investments that are denominated in foreign currencies. The University is also exposed to foreign currency risk on a United States dollar operating bank account. The University does not use foreign currency forward contracts or any other type of derivative financial instrument for trading or speculative purposes. The University's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

The impact of a change in the value of foreign currencies is shown below:

	<b>Fair Value</b>	<b>2.5% Decrease</b>	<b>1.0% Decrease</b>	<b>1.0% Increase</b>	<b>2.5% Increase</b>
US dollar investments	\$ 15,213	\$ (193)	\$ (78)	\$ 78	\$ 193
Euro	3,580	(10)	(4)	4	10
British pound	2,386	(5)	(2)	2	5
Japanese yen	2,386	(5)	(2)	2	5

**(c) Liquidity risk**

The University maintains a short-term line of credit of \$1.5 million that is designed to ensure that funds are available to meet current and forecasted financial requirements in the most cost effective manner. There are no amounts outstanding on the line of credit at June 30, 2014 (2013 - \$0).

**(d) Credit risk**

The University is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honor its contractual obligations. To manage this risk the University has established an investment policy with required minimum credit quality standards and issuer limits. The credit risk from non-tuition accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

The credit risks on investments held are as follows:

	2014 %	2013 %
<b>Money market funds</b>		
R-1 (high)	100.0	100.0
<b>Bonds</b>		
AAA	42.2	47.6
AA	23.6	20.4
A	24.4	23.5
BBB	9.8	8.5
	<u>100.0</u>	<u>100.0</u>

**(e) Interest rate risk**

Interest rate risk is the risk to the University's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the University holds. Interest risk on the University's debt is managed through fixed-risk agreements with Alberta Capital Finance Authority (note 8).

The impact of a change in interest rates for various instruments is shown below:

	Fair Value	2.5% Decrease	1.0% Decrease	1.0% Increase	2.5% Increase
Cash	\$ 49,297	\$ (16)	\$ (6)	\$ 6	\$ 16
Bonds	47,922	9,105	3,642	(3,153)	(7,883)
Real estate	11,929	489	196	(196)	(489)

The maturity of interest bearing investments are as follows:

	<1 year %	1-5 years %	> 5 years %	Average effective market yield %
Cash	100	-	-	1.28
Canadian government and corporate bonds	2	40	58	5.30



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

**5. Accounts Receivable**

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 8,945	\$ 6,127
Receivable from the Students Association of Mount Royal University (note 8)	11,422	11,673
	<u>\$ 20,367</u>	<u>\$ 17,800</u>

The University and the Students Association of Mount Royal University (SAMRU) entered into an agreement to finance the expansion of the SAMRU's Wyckham Student Centre facilities on campus. The University borrowed the sum of \$13 million to fund the costs of construction for the expansion, and the SAMRU is repaying the amount on the same terms and conditions as the borrowing outlined in note 8.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**6. Tangible Capital Assets**

	2014				
	Land	Building and leasehold improvements	Learning resources	Furnishings, equipment and systems <sup>(b)</sup>	Total
<b>Cost <sup>(a)</sup></b>					
Beginning of year	\$ 6,815	\$ 319,145	\$ 4,746	\$ 50,111	\$ 380,817
Additions	-	43,394	620	2,427	46,441
Disposals, including write-downs	-	(4,006)	(401)	(4,769)	(9,176)
	<u>6,815</u>	<u>358,533</u>	<u>4,965</u>	<u>47,769</u>	<u>418,082</u>
<b>Accumulated amortization</b>					
Beginning of year	-	112,231	1,969	32,285	146,485
Amortization expense	-	8,177	537	4,886	13,600
Effects of disposals, including write downs	-	(4,006)	(401)	(4,493)	(8,900)
	<u>-</u>	<u>116,402</u>	<u>2,105</u>	<u>32,678</u>	<u>151,185</u>
Net book value at June 30, 2014	<u>\$ 6,815</u>	<u>\$ 242,131</u>	<u>\$ 2,860</u>	<u>\$ 15,091</u>	<u>\$ 266,897</u>
Net book value at June 30, 2013	<u>\$ 6,815</u>	<u>\$ 206,914</u>	<u>\$ 2,777</u>	<u>\$ 17,826</u>	<u>\$ 234,332</u>

(a) Building and leasehold improvements historic cost includes construction in progress of \$60,842 (2013 - \$17,797).

Interest: Additions to capital assets includes capitalized interest of \$114 (2013 - \$0).

(b) Furnishings, equipment and systems include computer software, hardware, and all furniture and non-computing capital equipment.

The University holds a collection including works of art, cultural and historical properties that are not recorded in these statements as a reasonable estimate of the future benefits associated with these items cannot be made. At June 30, 2014, this collection has an estimated value of \$322 (2013 - \$317).

During the year, the University received in-kind contributions in the amount of \$105 (2013 - \$42).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. Employee Future Benefit Liabilities**

Employee future benefit liabilities are comprised of the following:

	<u>2014</u>	<u>2013</u>
Long term disability	\$ 1,458	\$ 1,214
Employee leave including deferred salary plans	640	493
Supplementary retirement plans - defined benefit	313	335
Supplementary retirement plans - defined contribution (note 21)	251	203
	<u>\$ 2,662</u>	<u>\$ 2,245</u>

**(a) Long term disability**

The University contributes the employer portion of the LAPP pension premiums for all employees on long term disability for the duration of their leave, until retirement age, or until the termination of the benefit, whichever is longer. The most recent actuarial valuation for this accrued obligation was completed at June 30, 2014. The next actuarial valuation will be carried out June 30, 2015.

**(b) Administrative leave**

The University provides for certain executives to accrue a paid leave at the end of their administrative appointment. Upon completing their term of service, the individual's salary and benefits in effect at the end of the service are paid for the duration of the leave.

**(c) Supplementary retirement plan (SRP) – defined benefit**

The University provides non-contributory defined supplementary retirement benefits to a past executive member. An actuarial valuation of these benefits was carried out as at June 30, 2013. The next actuarial valuation will be carried out June 30, 2016.

**(d) Supplementary retirement plan (SRP) – defined contribution**

The University provides non-contributory supplementary retirement benefits under a defined contribution plan to current executive members. The pension expense recorded in these consolidated financial statements is \$116 (2013 - \$108).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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The expense and financial position of these employee future benefit plans are as follows:

	2014				2013			
	Long Term Disability	Administrative Leave	Defined Benefit	Defined Contribution	Long Term Disability	Administrative Leave	Defined Benefit	Defined Contribution
<b>Expenses</b>								
Current service cost	\$ 244	\$ 116	\$ -	\$ 91	\$ 220	\$ 100	\$ -	\$ 108
Amortization of actuarial loss	-	-	5	-	-	-	-	-
Interest cost	-	-	9	-	-	-	17	-
Total expense	<u>\$ 244</u>	<u>\$ 116</u>	<u>\$ 14</u>	<u>\$ 91</u>	<u>\$ 220</u>	<u>\$ 100</u>	<u>\$ 17</u>	<u>\$ 108</u>
<b>Financial Position</b>								
Accrued benefit obligation:								
Balance, beginning of year	\$ 1,214	\$ 126	\$ 335	\$ 203	\$ 994	\$ 229	\$ 353	\$ 300
Current service cost	244	116	-	91	220	110	-	108
Interest cost	-	-	9	-	-	-	17	-
Amortization of actuarial loss	-	-	5	-	-	-	-	-
Benefits paid	-	-	(36)	(43)	-	(213)	(35)	(205)
Balance, end of year	<u>\$ 1,458</u>	<u>\$ 242</u>	<u>\$ 313</u>	<u>\$ 251</u>	<u>\$ 1,214</u>	<u>\$ 126</u>	<u>\$ 335</u>	<u>\$ 203</u>

The significant actuarial assumptions used to measure the accrued benefit obligation are as follows:

	2014		2013	
	Long Term Disability	Defined Benefit	Long Term Disability	Defined Benefit
<b>Accrued Benefit Obligation:</b>				
Discount rate	2.50%	2.50%	2.50%	2.50%
<b>Benefit Cost:</b>				
Discount rate	2.50%	2.50%	2.50%	2.50%
<b>Alberta Inflation:</b>				
Next 3 years	2.25%	2.25%	2.25%	2.25%
Thereafter	2.25%	2.25%	2.25%	2.25%
Estimated average remaining service life	n/a	12 years	n/a	12 years

The University plans to use its working capital to finance these future obligations.

**(e) Multi-employer pension plans**

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for University members and is accounted for on a defined contribution basis. An actuarial valuation was carried out at December 31, 2012, with results extrapolated for December 31, 2013, where LAPP reported an actuarial deficiency of \$4,861,516 (2012 - \$4,977,303). The pension expense recorded in these statements is \$11,572 (2013 - \$10,897). The University is not responsible for the future liability of the plan deficit other than through contribution increases.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

**8. Debt**

Debt is measured at amortized cost and is comprised of the following:

	Collateral	Maturity Date	Interest Rate %	2014		2013	
				Amortized Cost	Amortized Cost		
<b>Debentures payable to Alberta Capital Finance Authority:</b>							
Student Residence	1	August 15, 2027	6.1250%	\$ 19,346	\$	25,241	
Conservatory	1	March 17, 2029	3.1250%	12,500		-	
Mount Royal University Parkade	1	September 24, 2035	4.8675%	24,167		19,847	
MRU Student Association's Wyckham Student Centre	1	June 15, 2037	5.0030%	11,422		11,682	
Obligations under capital leases (note 13)			4.7572%	2,371		3,606	
Balance, end of year				<u>\$ 69,806</u>	<u>\$</u>	<u>60,376</u>	

(1) Collateral consists of cash flows from facilities.

Principal repayments in each of the next five fiscal years and thereafter are as follows:

Year	Principal
2015	3,981
2016	3,414
2017	3,179
2018	3,025
2019	3,169
Thereafter	53,038

Interest expense on debt is \$2,644 (2013 - \$2,705) and is included in the consolidated statement of operations.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
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**9. Deferred Revenue**

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement:

	2014 Restricted				
	Deferred special purpose and other	Unspent capital contributions	Spent capital contributions	Tuition and other fees	Total
Balance, beginning of year	\$ 35,788	\$ 21,820	\$ 154,309	\$ 5,802	\$ 217,719
Net change for the year					
Grants, tuition, donations received	10,750	39,938	39,143	6,260	96,091
Restricted investment income (note 16)	1,702	190	-	-	1,892
Unrealized gains (losses)	4,701	-	-	-	4,701
Unearned capital acquisition transfers	(290)	(38,852)	-	-	(39,142)
Recognized as revenue	(6,880)	(7,940)	(7,782)	(5,802)	(28,404)
Transfer to endowment (note 10)	(3,603)	-	-	-	(3,603)
Total net change for the year	6,380	(6,664)	31,361	458	31,535
Balance as at June 30, 2014	\$ 42,168	\$ 15,156	\$ 185,670	\$ 6,260	\$ 249,254

	2013 Restricted				
	Deferred special purpose and other	Unspent capital contributions	Spent capital contributions	Tuition and other fees	Total
Balance, beginning of year	\$ 29,384	\$ 16,688	\$ 151,294	\$ 6,299	\$ 203,665
Net change for the year					
Grants, tuition, donations received	14,612	19,333	11,105	5,802	50,852
Restricted investment income (note 16)	7,583	141	-	-	7,724
Unrealized gains (losses)	(4,812)	-	-	-	(4,812)
Unearned capital acquisition transfers	(70)	(11,035)	-	-	(11,105)
Recognized as revenue	(10,903)	(3,307)	(8,090)	(6,299)	(28,599)
Transfer to endowment (note 10)	(6)	-	-	-	(6)
Total net change for the year	6,404	5,132	3,015	(497)	14,054
Balance as at June 30, 2013	\$ 35,788	\$ 21,820	\$ 154,309	\$ 5,802	\$ 217,719



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**10. Endowments**

Endowments consist of externally restricted donations received by the University, the principal of which is required to be maintained intact in perpetuity.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as University policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

Under the *Post-secondary Learning Act*, the University has the authority to alter the terms and conditions of endowments to enable:

- income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.
- encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the University and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is first funded from any prior years' investment income withheld for future spending, and once this is fully used or if no balance exists, then the spending is funded from the cumulative capitalized income. However, for individual endowment funds without sufficient cumulative capitalized income, endowment principal is used in that year. This amount is expected to be recovered by future investment income.

The composition of endowments is as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 40,377	\$ 39,749
Endowment contributions	419	622
Transfer from deferred revenue (note 9)	3,603	6
Balance, end of year	<u>\$ 44,399</u>	<u>\$ 40,377</u>
Cumulative contributions	\$ 39,482	\$ 39,063
Cumulative capitalized income	4,917	1,314
	<u>\$ 44,399</u>	<u>\$ 40,377</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**11. Accumulated Surplus**

The composition of accumulated operating surplus is as follows:

	Accumulated surplus/(deficit) from operations	Internally restricted	Investment in tangible capital assets <sup>(1)</sup>	Total accumulated operating surplus
Balance as at July 1, 2012	\$ (4,339)	\$ 17,518	\$ 28,018	\$ 41,197
Operating surplus	8,980	-	-	8,980
Internally funded acquisition of tangible capital assets	(3,904)	(3,212)	7,116	-
Debt-repayment	(3,949)	-	3,949	-
Debt-new financing	1,343	-	(1,343)	-
Net book value of asset disposals	39	-	(39)	-
Amortization of internally funded tangible capital assets	6,386	-	(6,386)	-
Operating expenses funded from internally restricted surplus	1,530	(1,530)	-	-
Net Board appropriation to internally restricted surplus	(5,041)	5,041	-	-
Balance as at June 30, 2013	<u>1,045</u>	<u>17,817</u>	<u>31,315</u>	<u>50,177</u>
Operating surplus	2,507	-	-	2,507
Internally funded acquisition of tangible capital assets	(6,773)	(540)	7,313	-
Debt-repayment	(3,606)	-	3,606	-
Debt-new financing	4,876	-	(4,876)	-
Net book value of asset disposals	87	-	(87)	-
Amortization of internally funded tangible capital assets	6,022	-	(6,022)	-
Operating expenses funded from internally restricted surplus	3,210	(3,210)	-	-
Net Board appropriation to internally restricted surplus	(2,916)	2,916	-	-
Balance as at June 30, 2014	<u>\$ 4,452</u>	<u>\$ 16,983</u>	<u>\$ 31,249</u>	<u>\$ 52,684</u>

(1) Investment in tangible capital assets represents the amount of the University's accumulated operating surplus that has been invested in capital assets.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
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**12. Internally Restricted Surplus**

Internally restricted surplus represent amounts set aside by the University's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them.

Internally restricted surplus is summarized as follows:

<b>2014</b>				
	<b>Balance at</b>	<b>Appropriations</b>	<b>Disbursements</b>	<b>Balance at end</b>
	<b>beginning of year</b>	<b>from unrestricted</b>	<b>during the year</b>	<b>of year</b>
		<b>net assets</b>		
<b>Appropriation for capital activities:</b>				
Capital renewal	\$ 3,884	\$ 169	\$ 946	\$ 3,107
Parking and transportation	2,965	500	237	3,228
Residence	2,408	1,200	172	3,436
New facilities	2,100	-	-	2,100
	<u>11,357</u>	<u>1,869</u>	<u>1,355</u>	<u>11,871</u>
<b>Appropriation for operating activities:</b>				
Research and special projects	4,377	1,126	1,984	3,519
Academic program development	891	(5)	191	695
University effectiveness and community needs	619	(24)	140	455
Scholarships and bursaries	523	-	80	443
Professional development	50	(50)	-	-
	<u>6,460</u>	<u>1,047</u>	<u>2,395</u>	<u>5,112</u>
Total	<u>\$ 17,817</u>	<u>\$ 2,916</u>	<u>\$ 3,750</u>	<u>\$ 16,983</u>

<b>2013</b>				
	<b>Balance at</b>	<b>Appropriations</b>	<b>Disbursements</b>	<b>Balance at end</b>
	<b>beginning of year</b>	<b>from unrestricted</b>	<b>during the year</b>	<b>of year</b>
		<b>net assets</b>		
<b>Appropriation for capital activities:</b>				
Capital renewal	\$ 3,091	\$ 1,722	\$ 929	\$ 3,884
Parking and transportation	5,019	750	2,804	2,965
Residence	1,245	1,250	87	2,408
New facilities	3,148	(922)	126	2,100
	<u>12,503</u>	<u>2,800</u>	<u>3,946</u>	<u>11,357</u>
<b>Appropriation for operating activities:</b>				
Research and special projects	2,822	2,153	598	4,377
Academic program development	991	5	105	891
University effectiveness and community needs	638	-	19	619
Scholarships and bursaries	443	113	33	523
Professional development	121	(30)	41	50
	<u>5,015</u>	<u>2,241</u>	<u>796</u>	<u>6,460</u>
Total	<u>\$ 17,518</u>	<u>\$ 5,041</u>	<u>\$ 4,742</u>	<u>\$ 17,817</u>





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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 (thousands of dollars)

**13. Capital Lease Obligations**

The University has long-term capital lease obligations for computer equipment and multifunction print devices.

Repayments are due as follows:

<u>Year</u>	<u>Total</u>
2015	1,449
2016	702
2017	312
2018	8

Total minimum lease payments	\$ 2,471
Less amounts representing interest at 4.7572%	100
Present value of net minimum capital lease payments (note 8)	<u>\$ 2,371</u>

Total interest expense on leases for the year is \$199 (2013 - \$255)

**14. Contingent Liabilities**

- (a) The University is a defendant in a legal proceeding. While the ultimate outcome and liability of this proceeding cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Management has concluded that the claim does not meet the criteria for being recorded under PSAS.
- (b) The Institution has identified potential asset retirement obligations related to the existence of asbestos in a number of areas in its facility. Although not a central health hazard, upon renovation or demolition of these facilities, the University may be required to take appropriate remediation procedures to remove the asbestos. As the University has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

**15. Contractual Obligations**

The University has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

The estimated aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

<u>Year</u>	<u>Capital Projects <sup>(1)</sup></u>	<u>Service Contracts <sup>(2)</sup></u>	<u>Information Systems and Technology</u>	<u>Long Term Leases</u>	<u>Total</u>
2015	\$ 44,255	\$ 14,068	\$ 1,449	\$ 26	\$ 59,798
2016	49,505	5,067	702	19	55,293
2017	10,137	5,455	312	3	15,907
2018	-	-	8	-	8
	<u>\$ 103,897</u>	<u>\$ 24,590</u>	<u>\$ 2,471</u>	<u>\$ 48</u>	<u>\$ 131,006</u>



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- (1) The University has commenced a major capital project to construct a new Conservatory and Performance Hall scheduled to open in the summer of 2015. The total estimated cost of \$90.5 million for this facility is funded by Infrastructure Canada, Government of Canada (\$20 million), the Province of Alberta (\$20 million), the City of Calgary (\$10.3 million), private donations (\$22.5 million), a balance (\$5.8 million) to be secured through additional fundraising, and up to \$15 million in borrowing through Alberta Capital Finance Authority (note 8). Each government funding body supports respective eligible costs incurred in the project and have articulated stipulations including the size and capacity in their respective contribution agreements. As at June 30, 2014 spending for the project was \$57.8 million.

The University has commenced a major capital project to construct a new Library and Learning Centre scheduled to open in the spring of 2017. The total estimated cost of \$100.4 million for this facility is funded by the Province of Alberta (\$88.4 million funding to be received over three fiscal years), and private donations (\$12 million). As at June 30, 2014 spending for the project was \$2.6 million.

- (2) Service contracts include contractual obligations the University entered into for services such as electricity, information technology maintenance agreements, and other service obligations. In 2013, the University entered into a five year contract, expiring in June, 2018 to manage its exposure to volatility in the electrical industry. Based on management's estimates, the annual costs for the electrical contract for the year ending June, 2015 are expected to be approximately \$4.8 million.

**16. Investment Income**

	2014		2013	
	Realized	Unrealized	Realized	Unrealized
Restricted funds				
Investment earnings on cash, cash equivalents and portfolio investments held for endowments and other restricted purposes	\$ 1,892	\$ -	\$ 7,724	\$ -
Transferred to deferred revenue (note 9)	(1,892)	4,701	(7,724)	(4,812)
Add deferred revenue recognized as investment income	1,961	-	1,647	-
Restricted funds recognized as investment income	1,961	4,701	1,647	(4,812)
Unrestricted funds				
Investment earnings on cash, cash equivalents and portfolio investments	2,904	7,759	9,646	1,744
Transferred to accumulated remeasurement gains and losses	-	(407)	-	(6,984)
Unrestricted funds recognized as investment income	2,904	7,352	9,646	(5,240)
Total investment income	\$ 4,865	\$ 12,053	\$ 11,293	\$ (10,052)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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 (thousands of dollars)

**17. Expense by Function**

The University uses the following categories as functions on its consolidated statement of operations:

**Instruction**

Expenses relating to the activities that are part of the University's credit programming and non-sponsored research and scholarly activity taken by faculty and within academic departments which contribute jointly to instruction and research functions. Non-credit instruction expenses related to the activities that are part of non-credit programming are also included.

**Academic and Student Support**

Expenses relating to the support for the academic functions of the University. Admissions and registry functions and all other activities that support the student body are also included.

**Facility Operations and Maintenance**

Expenses relating to the management of grounds and facilities and operation and maintenance of physical plant for all University activities, including auxiliary enterprises. This includes utilities, facilities administration, custodial services, major repairs and renovations, and all tangible capital asset amortization on all non-ancillary capital.

**Institutional Support**

Expenses incurred in support of the computing, networking, data communications and other information technology functions. University wide administrative services expenses are also included.

**Ancillary Services**

Expenses relating to the University's business enterprises that provide services and products to the University's community and to external individuals and organizations. This function includes the bookstore, printing, student residence, food and conference services, and parking.

**Sponsored Research**

Expenses for all sponsored research activities specifically funded by restricted grants and donations.

**Special Purpose and Trust**

Expenses for fundraising and other activities that do not support the core activities of the University.

**18. Expense By Object**

The following is a summary of expense by object:

	<b>2014 Budget</b>		
	<b>(note 22)</b>	<b>2014</b>	<b>2013</b>
Salaries and benefits	\$ 146,727	\$ 149,102	\$ 151,222
Materials, supplies and services	29,213	26,940	28,282
Maintenance and repairs	1,226	3,904	3,243
Utilities	5,719	5,985	5,959
Cost of goods sold	5,387	5,098	5,673
Scholarship and bursaries	2,727	3,782	3,159
Amortization of tangible capital assets	14,609	13,876	14,514
Interest on long-term debt	2,712	2,644	2,705
	<u>\$ 208,320</u>	<u>\$ 211,331</u>	<u>\$ 214,757</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**19. Related Party Transactions and Balances**

The University operates under the authority and statutes of the Province of Alberta. Transactions and balances between the University and the Government of Alberta (GOA) are measured at the exchange amount and summarized below.

	<u>2014</u>	<u>2013</u>
<b>Grants from GOA</b>		
Innovation and Advanced Education - Campus Alberta grant	\$ 84,085	\$ 88,766
Innovation and Advanced Education - other grants	18,318	5,330
Alberta Culture and Community Spirit	-	10,141
Alberta Health and Wellness	67	2,382
Alberta Human Services	305	-
Government of Alberta - other grants	494	885
Total grants received	<u>103,269</u>	<u>107,504</u>
Restricted expended capital recognized as revenue	6,309	6,626
Deferred revenue	<u>(10,456)</u>	<u>(9,998)</u>
	<u>\$ 99,122</u>	<u>\$ 104,132</u>

The net amount of grants payable is \$39 (2013 - \$87).

The University has liabilities with Treasury Board and Finance and Alberta Capital Finance Authority as described in note 8.

**20. Funds Held on Behalf of Others**

The University holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	<u>2014</u>	<u>2013</u>
Associations and others	\$ 10	\$ 34
Recreational clubs	9	12
	<u>\$ 19</u>	<u>\$ 46</u>





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

**21. Salary and Employee Benefits**

Under the authority of the *Fiscal Management Act*, the President of the Treasury Board and Minister of Finance requires the disclosure of certain salary and employee benefits information.

	2014			2013	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-cash Benefits <sup>(3) (4)</sup>	Total	Total
Governance:					
Chair of The Board of Governors	\$ 6	\$ -	\$ -	\$ 6	\$ 6
Members of The Board of Governors	17	-	-	17	21
Executive:					
President	239	73	89	401	401
Vice-President					
Provost & Academic <sup>(5)</sup>	185	15	79	279	308
Administrative Services	229	14	88	331	332
University Advancement <sup>(6)</sup>	159	267	5	431	226
Student Affairs and Campus Life	180	20	44	244	238

- (1) Base salary includes pensionable base pay. All members of the Board of Governors receive an honoraria.
- (2) Other Cash Benefits include housing allowances, car allowances, professional development, severance, and cash travel allowances.
- (3) Other Non-Cash Benefits include; the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, extended health care, dental care, long-term disability, and group life insurance. The other non-cash benefits also include the employer's share of the cost of additional benefits including administrative leaves or other special leaves with pay, supplementary retirement plans, and club memberships.
- (4) Under the terms of the supplementary retirement plan (SRP), executive officers may receive supplemental retirement payments. Retirement arrangement costs, as detailed below, are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the defined annual contributions to the plan on behalf of the plan member including accrued interest on the accrued liability in the plan.
- (5) During the fiscal year, the incumbent occupied the position for 10.5 months.
- (6) During the fiscal year, the incumbent occupied the position for 9.5 months.

The current service cost and accrued obligation for each executive under the SRP is outlined in the following table.

	Accrued Obligation	Payments	Current Service Cost	Accrued Obligation
	June 30, 2013		June 30, 2014	
President	\$ 38	\$ -	\$ 21	\$ 59
Vice-President:				
Provost & Academic <sup>(5)</sup>	10	10	16	16
Administrative Services	35	-	19	54
University Advancement <sup>(6)</sup>	15	33	18	-
Student Affairs and Campus Life	105	-	17	122
	<u>\$ 203</u>	<u>\$ 43</u>	<u>\$ 91</u>	<u>\$ 251</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
 (thousands of dollars)

The current service cost and accrued obligation for each executive under the various administrative leave plans is outlined in the following table.

	<b>Accrued Obligation June 30, 2013</b>	<b>Payments</b>	<b>Current Service Cost</b>	<b>Accrued Obligation June 30, 2014</b>
President	\$ 77	\$ -	\$ 40	\$ 117
Vice-President:				
Provost & Academic <sup>(5)</sup>	-	-	36	36
Administrative Services	49	-	40	89
	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ 116</u>	<u>\$ 242</u>

**22. Budget Figures**

Budgeted figures have been provided for comparison purposes and have been derived from the University's Comprehensive Institutional Plan as approved by the Board of Governors on June 27, 2013. Certain budget figures from the University's 2013-14 Comprehensive Institutional Plan have been reclassified to conform to the presentation adopted in the 2014 consolidated financial statements.

**23. Subsequent Events**

The Government of Alberta approved short term borrowing for \$15 million through ministerial approval on July 22, 2014 to support the Library and Learning Centre construction project. The operating line of credit will be used commencing with the construction of the project, through to one year subsequent to the project's substantial completion.

**24. Approval of Consolidated Financial Statements**

The consolidated financial statements were approved by the Board of Governors of Mount Royal University.





**MOUNT ROYAL UNIVERSITY**

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